

FROM THE EDITOR'S DESK

Articles for this issue were selected from the best papers of the Western Decision Sciences Institute's 24th annual conference held in San Francisco on April 11-15, 1995. Of the thirty-two best papers, twenty-one were submitted for publication consideration and seven were selected for inclusion in this issue.

The selection reflects the international composition of the WDSI; three of the seven articles were authored by individuals from countries outside the United States: Canada, England and Sweden.

This issue contains a number of interesting articles. Much of the research on the prediction abilities of various accounting ratios has focused primarily on predicting bankruptcies, bond ratings and beta while assuming a positive relationship between stock prices and profitability. The paper by **GUN-HO JOH** is an empirical investigation of that assumption. Nine profitability ratios from financial statements are selected to examine their relationship to the market's value. The findings indicate that among these ratios, return on total assets shows the highest correlation with stock prices.

Traditional management control systems have been under increasing criticism for their inability to promote organizational flexibility. The article by **SVEN MODELL** proposes a more holistic three-dimensional approach to management control systems. The author also recommends closer integration between management control and human resource management theory.

TERRY E. DIELMAN and **ELIZABETH L. ROSE**'s study compares several different estimation techniques in least absolute value (LAV) regression with autocorrelated errors. Using Monte Carlo simulation methods, the authors argue for always correcting for autocorrelation since there is little loss in terms of estimation performance. Furthermore, the

Prais-Winsten-type correction is preferable to the Cochrane-Orcutt-type correction.

SUSAN A. SIMMONS aims to determine whether the pharmaceutical industry becomes more efficient as it grows larger. Her results indicate that while returns to R&D and sales are characterized by diseconomies of scale, firms of all sizes experience increasing returns as their research efforts increase.

The Total Quality Management (TQM) approach was started within industry, but has been spreading to other sectors. After an overview of some strategic issues facing higher education, **GLORIA L. LEE** argues for implementing Business Process Redesign (BPR) by building on the gains achieved through TQM as a way forward. The discussion and recommendations draw on her experiences in her own institution in England and another in the U.S.A.

Teaching the principles and applications of TQM has been challenging partly because of their complexity. Using iconization and diagrammatic mind mapping rather than text, **GEORGE E. McMASTER** and **JOHN CHYZYK** illustrate a methodology successfully used for training to teach the principles and implementation of TQM. The authors find their methodology more effective than theirs.

Traditional approaches to classroom instruction may not be appropriate because today's environment is becoming more interdependent. One important change in this connection is a shift of emphasis from individual performance to team performance. This shift has produced the so-called "competitive" versus "cooperative" debate. In our last article, **JANET B. WOLVERTON** and **LAURA J. YALE** report student perceptions suggesting that in both objective and subjective learning, the cooperative model is superior to the traditional competitive model.

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