



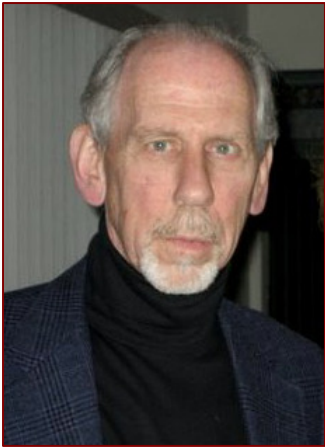
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LOYOLA UNIVERSITY CHICAGO School of Business Administration RESEARCH NEWSLETTER

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George Kaufman Selected 2006-2007 SBA Researcher of the Year

The SBA Research Committee is pleased to announce the Faculty Researcher of the Year for 2006-2007. This year's recipient is **George Kaufman, John Smith Professor of Finance and Economics**. The award recipients are chosen on the basis of both the quality and quantity of research output within the past five years as enumerated and reported in the most recent Faculty Research Inventory Report.



This year's selection honors one of our colleagues who has shown a clearly-focused dedication to research over a long and productive academic life. For Professor Kaufman, research is a multi-dimensional activity that includes sound judgment in the selection of important problems to be explored, collaboration with other scholars who contribute diverse skills for the successful investigation of problems, organization of conferences where topics of current interest can be debated, service in the business of journal publishing, and finally, expert testimonies to the U.S. Congress for implementation of sound banking policies. Professor Kaufman has passionately and concurrently pursued all these research dimensions with great success and has brought to the School of Business of Loyola University Chicago global recognition and to his colleagues much inspiration.

Professor Kaufman presented the following papers since Spring 2006: "Basel II: Inferior to PCA for

U.S." at the annual meeting of the Midwest Finance Association in March; "Efficient Resolution of Insolvent Banks" at the European meeting of the Financial Management Association in Stockholm in June and its annual meeting in Salt Lake City in October; "Bank Safety and Soundness: Past Present, and Future" at the Federal Reserve Bank of San Francisco in August; "Basel II is a Costly Diversion" at the FDIC Conference in Washington D.C. in September; "Regulation Q: A Retrospective" at the American Enterprise Institute in Washington D.C. in September; "Cross-Border Banking in the EU" at the European Commission Conference in Brussels in September and at the London School of Economics in November; and "Resolving Large Bank Insolvencies in the EU" at the European Central Bank – Bank of Spain Conference in Madrid.

Professor Kaufman also published three journal articles. He co-authored articles with Robert Bliss on "Derivatives and Systemic Risk: Collateral, Netting and Closeout" in the April issue of the *Journal of Financial Stability* and on "U.S. Corporate and Bank Insolvency Regimes: An Economic Comparison and Evaluation" in *Economic Perspectives* of the Federal Reserve Bank of Chicago. In October, he published "Using Efficient Bank Insolvency Resolution to Solve the Deposit Insurance Problem" in the *Journal of Banking Regulation*. He co-edited a book *Cross-Border Banking: Regulatory Challenges* and published a chapter on "Challenges for Deposit Insurance and Finance Stability in Cross-Border Banking with Emphasis on the European Union" in that publication.

In addition, Professor Kaufman co-chaired the quarterly meetings of the Shadow Financial Regulatory Committee in September and December 2006, and February 2007 in Washington, D.C. and chaired the annual meeting of the Financial Economists Roundtable in Bretton Woods, N.H. in July. In January,

he was honored by the North American Economics and Finance Association by being elected a Distinguished Fellow.

