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faculty of economics
 and business

Spring '12

FEB Research



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SOM Awards 2011

On June 8 2012, the 2011 SOM awards for Best Graduate of the Research Master, best PhD Thesis, Outstanding Junior Researcher and for Outstanding Researcher were presented.

Best Research Master Graduate

Ward Romeijnders, the winner of the Best Graduate of the Research Master Economics & Business was awarded 1,000 euro's. His master thesis "A Convex Three-Stage Approximation for Two-Stage Mixed-Integer Recourse Models: Concept and Initial Analysis?", supervised by Maarten van der Vlerk and Hans Nieuwenhuis was awarded with a grade 10 and he graduated summa cum laude. More information on Ward in this issue on page 9.

Best PhD Thesis

The award of 1,500 euro was for Cees de Snoo for his thesis "Coordination in planning and scheduling. An organizational and behavioral perspectives", supervised by Hans Wortmann, Gerard Gaalman and Wout van Wezel. The jury awarded the thesis because amongst others it contains several high-quality papers including one in the top journal Journal of Operations

Management. The subject is highly relevant across various disciplines and theoretically novel aspects have been used.

Outstanding Junior Researcher

The 2,000 euro prize for junior researcher was awarded to Lammertjan Dam. He obtained his PhD degree in 2008, and he already published several articles in outstanding journals like the top journal Review of Financial Studies.

Outstanding Researcher

Robert Lensink, professor of Finance and Financial Markets at FEB was awarded 2,500 euro by the SOM Board for his overall performance. Lensink has numerous publications in top journals varying from the American Economic Review to the Journal of Management Studies, supervised 18 PhD students and recently received two 1,5 million grants from WOTRO. You can read more about Robert Lensink in the interview on page 12.

Spring in Groningen



Recently, I reread Thomas Friedman's "The World is Flat". Automatically, I had to think of my first bike ride outside the city of Groningen. It was on a cold, rainy and - of course - windy day in September. With a group of students we were heading for Pieterburen. Used to "the Dutch mountains" (i.e. the molehills in the south of the Netherlands, where I was born and raised), this was a devastating experience. The countryside was very flat and very empty, one farm, four horses, and three trees were all there was. Nothingness, from here up to the horizon. It became very clear to me: what I had been taught in school was utterly wrong, the world is flat and after two more kilometers I would drop off.

Recently, Groningen has been awarded best student city, best city centre and safest city in the Netherlands, and city with the highest quality of life in Europe. So, in many respects Groningen is anything but flat. The locals are well aware about this, but they are just not very outspoken. Not even when they have good reasons to be exuberant. Ask one of the natives on a beautiful, sunny summer day about the weather and (s)he will answer: 'Hmmm, it could have been worse.' You can imagine what the local response was at the start of the - successful - marketing campaign "Nothing tops Groningen" (Er gaat niets boven Groningen).

Every year, all educational programs in the Netherlands are evaluated by their own students, which then yields a national ranking. Several years in a row, our programs in economics and business did not do extremely well in

these rankings. Yet, the differences were - in absolute sense - often fairly small (6.7 versus 6.5, for example). I still believe that a lot of Groningen students answer questions like "How do you rate your teachers?" with a typical 'Hmmm, they could have been worse,' even if they are enthusiastic about them.

This spring brought some very nice spikes to the faculty. Our research master program was again evaluated as the best research master in economics and business in the Netherlands. Two of our staff members were each awarded an 800,000 euro Vidi grant by NWO, and one of our former research master students received an NWO Research Talent grant. At the international level, a couple of research grants have been obtained for coordinating large projects and the European Commissioner for Trade expressed his praise for the EU funded research on international trade. Springtime in Groningen? 'Hmmm, it could have been worse,' would be the typical answer.

In this respect, we should perhaps be a bit more like the fans of our local football club FC Groningen. Despite its achievements this season (which showed a remarkable resemblance with the development in the business cycle), the fans are as outspoken as ever: Groningen, the pride of the North. So, springtime in Groningen? Thank you, it has been a very lovely spring this year!

Erik Dietzenbacher is professor of interindustry economics



A year ago, Paula van Veen - Dirks was appointed as professor of Management Accounting at FEB. After working at two “southern” universities in the Netherlands, van Veen decided to go north. She will focus her research here on several themes related to management accounting and control. Management accounting and control is concerned with the collection and analysis of internal financial and other information that managers in organizations base their decisions on and use to coordinate and control activities.

New in Groningen Paula van Veen-Dirks

Why did you decide to go up north, to join the FEB?

'Groningen has an excellent reputation both internationally and nationally. The accounting group does a lot of interesting research and teaching in management accounting, management control, financial accounting, and corporate governance. It is a large group, leading to a diversity of topics, theories and research methods. Those methods include database research, survey research, experiments and case research. The diversity in the research group provides many opportunities for new research ideas and it fits well with my own varied research interests. I like to learn from different research streams and to think about new combinations that can be made using insights from different approaches.'

Could you tell us more about your career so far?

'I received my master's degree in Industrial Engineering and Management Science (Technische Bedrijfskunde), with a specialization in Management Accounting, at Eindhoven University of Technology. I obtained my PhD from Tilburg University, where I continued to work after my PhD as an assistant professor for several years. During my time in Tilburg I also completed the Executive Master of Finance and Control and I became a chartered controller. Before coming to Groningen, I worked at Radboud University in Nijmegen as an associate professor.

