



UNIVERSITY OF MINNESOTA  
**business news**  
SCHOOL OF BUSINESS ADMINISTRATION

Number 36

University of Minnesota, Minneapolis, Minnesota 55455

January 1971

## 17th ANNUAL ALUMNI INSTITUTE HEARS COMPTROLLER GENERAL

*Elmer B. Staats*, comptroller general of the United States, the evening speaker at the 17th Annual School of Business Administration Alumni Institute November 12 at the St. Paul Hilton said, "Priorities must be changed. The process of how we currently shape and debate them must be modernized. And in an even larger sense, any attempt to improve current methods of allocating resources to various national and international needs seems to bring with it an even more urgent mandate, a reexamination of the basic premises and strategies which have traditionally underlain and supported choices of priorities." The title of his address was "Changing Priorities in Federal Programs."

"The Impact of Social Responsibility on Corporate Profits" was the theme of the annual affair.

Donald E. Garretson, treasurer of the 3M Company, gave the afternoon keynote address titled "Does Business Really Care?" Four concurrent panel discussions followed. Their topics were "Consumer Pricing and Social Responsibility," "Future and Direction of Mass Transit," "Pollution vs. Profits," and "Health Care Delivery." The final afternoon session was a panel discussion on "The Business School and Campus Unrest." Participants on the campus unrest panel, chaired by Acting Dean C. Arthur Williams, Jr. were Dr. Paul Cashman, Vice President for Student Affairs of the University; Professor of Marketing Robert J. Holloway; and Kirk Thoren, Business Administration student.

Mr. Staats opened his remarks by stating his view that the 1970 Census, under the Supreme Court's *One Man-One Vote* dictum, will have more to do with changing priorities than any other factor or combination of factors. Since only 64 million of some 204 million now live outside of standard metropolitan areas, suburban and urban interest legislation will



Elmer B. Staats

become increasingly important.

In discussing change and how people view it, Staats quoted Dostoevski, "What people fear most," and Charles F. Kettering, "The only thing that has brought progress." In relating reform to change, he said that former Speaker of the House Thomas P. Reed's definition of reform was probably more appropriate to our in-harmonious times, "An indefinable something, to be done in a way nobody knows how, at a time nobody knows when, to accomplish nobody knows what."

Mr. Staats believes that we are in an age of reform and that change and reform are certainly ahead in the areas of the draft, welfare, taxation, revenue sharing and postal services.



Donald E. Garretson

He concluded by agreeing with Elting Morison, a distinguished writer of our times, "How to give individual men the evidence they need to make sensible

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## Minnesota Executive Program to Begin In January

The Minnesota Executive Program, a program developed over the past year by the Graduate School of Business Administration with the consultation and assistance of top management of approximately forty major companies, will begin with a three and one-half day seminar for chief executive officers from January 31 to February 3.

Seventeen Minnesota companies have already made a longer term commitment to this program and have thus become "member firms." As part of this commitment their presidents will be attending the Chief Executive Seminar.

The Minnesota Executive Program is designed to have an organizational impact on a firm rather than just affecting individuals. The total program involves a six-week commitment (in modules—not one period) for at least three top executives of a company (individually) in an expanded version of the Chief Executive Seminar. The objective of the six-week course is to provide leaders of the firm with the most relevant knowledge and skills for formulating and implementing an overall corporate strategic plan and management control system.

The objectives of the program are to attempt to:

1. Enhance general policy and strategy-making skills;
2. Develop greater sensitivity to and understanding of major environmental trends;
3. Develop skill in utilizing environmental intelligence data;
4. Examine personal philosophies and attitudes as they affect business decisions;
5. Evaluate approaches to assessing overall corporate performance;
6. Help participants discover ways to influence and evaluate the development process for top managers in their organizations.

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## Special Legislative Funds Provide Educational Equipment

Special funds appropriated by the 1969 Minnesota State Legislature, \$1 million for each of the years of the current biennium for the purchase of educational equipment by the University of Minnesota, will provide the opportunity for innovative and improved teaching.

Allocations were made by the University to the various colleges and departments on the basis of requests from these units, after Central Administration staff analysis of the requests and with the recommendation of the Committee on Instructional Materials and Media.

Among equipment which the School of Business has purchased are keypunches for use in the West Bank Station of the University Computer System which will make it possible to integrate computer technology into the basic curriculum for undergraduate education.

The final \$350,000 of the original \$2 million has just been allocated. The School of Business received \$2685, for an

additional overhead projector and screen, and for compustat data tapes for use in the basic investment courses. Of the \$2 million total allotted, the School of Business received \$48,470.

Two electronic calculator units with eight keyboards were also added to the School's resources to enable it to increase student use and understanding of quantitative methods and computer technology.

A camera, projector and videotape system, plus several overhead projectors were also purchased with the special funds which will step up the School's audio-visual capabilities considerably encouraging more innovative teaching.

## Faculty News

Several School of Business Administration faculty members have been granted single quarter leaves to carry out individual research projects during Winter and Spring quarters.

**Associate Professor Ray Willis** of the Department of Management Sciences will use his Winter quarter leave to engage in research on administrative uses of forecasts. **Professor George England** of Industrial Relations and **Associate Professor Richard Cardozo** of Marketing will take their leaves during Spring quarter.

England's project will study the personal value systems and expected behavior of Australian managers.

Professor Cardozo will analyze the decision-making process in his study to enhance the predictability of how administrators will act in specific situations.

**Richard Sauter** of the Marketing Department and **George Milkovich** of Industrial Relations have recently received their Ph.D. degrees and been raised to assistant professor rank.

**Professor J. Russell Nelson** of the Finance Department resigned at the beginning of Fall quarter to become Vice Provost and Professor of Finance at the University of Colorado.

**Associate Professor Paul F. Jessup** of the Finance and Insurance Department has been named chairman to replace Professor Nelson who was to have chaired the department while C. Arthur Williams, Jr. was acting dean of the School.

## Alumni Institute

(cont'd from page 1)

judgments about the kind of world they want to live in, and how to give them the power to make their judgments stick—that is the unfinished business of the next third of a century."

Elmer Staats received his Master's degree from Kansas University and his Ph.D. from the University of Minnesota. He joined the Bureau of the Budget in 1939 and served in various capacities under Presidents Truman, Eisenhower, Kennedy, and Johnson, until his appointment as Comptroller General in 1966.

Mr. Garretson, in his discussion of the impact on profits of social responsibility programs, stated that in the long run "profits are every bit as invariable or inflexible a part of the sales dollar as the cost of raw materials or labor or any other operating expense." But, profits will be largely unaffected because the cost, in the long run, "will fall on all of us, the consumers and the taxpayers." The added costs will simply be added to the selling price and all of us who buy the products and the services will pay for them. But, "business will invest more time, effort, money, and manpower in programs and projects of social significance because this is the climate of the time," Garretson is certain. And rather than simply producing the wherewithal for "Keeping up with the Joneses" business will assist in "Helping the Smiths up"—because it must.

Another way of looking at the whole question, Garretson believes, is "to consider the cost of failure of people in business to fulfill these social responsibilities. This surely would be the most costly of all for it would mean the destruction of every institution of business and government as we know them today. Indeed, ultimately the destruction of life itself, for many of the social problems we face are truly life and death matters. If the ever-changing social problems of the world can't be met and solved (or moderated) by our leaders, especially our business leaders, then surely our civilization will fail and a catastrophic destruction of our environment and even of humanity will occur."

Mr. Garretson graduated from Washington & Lee University, Virginia, in 1943 and received his Master's degree from Harvard Graduate School of Business Administration in 1947. He joined the 3M Company in 1950 and assumed his present office in 1967. In addition to being a C.P.A., he is active in many business, professional and civic organizations.