On Thursday, January 4, 2007, the School of Business Administration of Loyola University Chicago jointly sponsored a one-day Conference with the Athenian Policy Forum on the topic of “*Asymmetries In Globalization: Opportunities And Risks.*” About 35 scholars attended the conference and presented papers. **Abol Jalilvand, Dean, School of Business Administration,** opened the Conference with remarks about the Risks Associated with Globalization. The faculty from our School of Business Administration who participated in the conference are listed below along with the



topics of (Left to right: Alex Kondonassis, James Brox, Dean Jalilvand, A. G. (Tassos) Malliaris, George Eaton)

their presentations: **Nicholas A. Lash, Professor of Finance,** presented “Asymmetric Finance: Issues in Microfinance,” **A.G. Malliaris, The Walter F. Mullady Sr. Professor of Economics and Finance,** (along with Alex Kondonassis, The University of Oklahoma and Chris Paraskevopoulos, York University) presented “Global Financial Instabilities and the Future of the U.S. Dollar,” **John Kostolansky, Associate Professor of Accounting,** presented “The Impact on FASB 158 on Reported Net Assets,” **Mary Malliaris, Associate Professor of Information Systems and Operations Management,** presented “Trade Asymmetries in the Americas,” **Vefa Tarhan, Ralph Marotta Professor of Free Enterprise,** presented “Vulnerability of Emerging Market Economies to External Shocks,” and **George Kaufman, John Smith Professor of Finance and Economics,** presented “Efficient Resolutions of Large Bank Insolvencies.”

John R. Boatright, the Raymond C. Baumhart, S.J., Professor of Business Ethics, published a dialogue note “Is There an Internal Morality of Contracting?” in *Academy of Management Review*, 32(1) (2007) and a book note of John Roberts’ *The Modern Firm: Organizational Design for Performance and Growth* in *Business Ethics Quarterly*, 16(1), 2006. His article “What’s Right—and What’s Wrong—with Stakeholder Management,” published last year in the *Journal of Private Enterprise*, received the Best Paper of the Year Award for 2006 from the Association of Private Enterprise Education.

Professor Boatright has delivered talks on “What’s Wrong—and What’s Right—with Stakeholder Management” at University of Redlands, and “Reluctant Guardians: The Responsibility of Gatekeepers for Effective Corporate Governance” at the Conference on Freedoms



and Responsibilities for Business in China, Second World Forum on China Studies, Shanghai Academy of Social Science, Shanghai, China, September 2006; Transatlantic Business Ethics Conference, The Wharton School, University of Pennsylvania, October 2006; Southern California Business Ethics Roundtable, Los Angeles, February 2007; and a meeting of the Professional Risk Managers’ International Organization and the Quantitative Work Alliance for Applied Finance Education and Wisdom, Chicago, February 2007. He also appeared on a panel on “Corporate Social Responsibility,” at the Association for the Advancement of Colleges and Schools of Business, Mid-Western Conference, Chicago, October 2, 2006.

Louis Cain, Professor of Economics, published “Measuring Parity: Tying into the ‘Idealized’ Standard Deviation,” in the August 2006 *Journal of Sports Economics*. This paper was co-authored with David Haddock of



Northwestern's Law School. In this paper Professors Cain and Haddock present a metric to calculate the "idealized standard deviation" (ISD) in the event that ties are possible and receive points in team-sport league standings. Their aim was to raise issues regarding the customary application of that concept in leagues that do not employ a binomial system for determining rankings, to suggest the reciprocal of the ISD may be a more intuitive construct if the intent is to represent parity, to provide scholars with a set of ISDs, and to suggest some interesting topics that arise from perusing the time series.

In addition, the seventh edition of *American Economic History*, joint with the late Jonathan Hughes of Northwestern, was published by Addison-Wesley. Reputedly the best-selling text in the field, this edition incorporates the data from the newly-published *Historical Statistics of the United States, Millennial edition*, published by Cambridge University Press. Professor Cain served as chapter editor of the Transportation chapter that includes a 12,500 word introductory essay and 1265 data series. Professor Cain also served as Associate Editor of Macmillan's *History of World Trade since 1450*, and continues to serve as a Consulting Editor to the electronic version of *Encyclopedia of Chicago*.