I like to work together with colleagues from abroad as well as from the Netherlands. I have also visited several universities abroad, for example the University of Melbourne. In Melbourne I closely cooperated with one of the faculty members on the topic of joint strategies and performance measurement system design, leading to a publication on this topic. In this study, we consider specifically the performance measurement demands in settings where multiple strategic priorities are managed. Both in Tilburg and in Nijmegen I enjoyed combining teaching and research and I also fulfilled several administrative tasks. At Tilburg University for example, I was a member of the educational board of International Business, a large degree programme with many students, also from abroad. In Nijmegen, I coordinated the master of Economics, which covers several specializations including accounting. I was also involved in the honours programme and I was a member of the scientific committee that advised on research-related matters to the Institute of Management Research in Nijmegen.

Your chair is in management accounting. What issues are dealt with in your research?

'In general, management accounting focuses on collecting and analysing financial and non-financial information in organization in order to help managers in their decision making and control activities. I am particularly interested in the design and use of management accounting and control systems within this broader performance management perspective. My main areas of interest include the relation between strategy and performance measurement, new and innovative management accounting techniques, and the relation between collaborative relationships and management accounting. A new area of research includes the effect of visualization and format of management accounting information on the use of that information by, for instance, managers in an organization. In one study we have looked at how organizing measures in a Balanced Scorecard (BSC) format affects performance evaluations. Our results show that when the performance differences are contained in the financial category, evaluators that use a BSC-format place more weight on financial category measures than evaluators using an unformatted scorecard. We also investigated the effect of using markers (plus or minus signs) in addition to the performance information itself. Another recent theme in my research relates to the role of the controller in organizations, comparing a more traditional role as provider of objective information for control purposes and a more modern role as a business partner of management.'

And how about societal relevance?

'Accounting is becoming ever more relevant in organizations by providing the information on which managers in organizations base their decisions and which they use to coordinate and manage activities. In order to deliver the proper information in the required manner, it is necessary to understand how managers and other stakeholders in the organization use accounting information or could do so. Research can help us understand what influences the use of this accounting information. With this understanding, management accountants and controllers can serve as partners to management in decision making and can provide important input when organizational strategy is being formulated and implemented.'

What can we expect of you in the future?

'I will continue to work on the themes that I mentioned earlier. An area of research that I also would like to work on is how different types of control systems influence the empowerment and the motivation of managers and employees in an organization. What is for example the effect of a result-based control system as compared to a system that is more autonomy-supporting?

An important challenge for the research group will be to further develop a good research and publication strategy. This will help us to maintain and hopefully increase the number of high quality publications. We also have to think about ways to work together with others in the group, in the faculty, and also outside this faculty. Starting with new initiatives where we join our forces and exchange our knowledge may well be helpful here. Another challenge will be to make sure that our work becomes more visible, both within and outside this university. This requires us to establish and maintain contacts with other researchers both in Groningen and throughout the world and to expand our network. I am looking forward to contributing to these processes.'

Key publications

- Cardinaels E., and **P. Van Veen-Dirks** (2010). Financial versus non-financial information: the impact of information organization and presentation in a Balanced Scorecard. *Accounting, Organizations and Society*, 35(6), 565-578.
- **Van Veen-Dirks, P.** (2010). Different uses of performance measures: the evaluation versus reward of production managers. *Accounting, Organizations & Society*, 35(2), 141-164.
- Lillis, A. M., **Van Veen-Dirks, P.** (2008). Performance measurement system design in joint strategy settings. *Journal of Management Accounting Research*, 20(1), 25-57.





Two colleagues from FEB, Laura Spierdijk and Sjoerd Beugelsdijk, have each been awarded an € 800,000 VIDI grant from NWO. NWO awards VIDI grants to researchers conducting demonstrably innovative research. Spierdijk's research contributes to the discussion about the reform of the banking sector, and Beugelsdijk researches the relationship between culture and economics.

Ward Romeijnders, received a NWO Research Talent grant for the project "Approximating mixed-integer recourse models by modifying the recourse data" under supervision of co-applicant Maarten van der Vlerk. The grant will provide him financial support to do his PhD research at FEB. Research Talent is a new programme and offers talented, upcoming researchers the

opportunity to fulfill their ambitions of pursuing a scientific career with a three-year PhD research project within social and behavioural sciences.

FEB dean Harry Garretsen: 'In recent years FEB has given high priority to improving the results in the various NWO programmes and we are delighted that this policy is now bearing fruit.'

NWO grants for FEB researchers



Who Sjoerd Beugelsdijk

What
VIDI grant NWO
Position
Professor of International
Business & Management

Bio
Sjoerd Beugelsdijk studied Economics at the University of Tilburg, where he gained a PhD in 2003 with a thesis on the relationship between culture and economic development. Between 2005 and 2009, when he was appointed professor of International Business and Management at the Faculty of Economics and Business of the University of Groningen, he worked as associate professor at Radboud University Nijmegen. In 2008 Beugelsdijk was awarded an NWO VENI grant. He is specialized in the relationship between culture (norms and values) and economic outcomes, in particular how cultural differences influence economic cooperation.

Project
Attributing values to homo-economics

Description
The aim of this proposal is to contribute to the field of cultural economics, which studies how values and differences in values shape preference formation, economic decision making and economic outcomes. Research in this area crosses disciplinary boundaries, with active interest in economics and in international business. The ideas of cultural economics can be applied across a vast area, such as understanding growth and development patterns of countries and regions, path dependency in institutional change, political power structures, investment decisions of internationalizing firms and their subsequent success in foreign countries, global equity investment allocation, decision making in culturally diverse teams, and intergenerational transfer of values. Cultural economics builds on and extends insights from cross-cultural psychology, sociology and comparative political science. A key concept in this research program is

value heterogeneity. Despite the important steps taken in the last decade to understand how differences in values across countries shape economic outcomes, one key assumption in this literature concerns the homogeneity of values within countries. Although this bold assumption has been criticized before, the theoretical and empirical implications of relaxing this assumption and allowing for within-country value heterogeneity have not been explored. This project centres on the notion of within-country value heterogeneity and aims to improve our understanding of it in three phases. The first phase, aims to conceptualize and measure within-country value heterogeneity. Next, will be explored how within-country value heterogeneity is related to trust, economic inequality, and other forms of heterogeneity, both between countries and over time. The final phase aims to explain how value heterogeneity influences patterns of firm investment abroad.

