A Message from Abol Jalivand, Dean, School of Business Administration

As a community of scholars in a Jesuit Catholic University, the School of Business Administration (SBA) is becoming a formidable presence in the Chicago and global business and educational communities. We challenge our faculty, students and alumni to strive for academic excellence, managerial relevance and responsible leadership. Our renowned scholars are not only advancing the boundaries of knowledge in their respective fields, they are also equally adept at teaching high-achieving students, speaking to scholarly and media audiences, and consulting with business and government.

The 2008 issue of the SBA Research Newsletter communicates the recent work of these accomplished scholars while inviting comments and future collaboration. This issue also features and recognizes the work of Professors Jasmine Tata and Tassos Malliaris, Walter F. Mullady, Sr. Professor of Economics and Finance, co-recipients of the prestigious 2008 Faculty Research Award.

Advancing the scholarly capacity of our faculty and students will continue to be a key priority in the future. The recent inception of a comprehensive capital campaign has provided a unique opportunity to realize our energetic vision of becoming the leading Jesuit School of Business in the United States. A main tenet of this plan involves the creation of a new state-of-the-art facility consonant with our positioning and the scholarly needs of our faculty and students.

As you read this issue of the SBA Research Newsletter, I am sure you will agree that we are surely moving forward to realizing this vision. Happy reading!

Professors A. G. (Tassos) Malliaris and Jasmine Tata selected 2008 SBA Researchers of the Year

Each year the SBA Research Committee selects an individual or individuals to be awarded the Researcher(s) of the Year. The award recipients are chosen on the basis of the quality and quantity of their research output within the past five years as enumerated and reported in the most recent Faculty Research Inventory. This year the award was given to A. G. (Tassos) Malliaris, the Walter F. Mullady, Sr. Professor of Economics and Finance, and Jasmine Tata, Associate Professor of Management. We congratulate them for being awarded the 2008 SBA Researchers of the Year. This selection honors two of our colleagues who have shown clearly focused dedication to research and have been consistently ranked as the top researchers in the School of Business Administration.

Professor Tassos Malliaris has dedicated a long and distinguished academic career to the pursuit of research. He is an internationally renowned expert in financial economics and future and options markets, and has published extensively in those areas. In addition to successfully investigating difficult theoretical and practical issues in his field, he has collaborated with scholars in other parts of the world and organized conferences on timely and important issues. In recognition of his scholarly efforts, Professor Malliaris was Loyola University Chicago’s Outstanding Faculty Member of the

Professor Jasmine Tata is a well-known expert in the field of International Management, and has published extensively using international comparisons in work-family balance, manager influence strategies, micro-enterprises, and the related areas of social capital and micro-credit. In recognition of scholarly efforts, she was appointed a Loyola University Faculty Scholar for the years 2000 to 2003, and was named the Researcher of the Year by the SBA in 2001. In addition to her outstanding research, Professor Tata has been recognized for her teaching excellence in the international management area. She recently published “A Model for Predicting Outcomes of Sexual Harassment Complaints by Race and Gender” (with H. Luthar & E. Kwesiga) in Employee Responsibilities and Rights Journal and “Neural Networks and Organizational Systems” (with J. Grznar & S. Prasad) in European Journal of Operational Research.

John R. Boatright, the Raymond C. Baumhart, S.J., Professor of Business Ethics, announces the publication of the sixth edition of his textbook Ethics and the Conduct of Business (Prentice Hall). He also published a book review of Corporate Bodies and Guilty Minds: The Failure of Corporate Criminal Liability by William S. Lauffer in Business Ethics Quarterly. Boatright presented a paper “From Hired Hands to Co-Owners: Compensation, Team Production, and the Role of the CEO” at the Fifteenth Annual International Conference Promoting Business Ethics at St. John’s University in New York City, October 2008. He participated in an invited conference on “Business Ethics and the Theory of the Firm” at Duke University in October 2008. This past summer he served on a panel on “Employee Stock Options: How Can They Be Redesigned to Improve their Economic Efficiency?” at the International Meeting of the Financial Management Association in Prague, and also gave a presentation on “Creating a Finance Ethics Course” as part of a panel at the Seventh Annual Symposium on Catholic Society Thought and Management Education at the University of Notre Dame.


Mine Cinar, Professor of Economics, announces that her paper “Neural Networks - A New Tool for Predicting Thrift Failures” (co-authored by Nick Lash and Linda Salchenberger) is ranked 9th in the “Top 100 Cited Decision Sciences Articles.” The paper used artificial intelligence in the context of the savings and loans failures from 1992.