The annual Alumni Institute proceedings will be published, as usual, by the Research Division of the School of Business Administration and will be available at no charge upon request.

## Joint Minority Program Graduates Class

Small Business Management for Minority Groups, a training program for minority-group small businessmen developed in cooperation with "Business Enterprises for American Minorities" (BEAM), a joint project of the Urban League and Urban Coalition of Minneapolis and the School of Business Administration, has begun its second year of operation and graduated a class of eighteen in its general management course on December 15.

As the program has developed, it consists of the general management course, a ten session course, with a series of shorter follow-up courses, so far, one in taxation and one in marketing. There are thirty-five graduates thus far, some of whom have completed all three courses in the program. Professor Robert Zimmer, on leave this year to assist in the development of management accounting and executive development programs at the University of Tunisia, helped in the development and directed the program in its initial year. Professor Andrew Whitman is directing it this year and taught this fall's management class.

In January the taxation course will begin to be taught by Professor R. Glen Berryman, and in the spring a marketing course with Professor Fred Beier teaching is scheduled.

# From the Faculty Pen

## Additions to Reprint Series

"Why Preemptive Rights in Banking?" by Paul F. Jessup, reprinted from *The Bankers Magazine*, Vol. 153, No. 3, Summer 1970. (No charge.)

In raising new equity-type capital, financial managers of nonbanking firms generally analyze various instruments, such as common stock, convertible preferred stock, convertible debentures, and warrants. Recently banks also have begun to analyze and, at times, use such instruments. In examining procedures for selling equity-type instruments, financial managers of nonbanking firms consider a set of alternatives, such as preemption, public offerings, and private placements. In contrast, banks consistently rely on preemptive offerings. Continued reliance on preemptive procedures appears unwarranted.

This article examines the various sets of restrictions which have circumscribed bank flexibility in evaluating alternative procedures for selling additional equity and indicates some appropriate changes.

The author believes that, "in the innovative and competitive environment of modern banking, use of preemption—as one possible financing procedure—is not rejected. What must be rejected are traditional provisions requiring preemption, and unexamined decisions to use preemption, without analysis of alternative financing procedures that may better serve the interests of a bank and its shareholders."

"The Behavioral Side of MIS" by G. W. Dickson and John K. Simmons, reprinted from *Business Horizons* (Indiana University) Aug. 1970. (No charge.)

To enjoy the technical benefits of management information systems, it is often necessary to solve the dysfunctional side effects stemming from behavioral problems—in short, people problems. Reactions to the installation of MIS may range from failure to use the output to outright sabotage.

In this article, the authors identify three types of dysfunctional behavior—aggression, projection, and avoidance—that may appear in four groups—operating personnel, operating management, technical staff, and top management, and suggest ways of minimizing the behavioral problems that may follow introduction of MIS.

Only the technical staff—being designers and agents of change—shows no dysfunctional behavior. Operating management, the group that should enjoy most of the system benefits, goes farther than any other group in its resistance, and exhibits all three forms.

"A Generalized Model of Administrative Decisions: An Experimental Test" by Gary W. Dickson, reprinted from *Management Science*, Sept. 1970, Vol. 17, No. 1. (No charge.)

Decision making and the decision making process have recently been the subjects of considerable research by psychologists, economists, and management scientists. The motivation for this research is the new realization of the importance of information-decision systems in relation to effective management. Some management scientists have even gone so far as to equate decision making with the management process.

In this article a model intended to predict decisions made from among alternatives having fixed characteristics is hypothesized, and the experimental procedure used to test the model and the results of testing the model are presented. The model, which is based upon decision segmentation and disutility minimization, was tested in the framework of vendor selection decisions. The results indicate that the model was able to predict the vendor selections of the purchasing agent-subjects with a high degree of accuracy.

"Environmental Hazards and Rating Urban Core Properties" by Andrew F. Whitman and C. Arthur Williams, Jr., reprinted from *The Journal of Risk and Insurance*, Sept. 1970, Vol. XXXVII, No. 3. (No charge.)

This paper defines "environmental hazard" and describes how costs inherent in environmental hazards, particularly those producing the recent urban core riots, are assessed and distributed by current and alternative insurance pricing systems. The concept of socializing risks beyond the control of the insured is explored and the characteristics of a completely effective socialization mechanism are enumerated.

Rating recognition of environmental hazards under current class, schedule, and schedule excess rating plans, substandard filings, and surplus lines rating

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Published by

School of Business Administration

University of Minnesota

Minneapolis, Minnesota 55455

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## School of Business Enrollment Up

The undergraduate enrollment of the School of Business Administration is up 12+% from last year for a total of 1034 (as of the second week of Fall Quarter) while the University as a whole increased only 1.7%. Enrollment in the Institute of Technology also increased while that in the College of Liberal Arts and College of Education dropped.

According to analysis of Higher Education Coordinating Commission (HECC) reports Fall enrollments in Minnesota post-secondary schools are up 5.2% over last year. This is 1.1% higher than HECC predicted. HECC figures show 15.9% increase in area vocational-technical schools; 13.7% in state junior colleges; 5.5% in state colleges; 1.8% in private colleges.

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are reviewed, with particular attention addressed to pricing under FAIR Plans and the civil disorder premium loading. The loading is described as a current example of risk socialization with some private equity features that have posed several unanswered questions.

"On the Appropriateness of the Correlation Coefficient with a 0,1 Dependent Variable" by John Neter and E. Scott Maynes, reprinted from *Journal of the American Statistical Association*, June 1970, Vol. 65, No. 330. (No charge.)

This article deals with the use and misuse of the correlation coefficient when the dependent variable is of a dichotomous 0,1 nature. It focuses particularly on problems relating to curvilinearity and the nature of the prediction being made. The prediction of consumer purchases from reported subjective probabilities provides a vehicle for illustrating problems discussed.

It is noted that with a 0,1 dependent variable, the correlation ratio is likely to be a better measure of the degree of relationship than the coefficient of determination because it is free of restrictions on the functional form of the relationship. The article then considers the mean error probability and the average conditional entropy as alternative measures. Finally, the article emphasizes that the purpose for using the relation between the independent and dependent variable should govern the development of an appropriate model and the measure to be used for deciding which of several independent variables is best.

Copies of faculty reprints may be obtained upon request at no charge from the Research Division, Graduate School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

# The Minnesota Executive Program

(cont'd from page 1)

Since the Chief Executive Seminar is a complete educational experience in itself, participation in only that session will be permitted, but it is hoped that participants will be so inspired by the experience they will decide to become member firms or at least to encourage others in their organization to participate in one of the subsequent six-week courses.

Presidents participating in the Chief Executive Seminar will be provided with a condensed version of many of the key experiences included in the six-week program designed for corporate vice presidents. They will also have an opportunity, working with some of the other presidents there, to help design a management education program.

The core of the instructional group for the program will consist of faculty members of the University of Minnesota Graduate School of Business Administration who are veterans of several educational programs and consulting experiences with top management groups. In addition, outside speakers and resource people will be employed extensively where they can provide the best professional leadership available for a discussion session on a given topic.

The director of the program is Professor John J. Mauriel who, while on the staff at the Harvard Business School, participated in an extensive research study evaluating the impact of university-sponsored management development programs. In addition, he has directed a study of in-house management courses. From this vantage point, the School considers that he has developed a program

that overcomes many of the problems that his research indicates hamper the effectiveness of many other courses and programs.