Key publications
Maseland, R. & **Beugelsdijk, S.** (2011), *Culture in economics; history, methodological reflections and contemporary applications*, Cambridge University Press: 388 pages.

Beugelsdijk, S. & Slangen, A. (2010), The impact of institutional hazards on foreign multinational activity: A contingency perspective, *Journal of International Business Studies*, 41, (7), 980-995.

Beugelsdijk, S., Groot, de, H.L.F. & Schaik, van A.B.T.M. (2004), Trust and economic growth; a robustness analysis, *Oxford Economic Papers*, 56, (1), 118-134.



Bio
Laura Spierdijk graduated with distinction in both Econometrics and Mathematics at VU University Amsterdam and gained her PhD at Tilburg in 2003 with a thesis on major share transactions at the New York Stock Exchange. Spierdijk then went to work for the Pensions and Insurance Supervisory Authority of the Netherlands (now De Nederlandsche Bank) and the University of Twente, until she was appointed as a Rosalind Franklin Fellow at the Econometrics Department of the University of Groningen in 2006. In 2010, Laura Spierdijk was appointed Tenure-Track Professor in The Econometrics of Pensions, Insurance and Finance. Spierdijk is specialized in quantitative risk management for banks, pension funds and insurance brokers.

Project
Banking competition and macroeconomic performance

Description
The current financial and economic crisis has highlighted the crucial role of banks in the economy. Banks play a central role in the provision of credit, the payment system, the transmission of monetary policy and in maintaining financial stability. The crisis has resulted in an ongoing debate about the need to restructure the banking industry. Substantial banking reforms are widely considered necessary to create a healthy banking sector and to avoid a new crisis in the future. There are two opposite views in the debate about reshaping the banking sector. Some argue that strong competition between banks will force them to engage in riskier operations to boost profit margins, thereby increasing the risk of bank failure. They advocate a strongly regulated

Who Laura Spierdijk

What
VIDI grant NWO
Position
FEB Tenure-track
professor Econometrics
of Pensions, Insurance
and Finance

banking climate with restrictions on the degree of competition between banks. Others believe that more banking competition will lead to social welfare gains for consumers and firms and they therefore promote a more liberalized banking environment.

The research project will contribute to the discussion about the restructuring of the banking industry in two fundamental ways. First, a new empirical method for assessing banking competition will be developed. Second, the project will analyze the impact of banking competition on economic growth and financial stability in the EU and the US, using the newly developed method for assessing banking competition. The empirical results on the relation between bank competition and macroeconomic performance will be highly relevant for bank regulators, governments and other policymakers that are involved in restructuring the banking sector.

Key publications

Bikker, J.A., Shaffer, S. & **Spierdijk, L.** (2012), Assessing competition with the Panzar-Rosse model: The role of scale, costs, and equilibrium, *Review of Economics and Statistics*, forthcoming

Koetter, M., Kolari, J. & **Spierdijk, L.** (2012), Enjoying the quiet life under deregulation? Evidence from adjusted Lerner Indices for U.S. Banks, *Review of Economics and Statistics*, 94, 462-480.

Bikker, J.A. & **Spierdijk, L.** (2010), Measuring and explaining competition in the financial sector, *Journal of Applied Business and Economics*, 11, 11-42.



Who Ward Romeijnders

What
Research Talent Grant
NWO
Position
Researcher FEB

Bio

Ward Romeijnders graduated summa cum laude (gpa 9.7) from the master EORAS, for which his master's thesis about helicopter routing was graded with a perfect 10. His thesis was awarded the FEB-EBF thesis of the year award 2010-2011, and the results were presented at an international scientific conference on scheduling (MISTA 2011, Phoenix). An adapted version of this thesis is submitted to a special issue of the *Journal of Scheduling*. His research master's thesis (under supervision of Van der Vlerk) on approximations for mixed-integer recourse models was graded with a perfect 10 as well, contributing to his second summa cum laude (gpa 9.4) master's title. Ward is also the winner of the FEB-Groningen University Fund-100 Prize, which he received in 2010.

Project

Approximating mixed-integer recourse models by modifying the recourse data

Description

The research proposal aims to improve decision making under uncertainty. There are many real-life situations that require decisions without full information and a decision that turns out to be wrong can be very costly. Take, for example, the problem faced by a power company. Such a firm will typically have a range of power plants that it can use to meet demand for electricity, but future demand is uncertain. To complicate matters, consider that it typically takes a few hours to start-up or shutdown a power plant, while demand for electricity has to be satisfied immediately. If energy demand peaks, the power company has to take immediate action and this is typically costly. Determining the best course of action for a power company in such a situation is the type of problem that is very hard to solve using existing approaches.

Researchers have proposed solution methods, but these are hard to implement because they are overly ambitious. Existing methods try to solve for the full range of optimal decisions, but this is sufficiently hard that it cannot be achieved for realistic problems. As a result, practitioners resort to solution methods that ignore uncertainty, which can be very costly. The goal of this research project is to tweak the original problem slightly so that the power company has a good answer to the question of what to do here and now, while not ignoring the inherent uncertainty it faces.

The project is supervised by Maarten van der Vlerk, who holds the chair Stochastic Optimization in the research institute OPERA (Operations Management and Operations Research) of FEB. Van der Vlerk's chair specializes in design, analysis and implementation of mathematical models of optimization to support decision-making under uncertainty.