Professor Cain's "Epidemics, Demonstration Effects, and Municipal Investment in Sanitation Capital," the fourth in a series of papers with Elyce Rotella of Indiana University, was presented at the Center for Population Economics, University of Chicago; the Departments of Economics and History, University of British Columbia; the Seminar in Health Promotion Economics, University of Chicago; the Department of Economics, Queen's University; the Department of Economics, University of Toronto; the Department of Economics, University of Southern California; and the Economic History Workshop, Northwestern University. The final presentation, at the University of Kansas, was a conference at which all the papers to be contained in a forthcoming Routledge book were presented. Finally, Professor Cain's essay for a forthcoming Princeton University Press volume on the history of entrepreneurship, "Entrepreneurship in Antebellum United States," the first of three essays on the United States, was presented at a Kauffmann Foundation conference at New York University's Stern School.

E. Mine Cinar, Professor of Economics and Chairperson of the Economics Department, published the 8th electronic volume of *Topics of Middle East and North African Economies* as



a selected proceedings journal on the Loyola University website in September 2006. She was part of the organizing committee and a discussant in the ME finance sessions of the Economic Research Forum meeting in Kuwait City, Kuwait in December 2006. She was also selected to be on the Advisory Committee to the ERF Board during the same meeting.

On January 4, 2007, Professor Cinar organized two sessions of the Middle East Economics Association at the Loyola University School of Business Administration where she presented a paper entitled "Flowcharting Growth Paths: Are They Empirically Viable?" This paper studies cross section social and economic variables of countries around the world to formulate growth diagnostics using classification methods.



Suzy Fox, Associate Professor of Human Resources and Employment Relations, continues to publish and present research in three areas: 1) Counterproductive Work Behavior and its relation to Organizational Citizenship Behavior, 2) Workplace Bullying, and

3) collaboration with the Successful Women Worldwide international research team. In the area of Counterproductive Work Behavior (CWB) Professor Fox, along with Paul Spector and other collaborators, published two journal papers and conference proceedings and participated in presentations at Academy of Management and Southern Management Association conferences. The papers were "Does Your Coworker Know What You're Doing? Convergence of Self- and Peer-Reports of

Counterproductive Work Behavior” published in the *International Journal of Stress Management*, and “The Dimensionality of Counterproductivity: Are All Counterproductive Behaviors Created Equal?” published in the *Journal of Vocational Behavior*. In the area of Workplace Bullying, Professor Fox, along with **Lamont Stallworth, Professor of Human Resources and Employment Relations**, published a paper entitled “How Effective is an Apology in Resolving Workplace Bullying Disputes?” in the *Dispute Resolution Journal*.

Finally, the Successful Women Worldwide (SWW) team saw the publication of their book, *Successful Professional Women of the Americas: From Polar Winds to Tropical Breezes*. Besides being on the research and editorial team, Dr. Fox wrote the introductory chapter and co-wrote two additional chapters. She also published two additional papers with the SWW team: “Successful Women of the Americas: The Same or Different?” in *Management Research News* and “Exploring Career-Life Success and Family Social Support of Successful Women in Canada, Argentina and Mexico” in *Career Development International*.



Al Gini, Professor of Management, presented “Malden Mills: When Being a Good Company Isn’t

Good Enough” (co-authored by **Alexei Marcoux, Associate Professor of Management**) at the Good Company—Sixth International Symposium on Catholic Social Thought, Pontificia Universita, Roma, Italia. In January 2007 he presented “Ethics/Trust in Financial Services” at The American College: The Leader in Financial Services Education, and in February 2007 “Sports: Conduct, Character, Citizenship” and “A Case: A Fair and Level Field of Play” at The Ethics Center, Dartmouth College.

Professor Gini was also the plenary speaker at the Illinois Teachers of Bilingual Education on March 9, 2007 where he spoke on “Work and the Immigrant Experience” and at the University of Wisconsin School of Business (Ethics—Executive Educa-

tion) on March 22, 2007 where he spoke on “The Importance of Work and Play.”

Dawn Harris, Associate Professor of Management,



published her paper, “The Pipeline to the Top: Women and Men in the Top Executive Ranks of U.S. Corporations” in the November 2006 issue of *The Academy of Management Perspectives* with Constance Helfat and Paul Wolfson. The results from this paper have been published in *The Financial Times*, *Businessweek*, the *International Herald Tribune*, the *Chicago Tribune* and several other publications.