Twenty companies have already made a three-year commitment to the Program. Their presidents will thus all be in attendance at the Chief Executive Seminar. They are:

Arctic Enterprises, Inc.  
Blandin Paper Co.  
The Cornelius Co.  
Dayton's Stores  
Donaldson Co., Inc.  
Donaldson's (Retail Stores)  
Duluth, Missabe & Iron Range Railway  
First Natl. Bank of Mpls.  
H. B. Fuller Co.  
Gold Bond Stamp Co.  
Graco Inc.  
Natl. Car Rental System, Inc.  
Hart-Carter Co.  
Hoerner Waldorf Corp.  
George A. Hormel & Co.  
Intl. Multifoods Corp.  
Lutheran Brotherhood  
Mpls. Gas Co.  
Mpls. Star & Tribune Co.  
Minn. Power & Light Co.

The School of Business Administration has for many years provided continuing business education through special lectures, short courses on specific subjects, as well as general management development courses, and it expects to continue to do so, but the Minnesota Executive Program represents a first effort at operating an intensive and comprehensive longer course for top managers. It was developed at the request of and with the encouragement of many local businesses.

## Woman's Accounting Scholarship Awarded

Beatrice Ann Hebzynski Kearney, a senior in the School of Business Administration Accounting Program, has been awarded a scholarship by the American Society of Women Accountants. Two hundred dollars is the amount of the award.

For five years the women's group has given a scholarship to a recent high school graduate to encourage women to enter the accounting field. This year, through the encouragement of the Minnesota Planning and Counseling Center for Women, the Accountant Society made the award to a woman already studying in the field to assist and encourage her to continue.

Of the forty-two women in the School of Business undergraduate program, eleven are in the Accounting Program, nine are juniors, two are seniors.

The woman's accounting society of approximately fifty active members plans to continue the annual scholarship award.

The Consultative Council of the School, composed of twenty-two businessmen, also encouraged the development of such a program.

For further information about the Minnesota Executive Program and the Chief Executive Seminar contact:

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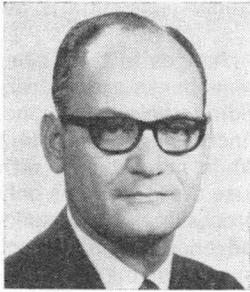
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May 1971

## Edwards Named SBA Dean Takes Over August 1



James D.  
Edwards

As the School of Business Administration begins its fifty-second year in September, it will be headed by its fifth dean, James Don Edwards, who was named by the University Board of Regents on Friday, April 16.

Dr. Edwards, who is professor of accounting and chairman of the department of accounting and financial administration in the College of Business, Michigan State University, East Lansing, will assume his duties as dean on August 1.

Professor Edwards received his B.S. from Louisiana State University, his M.B.A. from the University of Denver, and his Ph.D. in business administration and accounting from the University of Texas. He is also a certified public accountant. He was a Visiting Scholar at Stanford University during 1967-68.

Edwards has been at Michigan State University since 1951, starting as an instructor. He was made a full professor in 1957. His administrative experience, all at Michigan State, includes: acting head, department of accounting; head, department of accounting and financial administration; acting associate dean College of Business and Public Service and Graduate School of Business Administration; director of doctoral programs, Graduate School of Business Administration.

His professional organization activity has been centered around the American

Accounting Association, where he serves as president this year, the National Association of Accountants, the American Institute of Certified Public Accountants and the Michigan Association of Certified Public Accountants. His professional recognition includes Who's Who in America, American Men of Science, World Who's Who in Commerce and Industry, Who's Who in the Midwest.

Professor Edwards' business experience includes board of directors' service with Eastern Development Company and Alexander Hamilton Life Insurance Company, work with Touche, Ross, Bailey and Smart, and consultant to other businesses.

His published works are many including books, working papers, practice sets and solution manuals, training bulletins for the Internal Revenue Service, professional journal articles, book and article reviews.

Edwards' public service includes service under four Michigan governors on accounting and management committees and an efficiency in city government committee for the City of East Lansing.

Edwards succeeds Paul V. Grambsch, who was dean from 1960-70. C. Arthur Williams, Jr., professor of economics and insurance, has been acting dean during the 1970-71 academic year while the Dean's Search Committee, chaired by Dean Bryce Crawford of the Graduate School, sought a new head for the school.

## Alumni Survey — 'Humanize and Pragmatize'

The School of Business Administration Alumni Survey conducted by the school during its 50th anniversary year, 1969-70, has been summarized by Timothy J. Keaveny, a graduate student of industrial relations who conducted the survey, and was published by the school.

## Steve J. Gadler PCA Member B-Day Speaker



Steve J.  
Gadler

Steve J. Gadler, a member of the citizen board of the Minnesota Pollution Control Agency, was the principal speaker at the Business Day banquet on Tuesday, April 6 at Coffman Union, an annual event which culminates a week of activities sponsored jointly by the School of Business Administration and the Business Board, the school's student board.

Business Day is devoted to interaction with the business community through roundtable discussions between students and representatives of the companies which participate in the event. Students also select the company table they wish to sit at for the banquet. Some fifty metropolitan area businesses regularly participate and help sponsor the banquet.

The title of Gadler's talk was "Environmental Compatibility—A Perspective." He told the students, "The business of this country soon will be in your hands. In your hands will also be a challenge—to determine if this world is to survive. You

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# From the Faculty Pen

## Additions to Reprint Series

**"Self-concept and Brand Preference"** by Ivan Ross, reprinted from *The Journal of Business*, Vol. 44, No. 1, January 1971. (No charge.)

The basic purpose of this research is to empirically test one of the "self-evident" truths in contemporary theorizing about consumer behavior—that people go about purchasing one thing or another only if these things are consistent with, enhance, or in some other way fit well with the conception they have of themselves. Secondly, the research seeks to distinguish the role of two different modes of self-concept as they relate to consumer behavior—"actual self-concept," the way a person actually ("really") sees himself to be, and "ideal self-concept," the way a person would ideally ("like to") be.

Hypothesis 1 was strongly supported by the results. Subjects preferred brands of products which were more rather than less similar to their own self-concept. Hypothesis 2, regarding the role of actual versus ideal self-concept and brand preferences, was not, however, supported by these data. Actual self-concept was in fact more similar to consumption preference than ideal self-concept for each of the brands of products tested.

The author indicates that these data cannot be interpreted to support the argument that either product differentiation or market segmentation along "psychological-symbolic" as opposed to "objective-rational" dimensions should always or ever be the basis for marketing strategies. What is suggested by these findings, he says, is simply that some sort of congruity of "matching" mechanism seems to be operative with respect to self-concept and brand preference.

**"Management Problems Unique to On-line Real-time Systems"** by T. C. Malia and G. W. Dickson, reprinted from the *Proceedings Fall Joint Computer Conference*, 1970. (No charge.)

In the latter 1950's, the SAGE air defense system began operating and thus became the first of the large real-time computing systems. Initially such systems were feasible for only military use or a few very large commercial applications. Today this is no longer the case. Modern managers need better and more timely information to keep pace with the rate of change, the complexity and the competition within the business environment. Therefore, an increasing number of organizations will, of necessity, be designing and implementing on-line, real-time systems. To better prepare for

this evolution, management must understand the unique problems such systems will cause; both in terms of the initial design and implementation phase, and the potential effects such systems will have on the organization. The purpose of this paper is to outline the particular problems that managers will have to deal with in an on-line real-time (OLRT) environment.

The scope of this paper is management problems associated with OLRT systems. It pertains to not only the managers directly responsible for the system design and implementation effort, but the top managers of the firm as well. Special emphasis is placed upon OLRT systems which heavily emphasize human interaction such as information retrieval type systems (e.g., airline reservation systems) and on-line management information systems. Time-sharing systems are covered implicitly where time-sharing problems are similar to OLRT system considerations and explicitly where time-sharing systems pose unique problems. Finally, the paper does not discuss the myriad of technical factors involved in designing real-time systems, but it does refer to these factors because of the need for management to control and guide the effort involved in solving these problems.

