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Research at Babson - 09/2010

Babson Faculty Research Fund

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September 2010

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Research @ Babson is published by the
Babson Faculty Research Fund

Upcoming Research Programs

Noon to 1:15 PM

Needham Room, Olin Hall

Tuesday, October 5

Bradley George, Entrepreneurship, “Measuring Strategic Decision Comprehensiveness: A Scale Development and Validation Study”

Kandice Hauf, History and Society, “Disciples: Followers of Charismatic Masters”

Tuesday, October 19

Gang Hu, Finance, “Do Stock Splits Increase Information Production? Evidence from Institutional Trading

Ross Petty, Accounting and Law,

“The AMAZING ADVENTURES® of SUPER HERO®”

BFRF Proposal Deadline

The BFRF deadline for 2011-2012 awards and 2011 summer stipends is

Wednesday, January 26, 2011

If you have any questions, contact the [BFRF office](#) (x5339).

BFRF 2009-2010 Annual Report

The BFRF made a total of 41 awards: 3 major awards, 15 course releases, 6 summer stipends, and 17 Mini-Grants. In total, 23 course releases, 7 summer stipends, and nearly \$35,000 for research expenses were allocated.

In addition to making awards, the BFRF sponsored 11 Research ‘Chat’ programs, reviewed and accepted 29 Final Product research submissions, published 8 newsletters, and updated its Working Paper Series, published on Digital Knowledge at Babson (DKB)

The full report is online at [k:faculty/bfrf](#).

BFPF Supports Pedagogy

BABSON FACULTY PEDAGOGICAL FUND AND BABSON TEACHING CENTER

The mission of the Babson Faculty Pedagogical Fund (BFPF) is

- to encourage and facilitate the development of cases and other kinds of pedagogical material by Babson faculty and staff,
- to keep Babson’s curriculum current and international,
- to publicize new cases across campus,
- to increase the public visibility and teaching reputation of the College and its faculty.

Faculty can apply to the Babson Faculty Pedagogical Fund for funding development of a case or other types of teaching materials. Proposals are accepted on a rolling basis, so applying early is to your advantage. The BFPF can provide funding for approximately thirty proposals before June 30, 2011.

The new website for the BFPF is: <http://www3.babson.edu/faculty/pedagogical-fund.cfm>. You can also find the link on the main page of the Babson College website. Click *Faculty* (on the left bar on the page), look under *Academic Services*, and then click *Babson Faculty Pedagogical Fund*.

Cases that are funded by the BFPF are published at the European Case Clearinghouse (www.ecch.com), Harvard Business Publishing (<http://hbsp.harvard.edu>), or by case writing journals.

The Babson Teaching Center (BTC) has a library of roughly 400 published Babson Cases which are written in coordination with faculty and other experts on campus. In addition to cases, other pedagogical materials will also be included in this library.

If you have any questions, please contact [Ann Winslow](#) or [Valerie Duffy](#).

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Faculty News

Sinan Erzurumlu, Technology, Operations and Information Management, has an article, “Collaborative Product Development with Competitors to Stimulate Downstream Investment,” published in the August 2010 issue of *International Journal of Innovation Management*.

“Is dividend smoothing universal? New insights from a comparative study of dividend policies in Hong Kong and the U.S.” by **Gang Hu**, Finance and co-authors Thomas J. Chemmanur, Jie He, and Helen Liu, was recently published in *Journal of Corporate Finance*. This project was supported by a 2008 grant from the Glavin Council of Chairs

Mathematics Professor **Dessi Pachamanova**'s book, *Simulation and Optimization in Finance: Modeling with MATLAB, @RISK, or VBA* (J. Wiley & Sons), one chapter of which was supported by a BFRF grant, is in press and will be coming out in fall 2010. Her paper "Skewness-Aware Asset Allocation: A New Theoretical Framework and Empirical Evidence" (with C. Low and M. Sim, University of Singapore), supported by a BFRF summer stipend, was accepted for publication in *Mathematical Finance*. A book chapter, “Modeling Asset Price Dynamics,” will appear in the second edition of *The Theory and Practice of Investment Management*, co-edited by Frank J. Fabozzi and

Nobel Prize laureate Harry M. Markowitz. Another book chapter, “Equity Portfolio Selection in Practice,” will appear in the book *Equity Valuation and Portfolio Management*, also co-edited by F. J. Fabozzi and H. M. Markowitz.

Correctin: *Globalization of Entrepreneurial Capitalism* by **Srini Rangan** and **Peter Cohan** was published by Palgrave Macmillan, June 2010

Miguel Rivera, Management, had a number of publications and presentations in 2010. “Global Village vs. Small Town: Understanding Networks at the Base of the Pyramid,” co-authored with Carlos Rufin, appeared in *International Business Review*. “What do we really know about the Base of the Pyramid concept? A literature review” was presented at Academy of Management Conference and Academy of International Business Conference. Rivera also presented “Do Business Plans Competitions Promote Venture Creation and Growth in Developing Countries?” and served on a panel, “Navigating the Tensions in Poverty Alleviation Research: Scholarly Rigor vs. Practical Relevance,” at Academy of Management Conference. “Moving from dyadic to quadripartite collaborations: Partnerships in subsistence marketplaces” was presented at the Third Subsistence Marketplaces Conference.