Professor Harris also participated at the Academy of Management meeting in a session “Governance: Split Personalities (CEO/Chairman Duality)” as a discussant in August 2006. In addition, she chaired the session, “Mimetic and Social Influences on Direct Investment Decisions”, at the Strategic Management Society Meeting in October 2006.



John Kostolansky, Associate Professor of Accounting,

presented a paper at the Global Asymmetry Conference of the Athenian Policy Forum held at Loyola on January 4th 2007. The title of his paper was “The Impact of

SFAS 158 on U.S. Balance Sheets and Asymmetries in International Reporting of Post-Employment Benefits.”

Paul J. Kubik, Clinical Professor of Economics, recently published a refereed article entitled “Money Endogeneity in the Less Developed Country Setting: Evidence from South Korea,” in the *International Journal of Business Disciplines*.

Keith Lambrecht, Associate Professor and Director of the Sports Management Program, published an article entitled “Consumer Awareness of Sponsorship at Grassroots Sports Events” which appeared in the September 2006 issue of *Sport Marketing Quarterly*.



This article was co-authored by K. S. Miloch. In November 2006, he presented “Spectator Satisfaction

at a PGA Event” at the Tenth International Conference on Sport & Entertainment Business in the Columbia Metropolitan Convention Center, Columbia, South Carolina.

David Merriman, Professor of Economics, had his paper “Spillovers from Tax Increment Financing Districts: Implications

for Housing Price Appreciation” with Rachel Weber and Saurav Dev Bhatta published in the March 2007 edition of *Regional Science and Urban Economics*.



This paper examines appreciation of residential real estate in Chicago. The authors show that tax increment finance districts generally are not important contributors to the rapid appreciation (or “gentrification”) of Chicago neighborhoods. Professor Merriman also published his paper “State Spending on Social Assistance Programs Over the Business Cycle,” (with Therese McGuire) in the book *Working and Poor: How Economic and Policy Changes are Affecting Low-Wage Workers* which was edited by Rebecca Blank, Sheldon Danziger and Robert Schoeni and published by the Russell Sage Foundation in December 2006. This paper shows that states responded to the recession of 2001 by funding social welfare programs at levels comparable to past recessions.

Professor Merriman also co-authored papers published in the *National Tax Journal* (September 2006) and the University of Illinois’ *Policy Forum* (November 2006) related to property tax policy in Cook county and presented his work at the national

meeting of the Association for Public Policy Analysis and Management and the National Tax Association (both in November 2006). This work was cited in many newspaper stories and also was featured on a Chicago Public Radio story (“Spreading Out the Pain of Property Taxes”) on November 16, 2006. Finally, Professor Merriman received funding from the Robert Wood Johnson Foundation for his research project “A Pilot Study for a New Method of Measuring Cigarette Tax Evasion in the U.S.” which will be conducted from March 2007 through February 2008.

Tom Nohel, Associate Professor of Finance,

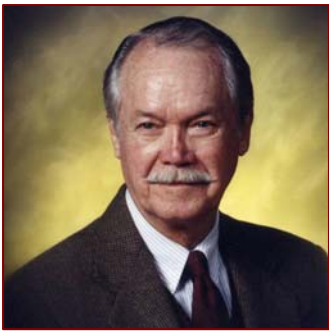
recently received the award of “Best Paper in Financial Institutions” at the 2007 Midwest Finance Association Conference in Minneapolis (March 2007) for his article “Side-By-Side



Management of Mutual Funds and Hedge Funds”.