**"A Simulation Analysis of Causal Relationships within the Cash Flow Process"** by Norman L. Chervany, reprinted from *The Journal of Financial and Quantitative Analysis*, December 1970. (No charge.)

The profit payoff that would be associated with an improved ability to predict accurately cash flow experience is large. This can be seen by examining the financial problems encountered because of unforeseen cash deficiencies or the magnitude of the cash inflows and outflows involved in most capital investment projects.

This study represents an attempt to relate the cash flow phenomenon to the organizational and environmental constructs that affect cash flow experience. This type of causal understanding is a vital prerequisite for improved cash flow projections. Because of the simplified test environment used in this study, these results basically represent propositions that should be subjected to more thorough examination. As they stand, however, they indicate potentially fertile areas for both financial managers and financial researchers to consider.

In this study the author examines the effects of changes in

- (1) the form of the aggregate production planning and raw material inventory control decision models
- (2) the frequency with which the control parameters in these two decision models are reset, and
- (3) the growth and seasonal characteristics of sales demand upon the cash flow streams arising within the production-distribution sector of a manufacturing firm.

**"A Systems Approach to Bank Management"** by Paul F. Jessup, reprinted from *The Bankers Magazine*, Vol. 154, No. 1, Winter 1971. (No charge.)

Bankers today are being confronted by major changes in their operating environment. Recent legislation is facilitating expansion of bank holding companies and branch systems in some states, and in other states similar legislation is being debated.

Responding to changes in their competitive environment, banks are restructuring and expanding their operations. Computers are increasingly important for each bank. While many banks with computer access use these facilities only for routine data processing, some banks are developing advanced management information systems and using new techniques to assist management decision-making.

Proposals for new payments mechanisms are being suggested and computers and sophisticated communications networks are facilitating the expanded use of bank credit cards. Bankers must consider the probable evolution of the nations payments system and its implications for the banking system.

In this article Professor Jessup discusses a 'systems approach' and its utility in providing a framework for analyzing potential challenges and opportunities in banking. He suggests some possibilities for management systems for small banks, for larger banks, and for one-bank holding companies, and concludes by stressing the need and importance for strategic planning for internal changes and competitive strategies and for probable major changes in the banking system as well.

**"FAIR Plan and Excess Rate Plan Rates in Minnesota"** by Andrew F. Whitman and C. A. Williams, Jr., reprinted from *The Journal of Risk and Insurance*, Vol. XXXVIII, No. 1, March 1971. (No charge.)

This paper analyzes Minnesota FAIR Plan and Excess Rate Plan rates according to the types of properties insured, the extra charges and surcharges paid, and the effect of occupancy and environmental factors.

The evidence suggests the FAIR Plan rates may vastly underestimate internal hazards. The difference in the average FAIR surcharge of 65 percent compared with that of the ER Plan of 131 percent is probably too great to be explained by internal hazard differentials. Assuming preliminary national data are correct and the objective of FAIR plans is solely to remove environmental hazards as an underwriting deterrent and spread their cost, FAIR Plan rates should be increased to the extent necessary to meet internal hazard costs and the rate inadequacy attributable to environmental hazards should be spread to other insureds or to taxpayers.

**"Economic Evaluation of Management Information Systems: An Analytical Framework"** by Norman L. Chervany and Gary W. Dickson, reprinted from *Decision Sciences*, Vol. 1, Nos. 3 & 4, July-October, 1970. (No charge.)

In the years from 1960-68, the capital outlay for computer hardware in the United States has increased tenfold. Outlays in the systems and operations sectors are growing even faster than those for hardware. Yet, associated with the increased dollar outlays has been a decrease in managerial satisfaction with the results of this large investment and many writers are suggesting that increasing economic costs have not been matched by increasing economic returns.

This paper provides a framework for analyzing the ingredients involved in the economic evaluation of computer based management information systems. (MIS). The approach presented revolves around viewing the development of MIS configurations as a series of economic decisions. These decisions are categorized into analysis decisions—what information should the MIS provide to management—and design decisions—what technology should the MIS employ to provide this information. Using this decision dichotomy, the types and sources of benefits and costs can be more accurately identified and evaluated.

**These reprints may be obtained from the Division of Research, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.**

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**"Fault or No-Fault?"** edited by E. Scott Maynes and C. Arthur Williams, Jr. *Proceedings of a National Conference on Automobile Insurance Reform, 1970.*

These proceedings constitute a record of the two days of argument and counter-argument made at the National Conference on Automobile Insurance Reform held in Minneapolis on November 23-24, 1970, under the joint sponsorship of the University of Minnesota and Consumers Union.

The conference brought together more than one hundred insurance company executives, government officials, trial lawyers, consumer representatives, and representatives of wholesale consumers of automobile insurance to consider proposals for automobile insurance reform.

The Conference was convened in order to provide a forum for the critical, objective examination of alternative ways in which the present system might be reformed. The participants were national authorities with different views on the subject.

**Copies of Fault or No-Fault may be obtained by sending a check for \$1.00 to: Program Director, Department of Conferences and Institutes, Nolte Center for Continuing Education, University of Minnesota, Minneapolis, Minnesota 55455.**

**"A Study of the Effects of the \$1.25 Minimum Wage Under the Canada Labour (Standards) Code, Study No. 16"** by Mahmood A. Zaidi, a study undertaken for the *Canadian Prime Minister's Task Force on Labour Relations*, Queen's Printer, Ottawa, 1970.

The purpose of this study was (1) to provide an extensive library research, reviewing and summarizing legal, theoretical and empirical literature on minimum wage controversy in chronological order; (2) to undertake an empirical analysis of the available Canadian data in the hope of elucidating the subject with some quantitative knowledge of the possible effects of the new law of \$1.25 minimum wage under the Canada Labour (Standards) Code on such variables as employment, wages and costs; and (3) to present the material in such a way that it could be used by the layman working for unions, companies and government as a reference work.

Professor Zaidi's study is one of twenty-three selected for publication from among seventy-three undertaken by the Task Force on Labour Relations. The studies chosen for publication were selected on the basis of technical competence, degree of probable interest and potential impetus for further research.

**The study is available from Information Canada Bookshops, 171 Slater Street, Ottawa, Canada for \$1.75.**

## *Faculty News*

**Paul V. Grambsch and George Seltzer**, former dean and associate dean respectively of the School of Business, are on leave this year to pursue their respective fields of interest before returning next fall.

Dr. Grambsch is updating the "University Goals and Academic Power" study with Prof. Edward Gross of the University of Washington with whom he worked on the original study in 1964-65, which resulted in a book published by the American Council on Education in 1968. Questionnaires are now going out to some 8,000 individuals in universities to update the study and compare a sampling of current data with the earlier period. They have received a \$59,000 Ford Foundation grant for the study.

George Seltzer is engaged in cross-national analysis of public policies in regard to private-public sectoral relationships for manpower development and utilization.

For this purpose, early in the year he made an exploratory trip to Geneva to the International Labor Organization, to Kenya, and to England to the University of Sussex, the London School of Economics, and the Institute for Community Studies. A scheduled visit to Uganda was deferred because of the prevailing political uncertainties.

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**"Unemployment, Vacancies and Conditions of Excess Demand for Labor in Canada"** by Mahmood A. Zaidi, *Applied Economics*, Vol. 2, No. 2, 1970.