Dawn Harris, Associate Professor of Management, chaired a session, “Behavioral and Organizational Influences of Top Management Team Composition,” at the Academy of Management meeting in August 2008. She served as a senior faculty for the doctoral consortium in the Business Policy and Strategy Division at the Academy of Management meeting. In addition, she presented a paper, “A Framework for Knowledge Alignment between Business and Information Technology,” at the Strategic Management Society meeting in October 2008. This paper is co-authored with Frederick Kae-

Gezinus J. Hidding, Associate Professor of Information Systems, wrote a paper “Complementary Resources' Role in First Movers and Followers in I.T. Industries” in the Journal of Information Science and Technology. The paper’s co-authors are Jeff Williams, Professor of Business Strategy at Carnegie Mellon University, as well as Thomas Kuncheria and Tom Wilson, two alumni from Loyola’s Graduate School of Business, who are now with Booz & Co. in London, U.K. and AdReady in Seattle, Washington respectively. The paper is the third and final paper resulting from a stream of research into Follower Advantage in I.T.-driven Industries. Over a period of several years, more than 20 Loyola graduate business students assisted with the research.

Homer H. Johnson, Professor of Management, together with Tony Colantoni, published a case study titled “Expecting Resistance in Metro City” in the latest issue of the Organizational Development Practitioner. Homer and Tony were the lead consultants on a federal court mandated project to eliminate political patronage in the Cook County Government. The case explores how, or if, one can institute change in an organization that is highly resistant to change.

Financial Stability in the European Union” in Lars Jonung et al, eds., Building the Financial Foundation of the Euro (Routledge, 2008). One of his previous papers on “A Bank by Any Other Name” was reprinted in Spanish.

Kaufman also presented papers in 2008 at the London School of Economics, the Cass Business School (London), Enterprise Risk Management Conference (Chicago), University of Groningen (Netherlands), and Bocconi University (Italy). He was an invited participant at a workshop at the Bank of England. In addition, Kaufman authored op ed articles in the Financial Times, American Banker, and Wall Street Journal Economic Blog, and was interviewed on “Chicago Tonight” about the recent credit crisis and the bail-out.

Sung Min Kim, Assistant Professor of Management, published his paper, “Collaborative Planning, Forecasting, and Replenishment (CPFR) as a Relational Contract: An Incomplete Contracting Perspective” in the International Journal of Learning and Intellectual Capital, co-authored with Joseph T. Mahoney (University of Illinois at Urbana-Champaign). From a review of the incomplete contracts literature and a case study of the CPFR arrangement between Proctor and Gamble and Wal-Mart, this paper posits CPFR as a process of structured learning across firm-level boundaries and as a relational contract for managing economic incentive problems, which can arise in a vertical supply relationship due to transaction costs, agency costs, and relative bargaining positions.

In addition, Kim presented a paper at the Atlanta Competitive Advantage Conference in June 2008, “Resource Co-specialization, Firm Growth, and Organizational Performance: An Empirical Analysis of Organizational Restructuring and IT Customization”. This study examines the effects of co-specialized information technology (IT) on the growth and performance of the firms as a driver of competitive advantages. Using a unique panel data of U.S. firms investing in IT applications, he found strong empirical support for the IT co-specialization hypothesis.

Robert W. Kolb, Professor of Finance and Considine Chair in Applied Ethics, edited a monograph volume, Corporate Boards: Managers of Risk, Sources of Risk. This volume was the outcome of a conference sponsored by Loyola’s Center for Integrated Risk Management and Corporate Governance in April 2008. In June 2008, he participated in a panel discussion of executive stock options at the European Financial Management Association in Prague in June 2008 and also participated on a panel at the annual meeting of the International Association for Business and Society in Tampere, Finland. The title of this panel was “Ethics of Gifts to Endow Curricula.”

Kolb was also the senior editor for the Encyclopedia of Business Ethics and Society, published by Sage Publications, Inc., 2008. This 5-volume work included 900 articles by 300 scholars from around the world. The Encyclopedia aims to cover all the significant dimensions of the normative dimensions of business and its relationship to society. In addition to serving as senior editor for the entire project and leading a team of more than 20 editors, Kolb wrote the following articles for the Encyclopedia: “Executive Compensation,” “Financial Derivatives,” “Freedom and Liberty,” “Distributive Justice” and “General Accountability Office,” Other Loyola contributors included Al Gini, Professor of Business Ethics, and John R. Boatright, the Raymond C. Baumhart, S.J., Professor of Business Ethics, who also served on the editorial board.

Ellen L. Landgraf, Associate Professor of Accounting and Business Law, presented “Fraud Awareness and Compliance for Managers,” (a course proposed and taught in the Graduate School of Business, Loyola University Chicago), at the 2008 International Fraud and Forensic Accounting Education Conference. The presentation was selected as an illustration of Best Practices in Fraud and Forensic Accounting Education and was based upon experiences in developing and teaching the course for the concentration in Risk Management of the MBA program in cooperation with the Center for Integrated Risk Management and Corporate Governance.