Publications

Romeijnders, W. (2011), Off-shore helicopter routing with asymmetric demands and refueling options, *Master's thesis*, University of Groningen (an adapted version is submitted to a special issue of the *Journal of Scheduling*).

Romeijnders, W. (2011), A convex three-stage approximation for two-stage mixed-integer recourse models: *Concept and initial analysis*, *Research master's thesis*, University of Groningen.

Romeijnders, W., Teunter, R.H. & Jaarsveld, W. van (2012), A two-step method for forecasting spare parts demand using information on component repairs, *European Journal of Operational Research*, 220, 386-393



Keith Brouters:
a joint venture
between
London and
Groningen

In December 2011, Keith Brouters joined the FEB as an honorary professor of International Business Strategy. Brouters is one of the most reputed scholars in the field of international business, publishing widely in international top journals and serving on the editorial boards of leading journals. Next to his appointment at the FEB, Brouters also is a Professor at Kings College London.

Why did you choose Groningen?

'FEB has one of the most active groups of international business researchers in the world, making the association an interesting and profitable one for me (and I hope for them). Studying the international aspects of strategy requires a broad knowledge base and FEB faculty and students have a keen interest in the area and have generated some very interesting research. Working in such an environment provides benefits to us all; stimulating further research efforts towards improving the international performance of firms.'

Can you tell us a bit about your background?

'I actually started live in the business world as a Certified Public Accountant, controller and CFO. I then did some consulting work involving business turn-arounds. After 12 years, I went back to get my Doctorate and had the opportunity to study strategy with Igor Ansoff. Afterwards I became an assistant professor at the Vrije Universiteit Amsterdam. For the past 20 years, I have been an active international strategy researcher in the Netherlands, United States, and United Kingdom and am now Professor of Business Strategy at King's College London. In addition, I was recently named the 2012 recipient of the Journal of International Business Studies Decade Award for my research.'

Your chair is in micro-econometrics. What issues are dealt with in your research? And how about societal relevance?

'These are great questions. My research deals with the structuring of international subsidiary units, what we call "entry mode choice" as academics. When I was in the

business world, I expanded several firms to international locations. At the time I thought there must be a "right" way to do this, but had no idea what that "right" way was. When I changed careers and became an academic, I was surprised to find that we knew little about how to structure foreign subsidiary units to improve performance. Since then, a large portion of my research has concentrated on this issue. During this period, we have developed some interesting insights, but lots more work is needed before we can supply managers with a definitive tool that helps them make better foreign market structure choices.

My research also explores the management of international joint ventures (one specific structural option). Joint venture use has grown dramatically in recent years. Joint ventures allow firms to expand to areas when they do not own sufficient resources or have adequate capabilities. By partnering with another organization (sometimes foreign market based), firms gain access to valuable capabilities and resources that can help improve firm performance. Despite these potential benefits many international joint ventures fail to deliver performance improvement; some actually lead to a reduction in performance. My research looks at this issue trying to develop better tools for selecting joint venture partners as well as managing the partnership once established. This research can have a significant impact on the success of international joint ventures and as a consequence firm performance.'

What are your plans for the future?

'While I continue to work on entry mode choice research and explore new ways to improve international joint venture performance, I have taken up two additional research challenges. First, most of my past work has concentrated on large firms and improving the international strategic activities they pursue. More recently, I have moved into an area called "international entrepreneurship" which explores international strategies for small and medium sized firms. Here too we are exploring issues like entry mode choice and joint venture/strategic alliance use. I have

begun working with some FEB colleagues on these particular issues.

Second, one area that has always fascinated me is the idea of competitive advantage; probably the best known strategy issue in the world. However, my concern has to do with the "competitors" part of competitive advantage. How do firms know who they compete with and what happens if they get this wrong? Of course there are many examples of this in the real world but we know very little about how firms identify competitors and how that is related to firm performance. Hence a new part of my research stream explores these important issues.

So the future looks bright, there are just so many interesting and exciting international strategy issues that need to be examined in order to help managers make better decisions. I hope that the research I do and my work here at FEB can have some impact in these areas and help motivate other researchers to join in.'

Key publications

Brouters K.D., Brouters L.E. & Werner, S. (2008). Resource-based advantages in an international context. *Journal of Management*, 34 (2), 189-217.

Brouters, K.D. & Dikova, D. 2010. Acquisitions and real options: The greenfield alternative. *Journal of Management Studies*, 47 (6), 1048-1071.

He, Xingming, **Brouters, K.D.** & Filatotchev, I. (2012). Resource-based and institutional perspectives on export channel selection and export performance. *Journal of Management*, forthcoming.

Bio

Robert Lensink is professor of Finance and Financial Markets at the University of Groningen and professor of Finance and Development at Wageningen University. He obtained his PhD degree in 1993 from the University of Groningen. His research interests are in the field of development finance, micro-finance, development economics, corporate finance and international finance. He has already supervised 18 PhD students and published more than 90 articles in international journals and 6 books.

From Burundi via Ethiopia and India to Groningen: Robert Lensink, professor of Finance at the FEB, travels all over the world to study the link between finance and development. And he does this with great success, as attested by his publications in top journals, considerable grant money and extensive PhD supervision. FEB Research talks to him about these achievements and what motivates and drives him.

A Passion for Development

You recently published in the American Economic Review as well as the Journal of Management Studies. How did you manage that?

'While these journals are in very different fields, the research still deals with the link between the financial system and economic development, in a broad sense. In the article for the American Economic Review, we tried to find out how conflict changes economic behavior. To do this, we went to 35 villages in Burundi, a country that saw severe ethnic conflict between 1993 and 2003. When comparing villages that were most affected by this conflict to less-affected villages, we find that temporary conflict has long-term effects on economic behavior. Using experiments that are commonly used to gauge risk, time and social preferences, we find that exposure to conflict leads to more pro-social behavior, more risk-taking and less patience.