This study examines the condition of excess demand for labor in terms of vacancy and unemployment data. Specifically, the objective was to relate the statistics of unemployment and of unfilled vacancies and construct indices of the pressure of labor demand for the Canadian economy on the basis of the relationship developed.

The results show that the data on unfilled job vacancies can be successfully related to unemployment figures, and a meaningful index of the demand for labor constructed. The index seems to do well both when it is used to reflect the low and high periods of excess demand over both the trade cycle and the employment ratio cycle and in the explanation of wage changes in post-war Canada. Because of the nature of the index, the author has made no inferences in his study about policy decisions, causal relations and remedies.

**This reprint is available at no charge from the Industrial Relations Center, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.**

## Gadler B-Day Speaker

(cont'd from page 1)

may not want to accept the challenge, for you probably understand only too well that to date pollution in all of its manifestations of air, water, soil, noise, electro-magnetic, and radioactive pollution, have been our generation's most important products."

Mr. Gadler concluded on a hopeful note by urging the students to change "the age-old waste management philosophy of dumping unwanted materials and liquids into the air, water, and soil," and to encourage the three R method of environmental compatability, "recover, reuse and recycle." "And perhaps the space ship Earth, this tiny grain of sand we call our home, can be saved to continue its journey through space in harmony with the song of the universe and the rhythm of environmental compatability."

Gadler's address will be available at no charge by request from the Research Division of the School of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

Mr. Gadler is a 1932 University of Minnesota graduate in electrical engineering. He is president of the Gadler Land Corporation. Gadler was appointed by Governor LeVander to the Pollution Control Agency board when the agency was formed in 1967, and reappointed to a four-year term in 1969. He is a member of the St. Paul Planning and Zoning Boards, Minnesota and National Societies of Professional Engineers, the American Institute of Electrical and Electronic Engineers, Northwest Chapter of the Air Pollution Control Association of America and the Metro Clean Air Committee.

Two awards which have come to be a part of the Business Day events are the

Distinguished Faculty Award and the Recruiter-of-the-Year Award. The recipient of this year's distinguished faculty award was Nicholas A. Glaskowsky, Jr., professor of management and transportation and formerly associate dean of the school. The award is jointly sponsored by the School of Business Administration Alumni Association and the Business Board and is given annually to a faculty member "for generosity with his time, scholarship, inspiration and wise counsel to students" as "a token of recognition for excellence in his chosen profession."

The Recruiter-of-the-Year Award, made by the Placement Office was given to Dan Willius, Investors Diversified Services, Inc. on the basis of student evaluation of the interviewers who visited the School of Business this year.

A feature of Business Week that drew wide student interest was the second annual Invitational Intercollegiate Management Games held on Friday, April 2 at the School of Business Administration. Nine schools sent teams to compete with the School of Business team. They were: Augsburg, Hamline, Mankato State, St. Cloud State, St. Olaf, St. Thomas, Southwest State, Winona State and the University of South Dakota.

The purpose of the games is to give participants experience in making decisions similar to those made by executives in top management positions. Each college makes up a six-member team which operates as an individual business enterprise. Decisions over the course of one day are similar to those which would be made in actual business over a period of several years. The University's Control Data 3200, housed in the West Bank Computer facility is used in the games.

## Alumni Survey

(cont'd from page 1)

856 were completed and returned, a 46 percent response rate.

Questions were asked about the alumni's careers (the nature of their jobs, income and career satisfaction), other activities, and their views on a number of social issues, as well as their opinion of the School and how well it prepared them for their life work.

While constructive criticisms were made, the alumni's view of the school was generally favorable. Comparing Minnesota's School of Business to the business schools of the other Big Ten universities, 16 percent of the alumni respondents said Minnesota's was excellent, 57 percent said above average, 23 rated it average, three percent below average, and one percent poor.

Some suggestions made by the alumni were in the direction of "humanizing" the treatment of students, others in the direction of making course work more pragmatically oriented, and requiring as part of every student's education a period of internship with a business organization. It was felt that out of such experience would come an appreciation for the day-to-day problems of an organization and an understanding of what life in industry is really like. In such a program, side effects would occur which would be beneficial to both the School of Business and the business community.

Copies of the Alumni Survey summary are available upon request to: Research Division, School of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

UNIVERSITY OF MINNESOTA  
SCHOOL OF BUSINESS ADMINISTRATION  
Minneapolis, Minnesota 55455

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# UNIVERSITY OF MINNESOTA business news

SCHOOL OF BUSINESS ADMINISTRATION  
GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

Number 38

University of Minnesota, Minneapolis, Minnesota 55455

October 1971

## New Dean Sets Goals

A more publicly active faculty, greater emphasis on the graduate program and more cooperation with local business leaders are the goals set by James Don Edwards, new dean of the School of Business Administration, as he assumed office in August.



Dean Edwards

Dean Edwards said he plans a number of changes at the School; changes that will be "evolutionary rather than revolutionary." In particular, he indicated that he plans to develop the "visibility" of both the graduate program and the 60-member faculty. "We want the area's business community to look to us, rather than to Eastern universities for new business leaders and innovative educational programs," Edwards said. He plans to give special emphasis to the Minnesota Executive Program and similar projects that will bring area business leaders into greater contact with faculty members and students. He believes that education should be a "life-long career for business executives."

In discussing increasing student interest in business education, Edwards said, "students are returning to business schools as pragmatists, but with increased social awareness; they've found that their liberal arts degrees don't get them jobs so they come back for a professional field." He contends that "students are our most important product," and expects to step up the visibility of the Business School to prospective students also.

Edwards, in reviewing changes experienced in business education during the past 10 years, characterized them as "dramatic and fundamental." He said, "a great impact has been made by the increased use of mathematics, statistics, computers and new technology as tools of analysis in corporate decision-making processes. The second substantial change has been the integration and utilization of behavioral sciences into our curriculum. There is an increased utilization of behavioral techniques as they relate to organization and human behavior."

Before starting his first year as dean, Dr. Edwards attended the annual meeting of the 15,000-member American Accounting Association, of which he is president, at the University of Kentucky. Edwards is a certified public accountant in Michigan and Texas, and the author or co-author of 10 books and more than 30 articles in the field of accounting. He was chairman of the Michigan State University's department of accounting and financial administration when he was named dean by the Regents of the University in April.

C. Arthur Williams, Jr., formerly chairman of the School's department of finance and insurance, who has been acting dean for the past year, will be associate dean. Charles Mannel is assistant dean.

## Economic Policy - What Now?

On November 15, two days after the 90-day freeze on prices and wages ends, the 18th Annual School of Business Alumni Institute will discuss "Economic Policy—What Next?"



Bruce MacLaury



Wheelock Whitney

Bruce K. MacLaury, new president of the Ninth Federal Reserve Bank, will deliver the keynote address at 1:30 p.m. at the Radisson Hotel, and Wheelock Whitney, chief executive officer, Dain, Kalman and Quail, the evening banquet address, Dick Schneider, North-

(cont'd on page 2)

## THE MINNESOTA EXECUTIVE PROGRAM

### Continuing Business Education

The Minnesota Executive Program, off to a successful start with the completion of the Chief Executive Seminar last February, begins its first regular session on September 12-25 at the Mad-den Inn, Brainerd.

This will be the first of four modules involving an intensive six-week exper-

ience for those enrolled. There are eighteen member firms who have each agreed to send one executive a year for the next three years to this six-week course. Dates for the program are: September 12-25, 1971, October 31-November 5, 1971, December 5-11, 1972. The

(cont'd on page 2)

## SBA Faculty Hosts Conference

The annual conference of the American Marketing Association held in Minneapolis August 30-September 1 was hosted this year by local businessmen and School of Business faculty members. The theme of the annual event was "Relevance in Marketing: Problems, Research, Action."