Lawrence Metzger, Professor of Accounting and Business Law, published a paper titled “Introducing Derivative Accounting for Governments” in the Fall 2008 issue of the Journal of Government Financial Management.

Joan M. Phillips, Associate Professor of Marketing, recently published two papers co-authored by Joel E. Urbany, and Thomas J. Reynolds. The first, “How to Make Values Count in Everyday Decisions,” was published in MIT Sloan Management Review, 49 (Summer 2008), 75-80. This paper proposes that values-based decision making has come to take on the exclusive meaning of socially responsible decision making. But while a greater emphasis on ethics is certainly praiseworthy, an important reality is being missed. All decisions—whether judged highly ethical, grossly unethical or anywhere in between—are values based. This article presents a comprehensive analytic framework that can provide a common language for discussing decisions and values with colleagues, helping to build a culture that better integrates the organization values into staff decision making.

Phillips also published “Confirmation and the Effects of Valenced Political Advertising: A Field Experiment,” in the Journal of Consumer Research, 34 (April 2008), 794-806. This paper suggests that the notion that negative political ads may be disliked yet influential is paradoxical, identifies four different effects of negative political advertising and discusses the costs and potential gains of each of these effects to the advertiser. Overall, negative political ads were found to have a powerful impact on voters’ mindsets that positive ads do not. Although negative ads carry a potential cost to the advertiser, these ads also have the potential to change preference and behavior in ways that benefit the advertiser. In addition, Phillips was featured in USA Today, US News & World Report, UPI, CBC, and other media.

Anne Reilly, Associate Dean of the Graduate School of Business and Professor of Management, recently had her article, “The Role of Human Resource Development Competencies in Facilitating Effective Crisis Communication,” published in a special issue of Advances in Developing Human Resources about “Crisis Management in Organizations: The Role of Human Resource Development” (10:3, 331-351). Reilly also presented a paper, “Using Individual Reflective Practice to Learn About Organizational Change,” at the 15th International Conference on Learning, at the University of Illinois at Chicago in June 2008. Her paper was also included in the Conference Proceedings.

Regina Trevino, Assistant Professor of Economics, announces the publication of her new textbook, PreMBA Analytical Primer: Essential Quantitative Concepts for Business Math. This book is a review of the analytical methods required in most of the quantitative courses taught at MBA programs. Students with no technical background, or who have not studied mathematics since college or even earlier, may easily feel overwhelmed by the mathematical formalism that is typical of economics and finance courses. These students will benefit from a concise and focused review of the analytical tools that will become a necessary skill in their MBA classes. The objective of this book is to present the essential quantitative concepts and methods in a self-contained, non-technical, and intuitive way.
Linda Tuncay, Assistant Professor of Marketing, is having her research published in the *Journal of Retailing*. The paper, “The Use of Persuasion Management Strategies by Identity-Vulnerable Consumers: The Case of Heterosexual Male Shoppers,” examines the strategies male shoppers use to manage persuasion attempts in a retail setting. She also had three papers accepted at various conferences including the Association for Consumer Research Conference in October, the Gender, Marketing, and Consumer Behavior Conference in July, and the Consumer Culture Theory Conference, also in July. Tuncay was also invited to speak at the American Marketing Association Conference this past August in a session to provide advice to graduating doctoral students.


Charles A. Werner, Associate Professor of Accounting and Business Law, announces that his paper, “New FASB Standards on Consolidations and Business Combinations” was the lead article in the April 2008 edition of *Practice Advantage* published by the Illinois CPA Society. The article was distributed to 25,000 CPAs and posted on the Society’s internet site.

Thomas Zeller, Professor of Accounting and Business Law, published two manuscripts this year. The first titled “The New Value Imperative for Privately Held Companies: The Why, What, and How of Value Management Strategy” addresses how a business can use rigorous analytics to set a strategic course and manage corporate resources. This manuscript was co-authored by John Hill and published in *Business Horizons* 541-553 (November/December 2008). The second titled “Quality Engineering Services: A Capital Investment Decision” and co-authored by Brian Stanko, Professor of Accounting and Business Law, was published in *Issues in Accounting Education*, May 2008, (23:2, 327-342). This is a case that shows how to deploy Monte Carlo simulation to a mutually exclusive capital investment decision. Leadership of an engineering company must decide to update the existing information technology system or purchase a new information technology system. The case is written for graduate level accounting and finance students, and practicing professionals. Professors Stanko and Zeller wrote this case out of interaction with the practice community and the problems faced in making difficult capital investment decisions.

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 Meetings at: www.sba.luc.edu/research/faculty. Faculty working papers may be found at: www.luc.edu/sba/research_newsletter.shtml. 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, Illinois.

Jasmine Tata, Editor
Mark Law, Production Manager