His work on side-by-side management was mentioned in the following articles over the past few months: “Side By Side Surprise” by Michael Shari, *Institutional Investor Magazine*, February 2007; “Got Conflicts?” by Stan Luxenberg, *Registered Rep Magazine*, February 2007; “Dual Hedge-Mutual Fund Managers Face Conflicts” by John Wasik, *Bloomberg News*, November 2006; “Is Your Fund Manager Two-Timing You? -- As Hedge and Mutual Funds Increasingly Share Overseers, Critics Fret About Small Investors” by Eleanor Laise, *Wall Street Journal*, November 2006; and “Your Fund Manager's Secrets: Many New Facts Are Available On the People Who Pick Stocks; Making the Best Use of It All” by Eleanor Laise, *Wall Street Journal*, October 2006. In addition, his paper entitled “Undoing the Powerful Anti-Takeover Force of Staggered Boards” was presented at the 2007 Corporate Governance Symposium of the European Financial Management Association at Bocconi University in Milan.

John D. O'Malley, Professor of Business Law, is



continuing his efforts to complete a commitment to the *Journal of the Orders & Medals Society* of London, England to write a series of articles that address the British system of awards in promoting self-sacrifice and heroic action. His latest publications are "The Sparcity of Distinguished Conduct Medals for the Egyptian War of 1882" (Vol. 45, No. 3, September 2006) and "The Pride of the East Yorkshire Regiment" (Vol. 46, No. 1, March 2007). Professor O'Malley was recently at the Scott Polar Research Institute of the University of Cambridge, England, where he completed some research and discussed little-known aspects of the lives of some of the participants in the Antarctic expeditions of Robert Scott in 1910-1913 and Ernest Shackleton in 1914-1917.

Dow Scott, Professor of Human Resources and Employment Relations,

has published two articles in the *World at Work Journal*; one on the methodology for evaluating pay programs and the other based on data from a national survey of compensation professionals about how they evaluate their pay programs. These papers provide a systematic and comprehensive method for determining the contribution a pay program makes to the "bottom line" and an evaluation process that offers insight in how to improve the pay program's effectiveness. Another paper presents a case study demonstrating that the use of Scanlon Plans (i.e., gainsharing) is not restricted to manufacturing companies and that it can substantially contribute in the competitive financial services industry. The fundamental principles of this participative management system are discussed as they are applied at Watermark, a mid-sized credit union.



Vefa Tarhan, Ralph Marotta Professor of Free Enterprise, published four papers since Spring 2006. He published "The Capital Allocation in Developing Economies and Their Vulnerability to External Shocks" in the *Journal of the Academy of Business, Cambridge*; "Emerging Markets: The Need for Structural Reforms" in the October 2006 issue of *Financial World*; and "What Does Form of Payment Indicate About Post-Merger Performance?" in the March 2006 issue of *Abante*. He also published "Globalization and Turmoil in Emerging Market Economies" in *Economic Dialogue* which was distributed to the 2000 or so participants of the IMF-World Bank meetings held in Singapore in September 2006.

Professor Tarhan presented "Cash Flow Sensitivities with Constraints" with Todd Pulvino at the 2007 American Finance Association Meetings in January 2007. He was notified by the Social Sciences Research Network that this was the second most downloaded paper amongst the papers presented at the conference. He also presented this paper at the Chinese International conference in July 2006. Professor Tarhan presented five other papers at conferences or invited seminars: "How Do Firms Finance Their Investments? The Relative Importance of Equity Issuance and Debt Contracting Costs" (with Vladimir Gatchev and Paul Spindt) presented at the Kellogg Graduate School of Management, Finance Department Seminar series, in October 2006; "Corporate Investment Decision Practices and the Hurdle Rate Premium Puzzle" at the European Financial Management Association meetings in June 2006 and at Kellogg in December 2006;

"Macroeconomic Implications of Capital Allocation Distortions" presented at the Turkish Economic Association Meetings in September 2006; "Vulnerability of Emerging Market Economies to External Shocks" presented at The Athenian Policy Forum in January 2007; and "Globalization of Capital Markets and the Role Played by Hedge Funds" presented as the Keynote Paper at the Forum Istanbul Conference in November 2006.