In the study for the Journal of Management Studies, we analyze the effect of CEO power on risk taking by microfinance institutions. This analysis is based on secondary data sources; specifically risk assessment reports of microfinance rating agencies. We find strong evidence that non-profit microfinance institutions take on more risk if the CEO is the primary decision maker. In particular because there are no profit-driven investors in such institutions, the CEO has much greater discretion. Our study strongly suggests that it is necessary to reduce the strategic decision power of CEOs in non-profit microfinance institutions. Some of the measures that may help are better internal control schemes, internal auditing procedures, and more oversight by donors, possibly in the form of donor representation in the board. Moreover, for the microfinance industry, our study emphasizes the relevance of transforming unregulated, non-profit microfinance institutions into regulated, shareholding, financial intermediaries with better governance and ownership structures. So while these two studies were writing for somewhat different audiences, both are quite relevant for understanding economic development and the role of the financial sector. Personally, I enjoy working on a great variety of projects. It allows me to

work with a broad group of researchers, in Wageningen, Groningen and beyond. I prefer my work-environment to be somewhat hectic and by going out and working with many others, I benefit from all their perspectives. The stereotypical picture of the academic in his ivory tower does not suit me at all.'

Why did you start doing research in the area of finance and development and what do you see as the main challenges in this area?

'In my view, one of the main questions in the field of economics is why some countries develop and why others do not. I went to study economics specifically to better understand why this is the case. The role of the financial sector came in later, when I started to realize that one important reason for poverty has to do with (a lack of) access to finance, such as bank accounts or the ability to borrow money. The field of finance and development combines these two fields, and covers a very broad range of topics that are extremely interesting and policy-relevant, such as the role of financial liberalizations, the importance of financial regulations, the impact of microfinance, the development of new financial products and so on.

I see several challenges and it is difficult to say what the most important are. The following list is certainly included:

- 1) How to better determine (and develop techniques) on whether a particular project has contributed to a developmental goal. Here we see many new developments, especially the use of randomized controlled trials, which are common in medical sciences.
- 2) How to better measure behavioral changes and to what extent can they (still) be explained by traditional economic insights. Here we see the surge in experimental games, often using insights from behavioral economics and finance.
- 3) The much stronger inter-linkages between theories and insights from different fields, such as economics, psychology, sociology, but also neurosciences.'

You have also been successful in getting external research grants. How did you get them and what role do they play in your research?

'I recently received two NWO-WOTRO grants related to the so-called MFS II evaluation. A large part of Dutch development aid is disbursed through non-governmental organizations (NGOs), such as HIVOS, CORDAID, Wilde Ganzen, ICCO etcetera. Historically, Dutch NGOs have not made serious efforts to evaluate the impact of their projects, but the Dutch government is now demanding a more scientifically grounded approach to impact evaluation. As a result of this demand and their own lack of expertise in this area, the NGOs have decided to pool their impact evaluation efforts, and the Dutch research council, NWO, has taken the lead in this. This means that 19 consortia of Dutch NGOs need to be evaluated on their development efforts in 8 countries: Bangladesh, Congo, India, Ethiopia, Indonesia, Liberia, Pakistan, and Uganda. I won the evaluations for India and Ethiopia, for 1.55 and 1.7 million euro. Moreover, I will play a smaller role in the evaluations for Congo, Indonesia, Liberia, and Uganda. In Ethiopia, we need to evaluate 13 developmental projects; in India 10 projects. Moreover, we need to determine capacity development of, in total about 25 southern partner organizations of the Dutch NGOs, and assess civil society impacts of the Dutch NGOs.

The projects are very diverse: some are microfinance projects, many projects deal with developing cooperatives, some are educational projects, some are health projects, there is a fund-raising project and there is even a "poultry" project. The evaluations need to be as "rigorous" as possible, and use the newest impact evaluation techniques. This comes down to doing a survey in 2012 of the initial conditions and a survey in late 2014 to evaluate the situation at the end of the grant period. By comparing these two surveys, both in areas where the NGOs are active and where they are not (the "control" groups), we can establish whether the project has had the desired impact. Depending on the project, we will use different evaluation methodologies, ranging from randomized controlled trials,



Vu Nhung

PhD student of FEB

'In 2009 I started as a PhD student at FEB. My research project deals with the impact of non-financial services, so-called "micro-finance plus", on microfinance institutions and their clients. I specifically focus on the impact of business development services, which is evaluated using a randomized experiment among female microfinance clients in Vietnam. It has been my great pleasure to be working with Robert Lensink since I first came to FEB in 2005; he was one of my teachers in the master programme and now is supervising me as a PhD student. One of the things I admire in him is his ability to explain complicated theoretical models in finance in such a way that they become easier to understand and to apply. He also has a tremendous influence on my development as a PhD student. He has showed me how to build up my knowledge to become a good researcher and how to organize, manage, find new ideas and improve my writing

skills. I consider myself very lucky to be one of his PhD students and have a chance to work on a randomized experiment, the gold standard of impact evaluation. He provides me with a lot of inspiration to continue my work in academic life.'

matching techniques, and instrumental variable techniques. Obviously, there will be a broad group of other researchers involved in these evaluations, most of them with strong quantitative skills, but also some with expertise on qualitative evaluation techniques. This requires a multi-disciplinary group of researchers: most of them are economists, but the group also includes psychologists, sociologists and anthropologists. To get such grants, the first step is obviously to write research proposals and many of them. Writing proposals has become a regular part of my job and over the past years, I have spent on average half a day a week on this. In the beginning they may well be rejected more often than not, but practice makes perfect in this area as well. Beyond that, you also need to have some expertise on the topic and the methodology that has to be used. In that sense, publications in good journals are certainly important. However, it is also very important that you are personally known in the field. I have long been heavily involved in different activities of *gie*: the international initiative of impact evaluations. This organization provides grants for very large impact evaluation projects. I chaired several important meetings for them, I was on several *gie* committees that decided on grants, and I evaluated a number of the projects that were funded by *gie*. By knowing what is important for writing a successful grant proposal, it is easier to obtain funds from other organizations related to impact evaluations.'