Conference Program Committee co-chairmen were Associate Professor William Rudelius and Professor Richard N. Cardozo of the SBA Marketing Department. Host Chapter Committee chairman was G. Burt Brown of General Mills.

Among local participants in the panel discussions were:

From business and other organizations:

**Kenneth Dayton**, Dayton-Hudson Stores

**Hugh Harrison**, Minneapolis Urban Coalition

**Wm. Hodder**, Target Stores

**John Mitchell**, Business Enterprises for American Minorities, Urban League

**Bertram Russick**, Mid-Continent Surveys

From the faculty:

**Robert J. Holloway**

**Ivan Ross**

**Orville Walker**

Professor Holloway is a past president of the national marketing organization.

## ALUMNI INSTITUTE

(cont'd from page 1)

western National Bank, chairman of the Institute announced. John Moorhead, president of Northwestern National Bank, is honorary chairman of the annual event sponsored by the School of Business Administration Alumni Association, presided over this year by Tom Brady.

The usual pattern will be followed again this year starting with a noon luncheon for faculty, alumni board and Institute participants; the afternoon keynote address, followed by four concurrent panel discussions, a social hour, dinner and evening address. The four panels will discuss: 1) Consumerism; 2) Industrial Relations and Wage-Price Control Problems; 3) International Investments-Money Markets; 4) Impact of Investment Credit, Capital Expenditures and Pricing Policy.

## CORPORATE ASSOCIATE FELLOWS NAMED

### Third Year of Program

Twelve renewal Corporate Associate Fellowship awards for graduate study have been made for the 1971-72 academic year. There are two \$1,500 grants to Masters candidates and ten \$3,000 grants to Doctoral candidates. In the two years of the Program, twelve Corporate Fellows have received their degrees; another group of four will receive them in December.

The purpose of the Corporate Fellowship Program is to attract outstanding

graduate school candidates from throughout the country in the belief that a major factor in the excellence of any institution of higher education is the caliber of its students. It was begun three years ago with eleven major companies contributing funds to the program for the benefit of the School of Business and the Institute of Technology. Seven additional firms came in in 1971. James Binger of Honeywell and Harry Heltzer of 3M are co-chairmen.

## The Minnesota Executive Program

(cont'd from page 1)

names of the enrollees who have been selected for the course beginning on September 12 are:

**Applebaum's Food Markets, Inc., Stuart Applebaum, Vice President**

**Arctic Enterprises, Inc., Bill Ness, Vice President**

**Blandin Paper Co., Harold F. Zigmund, Vice President-Manufacturing**

**The Cornelius Co., B. J. Amdahl, Vice President-Finance**

**Dinner Bell Foods, Inc., John Mills, Manager-Troy Facility**

**Donaldson Co., Otto Greven, Vice President**

**Duluth Missabe and Iron Range Railway, Melvin Alderink, General Superintendent**

**First National Bank of Minneapolis, Joseph R. Kingman, III, Senior Vice President**

**H. B. Fuller Company, David Croonquist, Executive Vice President**

**Graco, Incorporated, Charles F. Murphy, Vice President-Research & Engineering**

**Hart-Carter Co., Arden E. Swanson, President & General Mgr. of the Carter-Day Co.**

**George A. Hormel & Co., Lee D. Housewright, Jr., Group Vice President**

**International Multifoods Corp., Darrell Runke, Executive Vice President-Operations**

**Lutheran Brotherhood, Theodore Feig, Treasurer**

**Minnesota Power and Light Company, Jack F. Rowe, Executive Vice President**

**National Car Rental System Inc., James Dommel, Vice President-Administration**

**Peavey Company, William G. Stocks, Vice President-Finance**

**Premium Corporation of American, H. W. Greenough, Vice President-Couponing & Incentive Sales**

The Minnesota Executive Program, launched earlier this year by the Graduate School of Business Administration with the consultation and assistance of top management of approximately forty major companies, is designed to have an organizational impact on a firm, rather than just affecting individuals. Therefore the member firms plan to send at least three executives from their companies over the next three-year period.

The faculty for the program has been selected on the basis of their consulting and executive program teaching experience, as well as their knowledge in the topics to be discussed at the program. The subject matter is chiefly concerned with corporate strategy formulation and implementation. The general aim of the program is to help develop general policy and strategy-making skills. The topics to be covered are: 1) analyzing the external environment of a business or industry; 2) product/market strategy and marketing management; 3) overall organizational planning and control systems for implementing and monitoring a corporate strategy; 4) financial strategies; 5) human resource management; 6) social responsibilities, consumerism, personal values, etc. and their impact on strategy.

The last three days of the program the wives of the participants will be invited to attend. They will be engaged in academic discussions, first separate from and then together with their husbands. On the last day the presidents of the companies represented at the program will be invited to attend a final series of meetings and panels along with their wives. The program will culminate on February 11 with a graduation dinner and ceremony.

# Faculty News 1971-72

## Appointments

**John Cumming**, instructor in Accounting, who received his MBA from Michigan State University in 1967 and is now completing his Ph.D. at the University of Illinois.

**Gordon Everest**, instructor in Management Information Systems, who received an MS from Massachusetts Institute of Technology in 1965 and is completing his Ph.D. at the University of Pennsylvania. Mr. Everest served the past year as a research associate in the Management Information System Research Center of the School of Business.

**J. Stephen Heinen**, instructor in Management, who received his MA from Michigan State in 1970 and who expects to complete his Ph.D. requirements soon.

**Frederick R. Jacobs**, instructor in Accounting, whose Ph.D. is pending from the University of Wisconsin and who received his MBA there in 1965.

**Kenneth L. Rich**, assistant professor of Management Sciences, completed his Ph.D. in 1969 at the University of Pennsylvania and his MBA at Harvard in 1961.

**Donald E. Ricketts**, assistant professor of Accounting, completed his DBA at Indiana University in 1971 and his MBA at the University of Cincinnati in 1969.

**Roger G. Schroeder**, associate professor of Management Sciences, received his MS at the University of Minnesota in 1963 and his Ph.D. at Northwestern University in 1966.

## Resignations

**Gary Andrew**, associate professor of Management Sciences, after teaching here since 1964, left to accept a position at the University of Colorado.

**Jay M. Smith**, associate professor of Accounting, resigned to return to Brigham Young University where he received his BA and MS, to become professor of accounting. He taught at the University for six years.

## Leaves

Year long leaves for six faculty members during the 1971-72 academic year will provide personal and school enrichment and renewal.

**Gordon Davis**, professor of Accounting and Management Information Systems and director of the Management Information Systems Research Center, will spend the year on the faculty of the European Institute for Advanced Studies in Management in Brussels, Belgium. The Institute has been established to help overcome the severe shortage of qualified teachers and researchers in the management fields in Europe. Its key function is to contribute to the training and further development of management teachers and researchers from universities and other institutions of higher learning in management in Europe. Before joining the Institute faculty, Professor Davis spent some time lecturing in Australia during June.

**Professor John J. Flagler**, director of the Labor Education Service, of the Industrial Relations Center, has been awarded a sabbatical leave to visit several foreign countries to make on-site investigations of foreign labor movements. He expects to visit Ireland, France, Israel and Zambia.

**Professor of Management and Logistics Nicholas A. Glaskowsky** will spend his sabbatical furlough in writing, co-authoring, or revising five books in the areas of management theory, logistics, and transportation.