BFRF Final Products Accepted

Kandice Hauf, History and Society, “Disciples: Followers of Charismatic Masters”

This article, based on conference papers delivered in China and Russia in 2009-2010, sets out a comparative and theoretical framework to contextualize the spiritual quest for self-knowledge and a moral political order of first generation disciples of the Confucian thinker and man of action, Wang Yangming (1472-1529). It begins with an analysis of discipleship as it developed under three paradigmatic masters: Confucius, Buddha, and Jesus. It demonstrates how the 16th century disciples of master Wang conformed to eight steps that disciples in these three major spiritual traditions followed. All of these disciples exhibited seriousness in their commitment to embodying their master's transformative knowledge. A necessary condition for this process was time spent in disciplined self-cultivation with like-minded disciples. Each of the Wang disciples withdraws from family and society for certain periods, but unlike Buddhism and Christianity, Confucianism did not develop a monastic tradition. The final section analyzes how the 16th century Wang disciples address this lacuna by developing a method to withdraw which did not have to be physical, although meetings and lecture-discussions in tranquil mountain locations might be part of their program. Through the methods of withdrawal they developed these Wang disciples were able to spiritually revitalize the self without losing sight of their obligations in Confucianism to live in this world and attempt to solve the problems of this world.

Srinivasa Rangan, Management, *Capital Rising: How Capital Flows Are Changing Business Systems All Over the World*

This book looks at the phenomenon of rising private capital flows such as private equity and venture capital to firms in countries such as India and China and the implications for capital providers, managers, entrepreneurs, and policy makers. It identifies the key factors that shape the entrepreneurial ecosystem in different countries and traces their impact on capital flows. It then looks at the ways capital providers have sought to deal with different ecosystems. They both influence local ecosystems as well as are influenced by them. The book, based on interviews with managers, capital providers, and entrepreneurs, draws broad lessons for players involved.

Joel Shulman, Entrepreneurship, “Investing in Troubled Times: Bet on Entrepreneurs”

In these troubled times, with investors unsure of when or where to place their funds for maximum benefit, one investment tenet should be clear: bet on entrepreneurs. Our research of 27,000 publicly traded global companies, employing more than 12 years worth of data, demonstrates that entrepreneurial companies consistently outperform peer nonentrepreneurial companies by a wide margin. Following the tumultuous market collapse in 2008–2009, it appears that entrepreneurial companies are now poised to perform better than ever.

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BFRF Fall 2010 Course Release Projects

Ryan Davies, Finance, "Pink Pills for Pale People: A Snapshot of Entrepreneurship, Patent Medicine & Finance in 1905"

Senator George T. Fulford (1852-1905) made a huge personal fortune selling patent medicine, and in the process became one of the richest people in North America. His company's flagship product "Pink Pills for Pale People" was sold in 82 countries using an innovative print media advertising campaign. Newly discovered estate documents provide details of his company and his investments in municipal bonds, corporate bonds, and common shares. Since these investments were made almost 60 years prior to the development of modern portfolio theory, this project will examine whether simple intuition (rather than theory) led to an optimally diversified portfolio.

Yunwei Gai, Economics, "Will Universal Health Insurance Enhance Entrepreneurial Activity?"

In U.S., many people are locked in their current jobs because of their fear of losing the health insurance provided by current employers, even though they can be more productive as entrepreneurs. Although these claims are supported by anecdotal stories, there have been few empirical studies to support them. In this project, we use a large, national database to empirically examine whether employer-provided health insurance has prevented people from making the transition from wage employment to entrepreneurs, and if it has, to what degree. In the context of the ongoing healthcare debate, we believe our research to be both needed and timely.

Vikki Rodgers, Mathematics and Science, "Herbaceous plant shifts in photosynthesis and transpiration rates in response to experimentally altered climate regimes at the Boston Area Climate Experiment (BACE)"

Climate change is predicted to alter regional air temperature, humidity, solar radiation, and soil moisture, all of which directly impact the stomatal activity of plants. The opening and closing of stomata are responsible for the physiological controls of plant carbon and water dynamics. We are investigating shifts in photosynthesis and transpiration rates for four species of plants under twelve different temperature and precipitation regimes at the Boston Area Climate Experiment. Measuring the impacts future climate change scenarios may have to plant communities is critical to understanding the potential feedback processes between plants, soil and climate change.

Corporate, Foundation, and Government Relations Office (CFGR)

Wendy Silverman, Director, CFGR

The Office of Corporate, Foundation and Government Relations (CFGR) within Development and Alumni Relations at Babson College provides guidance and assistance to faculty and staff seeking funding from corporations, foundations, and government agencies to support their research and curricular development initiatives. Among the services provided are pre-award activities such as identifying and researching possible funding sources, assisting with cultivation of funding prospects and with proposal development and writing, particularly in the final draft stage, and ultimately with the submission of proposals. Post-award assistance is provided by both the CFGR and the Business Office. Among the post-award activities for which faculty and staff can obtain help are grant negotiation, budget clarification, financial and narrative reports, requests for extensions, and grant close-outs.

If you would like to explore the possibility of external funding or examine your research agenda please contact me at x5993 or silverman@babson.edu.

Digital Knowledge at Babson

Digital Knowledge at Babson (DKB) is a digital collection or institutional repository that captures, preserves, and disseminates the intellectual property created within the Babson College community. It is designed to promote Babson based research, creative activity and other output and enable their discovery via the Web. Administered by the Horn Library, *Digital Knowledge at Babson* provides a single location to store, organize and preserve these materials. Authors and/or publishers hold copyright

The BFRF [Working Paper Series](#), which features all of the completed research projects that have been supported by the BFRF, are published on DKB.

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