

Research Newsletter

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The Summer 2001 issue of this newsletter published by the SBA Research Committee reviews the research activities of School of Business faculty over the past several months. Several faculty members received significant outside grants, had prestigious publications and presented important papers. This issue also highlights the selection of the 2001 faculty "Researcher of the Year". With the interdisciplinary reorganization of the Business School, we especially hope to stimulate increased awareness and communication across disciplines. All interested parties, including faculty, students, or others inside or outside the university are encouraged to learn more about the exciting research being done here at Loyola. Further information can be obtained from the many School of Business working papers available at <http://www.sba.luc.edu/research/> and by direct inquires to the researchers identified below.

We welcome suggestions about the content and structure, as well as the frequency and distribution of this newsletter. Suggestions can be directed to Professor David Merriman at DMERRIM@LUC.EDU.

Professor Tata is Researcher of the Year

Congratulations to Jasmine Tata, Associate Professor (Management) on her selection as researcher of the year. Professor Tata received a bachelors degree in architecture from the University of Bombay, India in 1985, an MBA at the City University of New York in 1989 and a Ph.D. in the School of Business of Syracuse University in 1993.

Since coming to Loyola in 1993 Professor Tata has had a steady and impressive stream of scholarly publications. In the year 2000 alone Professor Tata published eight scholarly articles on a wide



Professor Jasmine Tata

variety of topics. Professor Tata's research interests lie in the areas of organizational justice, organizational communication, team management, international organizations, and gender issues in organizations. Professor Tata's research questions are illustrated by the titles of some of her recent work:

Tata, J. (in press). "She said, he said: The influence of remedial accounts on third-party judgments of coworker sexual harassment." *Journal of Management*.

Tata, J. (in press). "The use of distributive versus procedural justice principles in determining the fairness of pay raises: The influence of organizational role and gender", *Journal of Psychology*.

These titles illustrate Professor Tata's willingness to tackle controversial, difficult but very important and practical questions.

Van Oyen receives major NSF grant

Mark P. Van Oyen, Associate Professor (ISOM), received a major three year grant from the National Science Foundation for his project "Collaborative Research: Robust Strategies for Cross-training Call Center Agents - Taxonomy, Models, and Analysis."

Professor Van Oyen's research explores strategies to train personnel who work in call centers. Within the last decade, call centers have become a large service industry employing roughly 3-4 million Americans, growing at about 10% annually, according to Data Monitor. The operational management of call centers, which is a notoriously difficult task, has developed to the point where the technology is already available to dynamically route incoming calls to the most suitable customer service representative or agent, based upon their skills and training. Much more than convenience and profit are at stake. Critical emergency services such as 911, police, ambulance, and fire dispatching all depend upon call centers and have experimented with cross-training call center agents to handle multiple call types. In response to these pressing needs, this project develops innovative approaches to setting effective strategies for determining which agents to cross-train for more than one task as well as how to best assign calls to them. Further information about Professor Van Oyen's research can be obtained at <http://www.gsb.luc.edu/depts/isom/WorkSmart/>.

Marc Hayford, Associate Professor (Economics) and A. G. Malliaris, Walter F. Mullady, Sr., Professor, Business Administration have written a paper addressing the question of whether the Greenspan Federal Reserve Board considers the level of the stock market in addition to inflation and unemployment when setting monetary policy. Their research, based on both Federal Open Market Committee transcripts and an econometric model, shows that the Fed has accommodated rather than attempted to pop the apparent 'irrational exuberance' of the stock market. Professors Hayford and Malliaris gave presentations based on this research to the Economics Department at the University of Northern Illinois and at the Brown Bag Macroeconomics Seminar of the Federal Reserve Bank of Chicago. Malliaris also presented this research at the "Asset Price Bubbles: Implications for Monetary and Regulatory Policies Conference", European Financial Management Association Lugano, Switzerland on June 30, 2001.

George Kaufman, John F. Smith Professor of Finance and Economics presented a seminar at Concordia University in Montreal and a paper at an International Monetary Fund conference in Hyderabad, India in March. In May, he attended the quarterly meeting of the Shadow Financial Regulatory Committee, which he cochaired, in Washington, D.C. and was an invited panelist at a conference on systemic risk in banking at the Bank of England in London. In June, he participated in the annual meeting of the European, Japanese, Latin American and U.S. Shadow Committees in Amsterdam, and organized and chaired two sessions on asset price bubbles at the European Financial Management Association in Lugano (Switzerland). In July, he chaired and organized two sessions on asset price bubbles at the Western Economic Association in San Francisco and coordinated the annual meeting of the Financial Economists Roundtable in Park City, Utah. His coauthored article on the "New Safety Net" was published in the Summer 2001 issue of *Regulation*.