Professor Tarhan was also invited by the Turkish Central Bank both to present a paper on the extent that externally induced financial shocks may affect the real sector (to the Bank's research department), and to engage in the exchange of ideas with the Bank's president on his views regarding the chronic and new problems of the Turkish Economy. Additionally, he made presentations to two groups of parliamentarians and 180 CFOs in Turkey about the state of the Turkish Economy and the structural reforms that have to be implemented. Finally, Professor Tarhan writes a monthly column in the Turkish edition of *Forbes* magazine and was extensively interviewed extensively by the Turkish media (both print and TV) during the Spring and Fall of 2006.



Linda Tuncay, Assistant Professor of Marketing, presented a paper entitled, "Exploring the Link between Masculinity and Consumption," at the Advertising & Consumer Psychology Conference

last May. The paper discusses how conceptions of gender influence consumption habits among men. She also presented and published a conference proceeding at the Association for Consumer Research Conference on Gender, Marketing, and Consumer Behavior last June. The paper entitled, "Conceptualizations of Masculinity Among a 'New' Breed of Male Consumers" examined the changing definitions of masculinity among male consumers. Professor Tuncay also presented a third paper entitled, "The Use of Seeker and Sentry Strategies by Heterosexual Male Shoppers," at the Association for Consumer Research Conference last October. The paper was co-authored with Cele C. Otnes of the University of Illinois and examines the shopping and persuasion management strategies utilized by male shoppers. The paper was published in *Advances in Consumer Research*.


Arup Varma, Professor and Director, Institute of Human Resources & Employment Relations, published four papers since Spring 2006: "HR and the Bottom-Line: The Impact of High Performance Work Systems" published in *Management & Labor*

Studies co-authored by S. Pichler, an HRER alum and **Pat Simpson, Associate Professor of Human Resources & Employment Relations**; "HRM Systems of Indian Call Centers in India: An Exploratory Study" in *International Journal of Human Resource Management* co-authored by P. Budhwar, G. Singh, and V. Dhar; "A New Perspective on the Female Expatriate Experience: The Role of Host Country National Categorization" in *Journal of World Business* co-authored by S. M. Toh and P. Budhwar; and "Distributive Justice Revisited: A Reconceptualization and Empirical Test" in *Journal of Labor Research* co-authored by **Pat Simpson, Associate Professor of Human Resources & Employment Relations**.



Professor Varma also presented the following papers: "Host Country National Willingness to Help Expatriates: The Role of Collectivism and Interpersonal Relationships" at the Asia Academy of Management Conference, Tokyo, Japan (co-authored by S. Biswas and S. Pichler, HRER alum); "The Hidden Cost of Outsourcing to Indian Firms: Attrition Problems and the Way Forward" at the Asia Academy of Management Conference, Tokyo, Japan (co-authored by P. Budhwar and M. Albarillo, HRER alum); "A Quasi-Experimental Field Study of Chinese HCNs' Willingness to Help Expatriates" at the Academy of Management Conference, Atlanta, GA (co-authored by P. Budhwar, S. Biswas, and S. M. Toh); "For What Job? An Investigation of Individual Difference and Job-Related Factors in Hiring Discrimination of LGBTs" at the Academy of Management Conference, Atlanta, GA. (co-authored by S. Pichler, HRER alum, and T. Bruce); and "Different Perspectives on LMX: An Investigation in USA and India" at the 20th Annual Conference of the Society for Industrial and Organizational Psychology, Dallas, TX (co-authored by S. Pichler, HRER alum).

Finally, Prof. Varma served as Chair for a paper session presented by the OB/HR division of the Asia Academy of Management meeting in Tokyo, Japan in December 2006.



The Research Newsletter is published by the Research Committee of the School of Business Administration. A more complete listing of recent research by SBA faculty may be found in the annual School of Business Administration Faculty Publications and Papers Presented at Professional Meeting at: www.sba.luc.edu/research/faculty. Faculty working papers may be found at: www.sba.luc.edu/research/wpapers. Select publications are displayed in the Research Showcases on the 1st and 5th floors at the School of Business Administration, Maguire Hall, 1 East Pearson Street, Chicago, IL.

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