

# Headlines

## Engle and Granger Win Nobel Prize

**Tools that help measure risk in stock portfolios** are among the discoveries that have led to a 2003 Nobel Prize in Economics for two business professors, Clive W.J. Granger and Robert F. Engle. The two were longtime colleagues at the Department of Economics at the University of California in San Diego. Currently, Engle holds the Michael Armellino Professorship in the Management of Financial Services at New York University's Stern School of Business. Granger, an emeritus professor of economics at UCSD, was a visiting scholar at Canterbury University in New Zealand last fall. Both still maintain offices at UCSD.

While the two men often collaborated on projects, they also worked separately on their time-related analysis of factors that affect markets. "Economic data has special properties and it requires special techniques," says Granger, whose theory of cointegration led to breakthroughs in statistics and macroeconomics forecasting. "I have developed techniques that can be used by central banks and federal reserves for forecasting and policy development. I'm always hoping to make my research practical and useful. It starts out as theory but then one aims to move toward the practical end of things."

Engle's key research, known as autoregressive conditional heteroskedasticity (ARCH), revolves around analyzing volatility in the stock market as a way to manage risk. *BizEd* recently spoke with Engle to discuss his theories.

**Can you give a layman's definition of the principles behind your research?** It's a quantitative approach to measuring

risk. If you think in terms of your portfolio, the risk is the possibility that its value might go down, so you'd like to figure out whether or not that's a likely event. When you diversify, for example, you'll find that the risk is less. But also, in the same time period, the risk might be less due to other factors.

**How are your economic models used in the real world?** First, financial institutions use these models to forecast risk in many different flavors. They



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are concerned about the risk to their U.S. equity portfolio, their small-cap portfolio, their Tokyo office. An investment bank will typically calculate risks for hundreds or thousands of kinds of exposure every day, and that risk has to be quantified.

Second, these models are used to figure what the fair price of an option might be. An option might be something you buy in the market that will pay if the stock goes up but won't pay if the stock goes down. But the question is, how much do you have

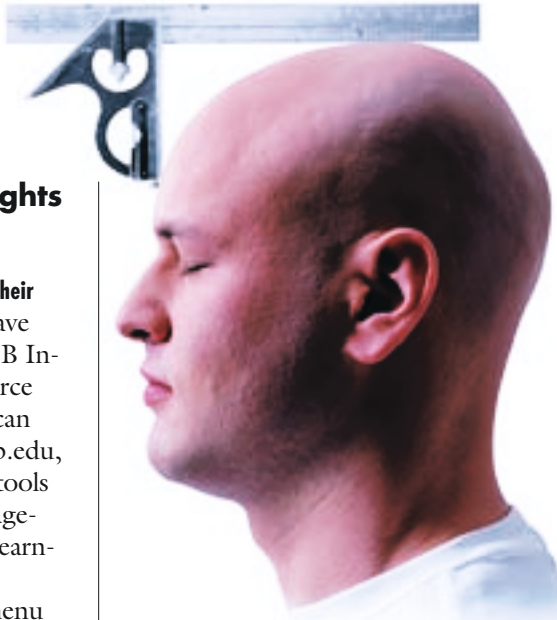
to pay for that? "Put options" will pay off only if a stock goes down, not if it goes up. These are really good ways to protect your portfolio, but the amount they cost is clearly related to how risky they are.

**What are you looking at with your current research?** I'm actually pushing in two different directions. One is analyzing large collections of assets all at once and whether or not they move together. This makes it a more appropriate vehicle for talking about portfolios with collections of assets. The second is measuring these at a higher and higher frequency until there is almost a second-by-second measure of volatilities and correlations. Every time there's a new piece of information, like a trade or a quote, you could update your volatility estimates.