Are there trade-offs between doing grant research and publishable research?

'I try as much as possible to combine grant research with my usual research agenda. That is, I only do projects that provide opportunities to publish on research topics I am working on. One way of doing this is to link the project with a PhD student. Nevertheless, the management of the projects is sometimes very time-consuming and these management activities do not lead to any publications. So in that sense, there is a trade-off between 'academic' and 'project' research. On the other hand, these projects allow me to work on a much broader array of topics with many more researchers than what would be feasible without grant money.'

As an example of what the grant money allows in terms of research scope, I currently supervise six PhD students, two in Wageningen and four in Groningen and one or two new students will start in September. Although their research falls within the broad theme of “finance, banking and development”, their topics differ considerably: Tomek Katzur works on asset management in emerging market economies; Nhung Vu studies the impact of business development trainings to female groups in Vietnam; Silke Buhman examines the impact of financial liberalization on the income distribution; Zubeda Chanda deals with long-term savings and pensions in African economics; Roselia Servin (Wageningen) deals with microfinance in Mexico; and Aussi Sayinzoga (Wageningen) studies the impact of financial literacy trainings to co-operatives in Rwanda. Taken together these students “determine” my research agenda for the coming years. Though I am still involved in some projects with senior colleagues, it is becoming more and more difficult to work on projects that are not related to my PhD students. But as said, supervising these PhD students allows me to span a broad array of research within my field and the grant money provides a direct societal relevance to the research I do.’

Key publications

Voors, M.J., Nillesen, E.E.M., Verwimp, P., Bulte, E.H., **Lensink, B.W.** & Soest, D.P. van (2012), Violent conflict and behavior: A field experiment in Burundi. *American Economic Review*, 12(1), 17-38.

Galema, R., **Lensink, B.W.** & Mersland, R. (2012), Do powerful CEOs determine Microfinance performance, *Journal of Management Studies*, 49 (2012), 718-742.

Lensink, B.W., Gangopadhyay, S. & Ghatak, M. (2005), On joint liability lending and the peer selection effect, *Economic Journal*, 115, 1012-1020.



Aljar Meesters Researcher at FEB

‘I met Robert Lensink for the first time when I was selected for the honours trajectory at the Faculty of Economics in 2002. I was interested in finance, and Robert was just appointed as a new professor in finance, so he became my supervisor. I remember that we discussed topics for my research project among which some on banking. These projects on banking triggered my interest. I started to work on the influence of ownership and institutions on the cost efficiency of banks.

In 2005, after finishing my master I got a PhD position at this faculty and Robert again became one of my supervisors. During this period I finished the research project that I had started in the honours trajectory, which resulted in two papers. Another project that I worked on during this period deals with the role of bank efficiency on economic growth. Besides research on banking I started to conduct research on microfinance. This was fuelled by Robert’s enthusiasm about micro-

finance and some of the microfinance conferences organized by Robert that I attended. I obtained my PhD degree in 2009 on the thesis entitled ‘Efficiency of Financial Institutions: A stochastic frontier analysis approach’.

Last February Robert asked me to join the MFS II evaluation project. I will be part of the team that will evaluate ten development projects in India and I will be responsible for the econometric analyses. I am very excited about this project since it is the first time that such development projects will be evaluated with this amount of rigor and on this scale. Besides the interesting project, I am also looking forward to work again extensively with Robert. His enthusiasm works contagious and the discussions with him are always vivid.’

The moral compass

Do we follow our better nature or do we succumb to morally questionable behavior? And how do power differences influence this? These are some of the questions studied by Jennifer Jordan, assistant professor in the department of Human Resource Management and Organizational Behavior. After doing a PhD and holding research positions at a number of US universities, she has been at FEB since 2009 and recently became a Rosalind Franklin fellow, a fellowship programme to promote the advancement of women at the University of Groningen. We talk to her about her research in Groningen.

What does the Rosalind Franklin fellowship change for you?

'On a day-to-day, concrete level, the fellowship does not change much for me. For example, I have yet to hire the PhD student that accompanies this position. Once I do that, things will surely change in a very explicit way. But in the broader scheme and on a more personal level, the fellowship changes a lot for me. I was very honored to receive this acknowledgement from the University. It has led me to feel more committed to the RUG and proud to be a faculty member here.'

What is your research on?

'I mainly do research on the topics of leadership, power, and ethics. Most of my research of ethics examines how people perceive their "moral selves," and how these perceptions affect their actual moral behavior. But I also do work on power and the intersection between power and morality, in other words, leadership. Some of the most recent, and memorable findings come from my research on power and the stability of power. Along with my co-authors Niro Sivanathan (London Business School) and Adam Galinsky (Kellogg School of Management), I found that it is those who are in powerful but

unstable and in stable but powerless situations who take the most risks in their behavior. I also found that this is due to the stress that individuals experience in these roles. Another recent paper (with Frank Flynn of Stanford University and Taya Cohen of Carnegie Mellon) examines how a person's own guilt affects her forgiveness of the transgressions of others. Guilt is one of the most fundamental moral emotions – it signals the presence of a moral issue and it involves your own well-being or that of others. I find that the guilty are more likely to forgive others' transgressions because they feel similar to these people – that is, they feel like fellow morally-blemished individuals.