Professor Glaskowsky also will teach in a few sessions of the Minnesota Executive Program during the 1971-72 academic year, and in the summer of 1972 will teach in several executive programs, including the two-week summer Transportation Management Program at the University of British Columbia. He also plans to make several short trips abroad, and plans to do research and lecture in West Germany, England and Scandinavia on topics in the field of logistics. In addition to continuing to work with doctoral candidates in business administration during his leave, Glaskowsky will act as research-host during the 1971-72 year to Finn Staff, a research engineer attached to the Institute of Transport Economy of the Royal Norwegian Council for Scientific and Industrial Research. This is Professor Glaskowsky's first sabbatical leave after fourteen years of teaching in the School of Business Administration.

## Promotions

**Richard N. Cardozo**, Department of Marketing, from Associate Professor to Professor.

**Norman Chervany**, Department of Management Sciences, from Assistant Professor to Associate Professor.

**John C. Schreiner**, Department of Finance and Insurance, from Assistant Professor to Associate Professor.

**Emil Starr**, Department of Industrial Relations, from Associate Professor without tenure to Associate Professor with tenure.

**William Weitzel**, Department of Industrial Relations, from Assistant Professor to Associate Professor.

**Bruce Wonder**, who was appointed to teach in the Management Department last year, has now been awarded his Ph.D. from the University of Washington and has been promoted to Assistant Professor.

**Robert J. Holloway**, professor of Marketing, has received a sabbatical leave sponsored jointly by the School of Business and the Center for Urban and Regional Affairs to develop a new program in the general area of natural resources and business. His goal is to develop courses and programs for undergraduate and graduate students and also continuing education programs for businessmen in which the emphasis is on business decision making which does not cause environmental deterioration, as has occurred in the past, and which makes better use of our scarce natural resources.

Holloway's previous leaves were spent 1955-56 at the University of the Philippines; 1961-62 Ford Foundation sponsored study leave to examine the contributions made to marketing by the behavioral sciences; 1964-65 Ford Foundation sponsored research leave to undertake several special marketing research studies which resulted in books, articles and monographs. Professor Holloway has taught at Minnesota since 1953.

**William Weitzel**, associate professor of Industrial Relations, has been granted a year's leave of absence to serve as Director of Organizational Development at Target Stores, Inc.

**Andrew F. Whitman**, associate professor of Insurance, has been given a leave of absence to work as deputy commissioner with Dr. Herbert S. Denenberg, Insurance Commissioner of Pennsylvania.

## Faculty Publications

"Elementary COBOL Programming A Step By Step Approach" by Gordon B. Davis and Charles R. Litecky. New York, McGraw-Hill Book Company, 1971.

Over the last ten years, the major computer language taught in colleges and universities has been the FORTRAN algebraic language. COBOL, another computer language developed during this period, has become the major computer language of industry, yet it has not been taught to any extent in the college classroom. COBOL is a standardized, non-mathematical, Englishlike language for file and information processing. For the student preparing for a career in business information systems or related fields such as accounting, COBOL is more relevant than FORTRAN.

This manual was written to allow the student to actively learn COBOL by writing and executing a modular set of problems. It is a problem-centered approach, and COBOL is introduced as needed for the problems rather than all at once. The basic philosophy of the book is that a student learns best by a combination of reading and doing, that successful running of programs is a motivation to continue, and that unsuccessful runs also teach him a great deal about the need for careful programming. Data processing concepts and good practices and procedures are interwoven into the text and the assignments. The book covers all the major features of COBOL, but it is not an encyclopedic COBOL reference.

This book is available through the West Bank University Book Store for \$4.95.

"The Short Run Wage-Price Mechanism in U.S. Manufacturing" by M. A. Zaidi and C. D. Siebert, reprinted from *Western Economic Journal*, Sept. 1971. (No charge)

Regressions fitted to the U.S. manufacturing quarterly data suggest that both the profit rate and productivity change make independent contributions to wage change with the profit rate influence the strongest in the short run and the productivity effect more powerful in the intermediate runs; and that the profit variable rather than being a proxy for productivity changes is influenced by the price-wage ratio. The price regression results were more consistent with the full-cost pricing model since prices are adjusted more quickly to variation in unit labor costs and movement along cost curves than target rate-of-return pricing would indicate.

This reprint is available from the Industrial Relations Center, School of Business Administration upon request at no charge.

## Awards

Four School of Business faculty have recently received awards for excellence in teaching, writing and research, and general educational effectiveness.

**Robert J. Holloway**, professor of Marketing, is among three University of Minnesota professors listed in "Outstanding Educators of America," a book of biographical sketches of educators chosen on the basis of their contributions to teaching, research and civic service.

**C. A. Williams, Jr.**, professor of Insurance and associate dean, and **Andrew Whitman**, associate professor of Insurance, received an award for their article, "Environmental Hazards and Rating Urban Core Properties," which appeared in the September 1970 issue of the *Journal of Risk and Insurance*. The award is one of several made each year and carries an award of \$200 in addition to the honor.

**George T. Milkovich**, assistant professor of Industrial Relations, was awarded the annual H. G. Heneman Distinguished Teaching Award in Industrial Relations. The award is given to an IR faculty member selected by graduate student vote for teaching excellence.

## Service

**Paul V. Grambsch**, former dean of the School of Business Administration, and now professor of Management, was named in June to the Federal Home Loan Bank of Des Moines, as one of four public interest directors of a 13-member board of directors. Nine directors are elected and the public interest directors are appointed by the Federal Home Loan Bank Board, Washington, D.C.

The Bank is one of twelve regional banks in the country, and serves the capital needs of the 298 savings institutions in the five-state area of Minnesota, North and South Dakota, Iowa and Missouri, representing total assets of \$11,136,615,714, and comprising the Eighth Federal Home Loan Bank District.

**Herbert G. Heneman, Jr.**, professor of Industrial Relations and chairman of Industrial Relations Department of the School of Business, has been named to the board of directors of the new Child Development Center on the North Side of Minneapolis.

## Returning From Leave

Jack Gray, professor of Accounting and Management Information Systems, has returned to the University after spending the 1970-71 academic year on sabbatical leave. While on leave, Professor Gray held a part-time appointment at and lived on the campus of Le Centre d'Enseignement Superieur des Affaires (the Center for Higher Management Education) at Jouy-en-Josas, France, a suburb of Paris.

While at the center, Professor Gray had the opportunity to study French accounting and French higher education. He worked in and observed programs at the Bachelor's and Master's levels and continuing executive education.

Professor Gray reports that after some time spent at developing his French language ability and learning to live in a new environment, that the experience became very valuable for him from a professional point of view, and very valuable for him and his family from a personal point of view.

One of the most interesting activities was the development of a series of faculty seminars on research in business. In addition, he spoke to faculties at other major French business schools. In June, he served as an American delegate to a conference on management education sponsored by the Organization for Economic Cooperation and Development.

During his sabbatical leave, Professor Gray visited Denmark, Italy, Holland, West and East Germany, Switzerland and Tunisia as well as traveling in various parts of France.

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### Minnesota Business News

Number 38

Published by

School of Business Administration

University of Minnesota

Minneapolis, Minnesota 55455

Telephone 373-3759

James Don Edwards, Dean

Mary Louise Hill, Editor

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# From the Faculty Pen

## Additions to Reprint Series

**"Some Thoughts on Research Needs in Accounting"** by Jack Gray and R. K. Mautz, reprinted from *The Journal of Accountancy*, Sept. 1970. (No charge)

In this article, the authors, after a brief review of what they consider is presently lacking in accounting research, suggest careful attention to a number of matters if research in accounting is to fulfill the expectations of those who look to it as a source of solutions for practical problems. Among the eight items they indicate need attention are:

- A general recognition that academic research conducted on a part-time basis has limited usefulness in the solution of practical problems.
- The necessity for some indication by the Accounting Principles Board of the kinds of evidence that it finds most useful in reaching conclusions about preferred accounting practices.
- The development of panels of experts who can offer advice and approval for specific research proposals.
- Early identification of researchable topics so that adequate research can be completed before a decision by the Accounting Principles Board or other authority is necessary.