Louis Cain, Professor (Economics) presented his paper (with Dennis Meritt of De Paul University) "The Evolution of Zoological Parks and Aquariums, 1960-1990" at the annual meeting of the Business History Conference in Miami, Florida, and at the Loyola University Department of Economics. The paper shows that the modern zoo and aquarium industry evolved from within, a product of environmental awakening and a renewed dedication to preservation. Significant capital expenditures were made as these institutions constructed new habitats designed to promote normal behavior. In addition, there has been a significant change in the way in which these institutions obtain animals. Before World War II, most exchanges involved purchase. Over the period in question, loan arrangements came to dominate. This is

documented through an examination of 22,500 animal trades involving endangered species extending back to 1900. Because of the emphasis on endangered species, most institutions have reduced the number of species they display and increased the number of specimens-per-specie. This is documented through an examination of the annual animal inventories from seventeen institutions. The result has been a substantial increase in cost. This is documented through an examination of financial information from eighteen institutions. Information from the accredited members of the (North) American Zoo and Aquarium Association indicates the increase in specimens was not due to a change in public willingness to pay.

Mary Malliaris, Associate Dean, Undergraduate Business and Associate Professor (ISOM) and **Linda Salchenberger, Associate Vice President for Academic Affairs and Professor (ISOM)** contributed a case study to be included as a book chapter to the forthcoming *Neural Networks in Business: Techniques and Applications*. Malliaris and Salchenberger employ data mining techniques to study the impact of the closing price of eastern markets (Japan, Hong Kong, Australia) on the opening price of the S&P 500. The use of neural clustering to preprocess the data led to the discovery of relationships among trading days that have not been documented in previous research. The research demonstrates a method that can be used to investigate co-movements in international markets and reveals systematic patterns of interdependency among the leading international financial markets.

Mine Cinar, Professor (Economics) is currently editing and publishing *Topics in Middle East and North African Economies*, an electronic journal of the Middle East Economics Association. The current issue (Volume 3) contains articles about Tunisian banking, Turkish disinflation and Moroccan agriculture, among other topics. The full contents of the journal can be accessed at <http://gsb.luc.edu/depts/economics/meea/volume3/>.

George Nezlek, Assistant Professor (ISOM) and **Fred Kaefer, Assistant Professor (ISOM)** have been studying the desirability of autonomous electricity generating and storage capacity for organizations that make intensive use of information technologies (e.g., e-businesses, internet service providers, etc.). The combination of an electricity crisis and the concentration of IT firms in California makes their research topic compelling. Professors Nezlek and Kaefer have developed a framework to evaluate the consequences of autonomous electricity generating and storage capacity. They presented a summary of their research as a one-day short course which was organized by The Turbomachinery Lab - Michigan State University and was held near Pittsburgh, Pennsylvania on May 25.

Their joint paper notes that the rapid growth of the so-called "new economy" has created unprecedented demands for both the quantity and quality of electric power required for businesses to function effectively. Total demand for electricity has increased by 50% or more over the last 25 years, and the required reliability of electric power has increased by several orders of magnitude. The paper examines the changes in the demand for electric power that have accompanied the rise of digital technology in the new economy, and examines the issue of electric service reliability from the perspective of power consumers rather than power producers. The differences in power demand profiles of new economy firms causes them to operate under different cost regimes and constraints with respect to power requirements. A model that accounts for these differentials is presented.

David Merriman, Professor (Economics) has been appointed to the Technical Advisory Committee that will counsel Chicago Metropolis 2020 on the preparation of The Metropolis Plan for Growth and Transportation: Choices for the Chicago Region. The Metropolis 2020 plan follows in the tradition of Daniel Burnham's world-famous first comprehensive plan of Chicago published in 1909.

Professor Merriman has received financial support from the Urban Institute in Washington, D.C. for his research on the impact of Medicaid spending on state budgets and from the Lincoln Institute of Land Policy for his work (with Richard Dye of Lake Forest College) on "The Effect of Tax Increment Financing on Land Use". Professor Merriman's paper (joint with Richard Dye and Therese McGuire) on "The impact of property tax classification on economic activity in Cook County, Illinois," has been accepted for publication in the *Journal of Regional Science*. In June Professor Merriman made a presentation at the organizational meeting of the International Tobacco Evidence Network (ITEN) which is an international network devoted to providing policy relevant evidence about tobacco control in developing countries. Professor Merriman's paper "Cigarette smuggling does not reduce the public health benefits of cigarette taxes" has been accepted for publication in *Applied Economic Letters*.

FACULTY SUMMER RESEARCH GRANTS AWARDED

Four SBA faculty will receive funding from the University and the SBA in 2001 to conduct summer research projects. These grants are awarded annually on a competitive basis. The projects awarded by the University receive a basic grant that is supplemented by the SBA. The projects awarded by the SBA receive a basic grant equivalent to that awarded by the University.

The 2001 summer recipients of the university grants are *Tom Nohel, Associate Professor (Finance)* for a study of “Mergers as Simultaneous Investment and Financing Decisions” and *Lu Hong, Associate Professor (Finance)* for a study of “Bounded Rationality, Diversity and Optimality.”

The recipients of the SBA grants are *Nenad Jukic, Assistant Professor (ISOM)* for the development of “A New Data Model for Information Sharing” and *Steven Todd, Assistant Professor (Finance)* for a study on “Executive Compensation and Corporate Investment and Financing Decisions.” All recipients are expected to complete their projects by Fall 2001 and to present a seminar on their findings to the faculty.

Mark Van Oyen, Associate Professor (ISOM) was also selected to receive a university summer grant, but received a larger grant from the National Science Foundation to study “Improving Call Center Performance Through Advanced Operations Management”(see p. 2).

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This newsletter was edited by David Merriman with the assistance of Linda Stack.