I also have a number of projects underway with colleagues at FEB. One is with Bob Fennis, a professor in our Marketing department. Together we are examining how feelings of personal control affect individuals' engagement in moral and immoral behavior. Bob and I are also working with Mauro Giacomantonio of the University of Rome to examine how people who are ego-depleted (a state resulting from long periods of trying to resist tempting situations), change their preferences for various (moral) behavior and outcomes. I am also working on a project, led by my colleague, Laetitia Mulder, on how people's moral behavior is affected by the framing of rules about such behavior.

In addition to these projects, I have two PhD students who are working on research related to moral behavior. They are studying some really interesting topics; I feel so fortunate to be working with them both! And I have to admit that they are much more professionally astute than I was when I was at their stage in my career as a researcher. Tim Vriend, a first-year student, is examining how people's goal-pursuit strategies affect their engagement in moral and immoral behavior. This is quite a relevant project for business, as goals and goal setting are such integral parts of organizational life. Anca Dranca, also a first-year student, is examining the

factors that lead to moral rebellion, and what factors make people more, versus less, likely to accept versus reject moral rebels. Moral rebels are individuals who take a moral stand against the status quo. This topic is also very relevant for the business world because people who are willing to take a stand against the injustices or illegal behaviors within organizations are crucial for the efficient functioning of business – not to mention the well-being of society.'

You have been in Groningen for a few years now. What is your view of the FEB, also compared with the US universities you were at before?

'The main thing that keeps me here are the people and the culture. I feel so fortunate to have a department of people who are as smart, hard working, generous, and caring as my colleagues. They make it a pleasure to come to work every day (and stay late every night :). Outside of work, I have also met amazing people in Groningen. These include my neighbors, friends throughout the city, and dance and sport coaches; I truly love the Dutch people. I also love the Dutch culture: I can't imagine giving up my bike as my main form of transportation. FEB is a different place from US business faculties in several ways. Because most business schools are at least partly financed by corporations, business school faculty are paid pretty high salaries in the US – somewhere between \$120 - \$200,000 per year. Also, almost all US business schools have MBA students who are different from our master students because they often have several years of business experience (and thus are between 26-33 years old) and are looking for more practical, rather than research-driven education. US business schools also do a lot of executive education. I must admit that I miss this a bit. At the same time, I have loved working in Groningen from the day I arrived here and my dedication has not wavered since.'



Key publications

Jordan, J., Galinsky, A. G., & Sivanathan, N. (2011). Risk-Taking by Those Who Have Something to Lose and Nothing to Gain: The Role of Power, Stability, and Stress. *Administrative Science Quarterly*, *56*, 530-558.

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Publications

Please find on this pages an overview of publications in SOM's top & very good journals and PhD theses in the period November 2011 – June 2012.

Journal Publications

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Michael Koetter

The financial industry is one of the most international sectors in many economies. The global propagation of risks through financial firms' cross-border exposures motivated many of the coordinated rescue measures of central banks, such as the ECB, the Fed, and others. But while the international activities of banks are of great interest, we do not know which banks enter the international arena, how they do it, and why.

This paper combines data on international banking with recent insights from international economic theory, which emphasizes that productivity differences across firms explain which firms trade. Only the most productive firms can afford the fixed costs associated with international trade, e.g. due to building a factory in Asia, and reap the additional profits from foreign markets.

Based on unique foreign exposure data of all German banks between 2002-2006,

we analyze whether such a productivity-pecking order in banking. We find considerable similarities in that larger and more productive banks are active in more different countries and do more business abroad. But in contrast to non-financial firms we find that virtually all banks, irrespective of size and productivity, are active abroad in the simplest mode: cross-border lending. In addition, some of the extremely unproductive banks engage in the most complex modes: foreign branches and subsidiaries. This form of foreign direct investment was an important channel to transmit financial instability internationally, in fact bringing down some of the large Landesbanken. Thus, this paper provides evidence that a model of the international bank needs to account for further elements, such as heterogeneous risk-taking preferences and risk-management skills.

Sligte, D.J., De Dreu, C.K.W. & Nijstad, B.A. (2011). Power, stability of power, and creativity. *Journal of Experimental Social Psychology*, 47, 891-897.

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PhD theses

Jacqueline Brassey-Schouten
Leadership and diversity effectiveness in a large multinational organization
Prom./coprom.: Prof.dr. A. Sorge & Prof.dr. A. van Witteloostuijn
Defended on November 24, 2011

Remco Germs
Controlling the order pool in make-to-order production systems
Prom./coprom.: Prof.dr. J. Slomp, Dr. J. Riezebos & Dr. N. van Foreest
Defended on January 19, 2012

Ronald Heijmans
Analysis of large value payment systems: Liquidity behaviour and disruptions
Prom.: Prof. dr. J. de Haan
Defended on May 10, 2012

Honorine Illa
Etudes des styles de management au Burkina Faso et au Sénégal: A la recherche des spécificités d'un système de management Africain
Prom./coprom.: Prof.dr. L. Karsten
Defended on February 23, 2012

Ashwin Ittoo
Natural language processing meets business. Algorithms for mining meaning from corporate texts
Prom./coprom.: Prof.dr.ir. J.C. Wortmann, Prof.dr. G. Bouma & Dr. L. Maruster
Defended on January 5, 2012

Katarina Jerkovic
The relation between profession development and job (re)design: The case of dental hygiene in the Netherlands
Prom./coprom.: Prof.dr. A. Sorge, Prof.dr. C.P. van der Schans & Dr. M.A.G. van Offenbeek
Defended on April 5, 2012

Erik Jippes
The role of social communication networks in implementing educational innovations in healthcare
Promotores: Prof.dr. J.M.L. van Engelen and Prof.dr. P.L.P. Brand
Defended on May 31, 2012