The authors conclude by cautioning that "merely making funds available and encouraging research are not enough and urge that serious consideration be given by the leaders of the profession to the particular kinds of research which will be most useful for their purposes. Continually spending money for research without establishing standards or requirements is unlikely to be helpful."

**"The Airport Location Problem: The Case of Minneapolis-St. Paul"** by Donald V. Harper, reprinted from *ICC Practitioners' Journal*, May-June 1971. (No charge)

As the number of airline passenger-miles, freight, mail and express ton-miles, and flight operations have increased in the decade of the 1960's it has become increasingly clear that the major airport system of the United States is inadequate.

The fact that airline traffic has grown faster than the airport and airway systems of the country have grown to handle it, has resulted in congestion and delay in the air and on the ground around airports ranging from the moderate to the acute at most major airports. Traffic predictions for the future indicate that the airport congestion problem and its attendant costs will increase in severity in the 1970's.

Among the several solutions that have been offered for the airport inadequacy problem are building satellite or reliever airports for general aviation use; and building additional or replacement airports to serve scheduled airline traffic. The building of additional or replacement major airports is one of the most time consuming and expensive possible solutions. But it also can be the best solution in the long run. Perhaps the most difficult problem associated with the construction of a new major airport today is the decision as to where the new airport should be located.

This article details the history and background of the controversy over seeking a site for a major new airport for the Minneapolis-St. Paul area. The problems encountered in the Twin Cities in seeking an acceptable site illustrate the difficulties faced in locating any major airport anywhere. The lesson of the Twin Cities' experience is that better decision making than has been demonstrated there is required if the best airport sites in terms of the broad public interest are to be selected and within a reasonable length of time.

**"The Dilemma of Aircraft Noise at Major Airports"** by Donald V. Harper, reprinted from *Transportation Journal*, Spring 1971. (No charge)

In the past ten years it has become clear that air transportation, like other forms of transportation, is cursed by a major nuisance factor. That factor is aircraft noise. This paper attempts to explain the nature of the aircraft noise problem at major airports, the legal aspects of aircraft noise, the multiple responsibility for the problem and its solution, and the problem of aircraft noise as it has been dealt with in Minneapolis-St. Paul by the Metropolitan Airports Commission (MAC).

It is clear that the problem of aircraft noise is a very serious one which is likely to become much worse at most major airports before it become better. It is also clear that because there is multiple responsibility for causing the problem, there must be multiple responsibility for finding solutions to it.

The failure of many airport operators to face up to the question of aircraft noise and to try to do something about it and to educate the public about the subject, has helped not only to worsen the problem but has contributed greatly to the lack of understanding of the problem by the general public and to the animosity felt by airport neighbors toward the local airport management.

**"Graphical Comparisons of Actual and Proposed Brokerage Commission Schedules"** by John Schreiner, reprinted from *Financial Analysts Journal*, July-August 1971. (No charge)

The New York Stock Exchange has presented two proposals recently for new, generally higher brokerage commissions. Under the February 1970 proposal, commissions would be drastically increased for small orders and substantially decreased for large orders, with a net increase of about 18 percent in overall commission dollars for given total volume. This proposal met substantial opposition both within and without the brokerage industry.

In July, 1970, a new proposal was released limiting commission increases on small orders to 50 percent and leaving large-order commissions generally unchanged. The net overall effect of the July proposal is a substantially higher increase, about 29 percent, in overall commission dollars for given total volume.

The graphical format presented in this article is designed to help the many interested parties achieve understanding of the broad impact of the various proposals vis-a-vis the existing commission schedule.

These reprints may be obtained from the Division of Research, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

**"On the Demand Versus Need for Medical Services and the Concept of Shortage"** by James R. Jeffers, Mario F. Bognanno, and John C. Bartlett, reprinted from *American Journal of Public Health*, Vol. 61, No. 1, Jan. 1971. (No charge.)

A perennial problem which is responsible for considerable confusion in health economics literature concerns the use of the terms "demand" and "need" in connection with medical services. In general, the former appears most frequently in the writings of medical economists, while the latter term is most frequently used by health professionals, commissions, and agencies.

The purposes of the authors in this article are to differentiate between the two concepts, "need" and "demand," and to provide two interpretations of the concept of "shortage" as it applies to medical services.

A limited number of copies of this reprint is available from the Industrial Relations Center, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

# CONTINUING BUSINESS EDUCATION

# FALL 1971

## SUPERVISORY MANAGEMENT SERIES

FOR practicing managers (supervisors) in public and private organizations responsible for influencing the behavior of assigned people toward predetermined goals.

A. **COMMUNICATION SERIES** (All sessions held at the Sheraton-Ritz Hotel, Mpls., Minn.) 8:30-4:30 P.M.

1. FACE-TO-FACE COMMUNICATION September 30, 1971
2. EFFECTIVE WRITTEN COMMUNICATIONS October 7, 1971

B. **LEADERSHIP SERIES** (All sessions held at the Sheraton-Ritz Hotel, Minneapolis, Minn.) 8:30-4:30 p.m.

3. LABOR RELATIONS October 13, 1971
4. LEADERSHIP PROBLEM ANALYSIS AND PROBLEM SOLVING October 20 and 27, 1971
5. MOTIVATION, LEADERSHIP, INTRODUCING CHANGE November 3, 10, and 17, 1971
6. PERFORMANCE APPRAISAL December 1, 1971  
(Limited to 20 persons) (8:15-5:30 p.m.)
7. TIME MANAGEMENT AND DELEGATION December 8, 1971

C. **INTERPERSONAL AND LEADERSHIP SKILLS**

8. Skill Building Session A
9. Skill Building Session B  
January 16, 5:00 p.m.—January 19, 1972, 4:00 p.m.  
Arrowwood Lodge, Alexandria, Minn.  
and/or  
February 27, 5:00 p.m.—March 1, 1972, 4:00 p.m.  
Kings House, Buffalo, Minn.

## WORKSHOP IN EMPLOYMENT INTERVIEWING

September 20-21, 1971 also offered on: March 9-10, 1972  
U of M Campus U of M Campus  
8:30-4:30 p.m. 8:30-4:30 p.m.

## INDUSTRIAL MARKETING STRATEGY

October 17-20, 1971 5:00 p.m. October 17  
A Local through  
Hotel Facility 4:00 p.m. October 20

## COMMUNICATION AND PERSUASION—BASIC

November 2-3, 1971 U of M Campus  
10:30-5:00 p.m. First Day  
8:30-3:00 p.m. Second Day  
and also offered on:  
January 18-19, 1972 U of M Campus  
10:30-5:00 p.m. First Day  
8:30-3:00 p.m. Second Day

## COMPENSATION ADMINISTRATION

November 10-12, 1971

## COMMUNICATION WITHIN THE ORGANIZATION

November 16-17, 1971  
School of Business Administration  
U of M Campus

### SHOULD YOU BE ADDED TO OUR MAILING LIST?

If you are not presently on our mailing list, but would like to receive announcements describing upcoming programs offered by Continuing Business Education, please send your name, title, company, and mailing address to Director, Continuing Business Education, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455 or call (612) 373-3680.

**ARE THERE OTHERS IN YOUR ORGANIZATION TO WHOM WE SHOULD MAIL AN ANNOUNCEMENT? If so, please let us know.**

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