Kristian Peters
Argument and innovation. Theoretical and empirical explorations in knowledge claim evaluation
Prom./coprom.: Prof.dr. R.J.J.M. Jorna, Prof.dr. R.J.F. van Haren & Dr. L. Maruster
Defended on February 23, 2012

Vaiva Petrikaitė
The effects of costly consumer search on mergers and cartels
Prom./coprom.:
Prof.dr. J.L. Moraga González
Defended on May 24, 2012

Janneke Pieters
Essays on socio-economic development in India
Prom./coprom.: Prof.dr. M.P. Timmer
Defended on December 15, 2011

Matthijs Streutker
Contributions to optimization modeling for pension fund ALM
Prom./coprom.: Prof.dr. M.H. van der Vlerk & Prof.dr. W.K. Klein Haneveld
Defended on January 26, 2012

Hawa Peto Tundui
Gender and small business growth in Tanzania: The role of Habitus
Prom./coprom.: Prof.dr. L. Karsten & Dr. C.H.M. Lutz
Defended on February 23, 2012



Short News

Occasionally, we would like to share more news with you than the normal half page you find at the beginning of our magazine. In the past months, several FEB researchers have been appointed to various positions and awards were won.

Appointments

Jan Marc Berk appointed as professor of Money and Banking, Klaas Knot appointed as honorary professor.

On 1 February, Jan Marc Berk became professor of Money and Banking at the FEB. Berk also works for De Nederlandse Bank (DNB) as divisional director of Economic Policy & Research. He is a prominent monetary economist who knows to a nicety how to combine the theory and practice of monetary policy and will contribute significantly to further expanding the Groningen research tradition in monetary economics. Berk is succeeding Klaas Knot, the current DNB president who held the chair until he replaced Nout Wellink at DNB. Knot was recently appointed as honorary professor at FEB in Economics of Central Banking and will give guest lectures regularly.

Damien Power appointed as professor of Global Operations Management

Professor Damien Power of the University of Melbourne has been appointed part-time Professor of Global Operations Management at the FEB. In addition to his extensive experience in academic research and teaching, Power also has more than twenty years of practical experience in the field of operations management in various sectors, including construction, food, electronics and telecommunications. His appointment will therefore provide further reinforcement to the empirical research conducted by the Operations Department.

Stuart Bunderson honorary professor of Group and Organization Management

Professor J. Stuart Bunderson has been appointed as honorary professor. The chair, Group and Organization Management, is part of the Human Resource Management and Organizational Behaviour Department. Bunderson's research fields are teams, diversity and leadership. He is particularly interested in diversity in teams and how teams learn, in the expertise in work-groups and in power and status within organizations.

Boonstra, Faems and Nijstad appointed in editorial boards

Three FEB professors, Albert Boonstra, Bernard Nijstad and Dries Faems, have recently been appointed as editorial board members or editors of international scientific journals.

Boonstra is now member of the editorial board of *Information & Management*, as well as associate editor of *Information Systems Journal*. Both journals focus on topics relating to the application of information systems.

Nijstad has been appointed consulting editor of the *Journal of Personality and Social Psychology of the American Psychological Association*, which is considered a top journal.

Faems has been appointed as associate editor for the *Journal of Management Studies*, a top journal within its research field.

Professor Bert de Brock in Advisory Committee eScience Center

Bert de Brock, professor of Business Information Modelling at the FEB, has entered the Advisory Committee of the Netherlands eScience Center (NLeSC). This center supports and reinforces multi-disciplinary and data-intensive research through creative and innovative use of ICT in all its manifestations (eScience). NLeSC is an initiative of NWO (Netherlands Organisation for Scientific Research) and SURF (the collaborative organisation for higher education institutions and research institutes aimed at breakthrough innovations in ICT).

Marketing Science prize 2012 for Ernst Osinga

SOM Alumnus Dr. Ernst Osinga, who graduated in 2011 cum laude at the University of Groningen, won the Marketing Science Price 2012 for his PhD thesis. The jury considered the scientific level and practical application of his thesis high. In 'Pharmaceutical marketing: its effect on drug sales and beyond' Osinga gives insight to the permanent and temporary effects of marketing efforts for the pharmaceutical industry. Not just pharmaceutical, but also other companies who use product marketing, can benefit from this research.

Research Master Dutch number 1

In the 2012 Masters Keuzegids, the Research Master (RM) of the Faculty of Economics and Business in Groningen ranks number 1 among the research master programmes that were evaluated. Again, the RM programme of our faculty receives excellent ratings. With a score of 85, it leaves the Tinbergen Institute and Tilburg (with scores of 81 and 69 respectively) behind. Students especially praise the RM programme for teaching, skills, research and facilities. According to the Keuzegids (a yearly publication about higher education in the Netherlands), the RM in Groningen is "one of the top programmes in the field of Economics & Business that towers above many other programmes".

EU Trade Commissioner praises research of Groningen economists

The European Commissioner for Trade, Karel de Gucht expressed his praise for a research project by three economists from the University of Groningen, on Monday 16 April at a conference in Brussels. The conference was held at the occasion of the launch of the WIOD database, funded by the EU within FP7. Thanks to the research of Erik Dietzenbacher, Bart Los and Marcel Timmer, it is now possible to reliably measure international trade, which can be of great importance for (European) policy.

One of the first analyses of the Groningen research for example, shows that a result of the new calculation method the EU's trade deficit with China declines by 36 percent. The traditional trade statistics provide only a limited view of the complex trade networks that were created by globalization.

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FEB Research is published twice a year by the Faculty of Economics & Business and the Research School SOM of the University of Groningen. A digital version of the magazine can be found at: www.rug.nl/feb/febresearch.

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Photography

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Printing

Het Grafisch Huis BV

Subscription

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