**Do you think business schools could restructure their courses to provide students with better preparation for careers in finance?** I think there ought to be more quantitative tracks in the MBA program. When I consult with investment banks, I find that in a lot of positions where I expect to find MBAs employed, they're not. Banks hire people who have physics degrees but don't know any finance. Schools should be teaching a little more about these statistical models. I think you have to learn those hard skills when you're young. If you pass on this opportunity to learn them, you're just not going to pick them up later in life.

**How do you expect winning the Nobel Prize to change your life?** I'm pretty happy with my life the way it is, so I'm hoping the award won't affect it too much. I do hope it will give recognition to people in this line of research and lead to increased interest in these kinds of research methods.

## THE SITE OFFERS A REVOLVING MENU OF ARTICLES AND DISCUSSIONS ABOUT BEST PRACTICES AND CURRENT THINKING IN THE REALM OF LEARNING ASSESSMENT.



### Resource Center Highlights Learning Assessment

Business schools looking to improve their learning assessment practices have a new online resource in AACSB International's Assessment Resource Center. The Web page, which can be accessed through [www.aacsb.edu](http://www.aacsb.edu), provides a wide-ranging set of tools and information to guide management educators toward better learning assessment.

The site offers a revolving menu of articles and discussions about best practices and current thinking in the realm of learning assessment. "We're starting with a pretty good foundation," says Dan LeClair, the director of AACSB's Knowledge Services, which will manage the site. "We want to see the site grow and evolve as a result of member involvement."

Sections about accreditation standards, professional development, and

reading lists are also on the site. Whenever possible, links are provided to allow users to acquire or learn more about books and articles that are referenced. An "Overview" portion of the site will address specific questions posed by visitors to the site, answered by the Knowledge Services staff.

The Assessment Resource Center is the first of three sites planned by

AACSB. Next on the agenda are an Ethics Education Resource Center and a Doctoral Education Resource Center. While AACSB will welcome suggestions and contributions to the sites, says LeClair, the content that appears will be edited by the Knowledge Services staff with the help of experts. However, management educators will be able to address each other directly through the "Community" section of each site, which allows members to subscribe to listservs organized around common interests.

The resource centers will help AACSB offer members help in fields such as learning assessment, which has assumed critical importance in today's business schools. "We passed the assurance of learning standards, but a quick survey of members indicates that there will be many challenges associated with implementation," says LeClair. "It's incumbent upon AACSB to assist schools to meet these challenges."

### Meet Me in Montreal



More than 1,200 business school deans and faculty members from 40 countries are expected to travel to Montréal, Quebec, this spring to attend the International Conference and Annual Meeting hosted by AACSB International. The conference, to be held April 18 through 20 at the Palais des Congrès de Montréal, will focus on business education against the backdrop of the global economy.

Seminars will cover topics such as how to remain agile during turbulent times, how to plan for evolving business school models, and how schools can stay current on key issues such as doctoral supply, learning outcomes assessment, and ethics. Among the presenters and plenary speakers will be Freddy Vandenspiegel, chief economist of Fortis Bank in Belgium.

Until March 8, attendees can get special rates at two Montreal hotels near the convention center, Le Centre Sheraton Hotel (514-878-2000) and Fairmont the Queen Elizabeth (514-861-3511). Both hotels are located downtown near shopping venues, the business district, and cultural attractions. Special conference registration fees are also in effect until March 8.

Additional information about registration, hotels, and conference programming is available on the association's Web site at [www.aacsb.edu](http://www.aacsb.edu). For information about reserving exhibit space, see the Web site or contact Linda Walter, director of business development and events, at [lindaw@aacsb.edu](mailto:lindaw@aacsb.edu) or 314-872-8507, ext. 243.

### AACSB Nominates Board Members

Nominations have been finalized for elections to the 2004–05 AACSB International Board of Directors. The election will be held in the last two weeks of January; results will be announced by mid-February. New members will assume their positions July 1. At that time, chair elect Doyle Z. Williams of the University of Arkansas in Fayetteville will become chair. Richard E. Sorensen of Virginia Polytechnic Institute in Blacksburg is running uncontested to become vice chair-chair elect.

Of the six candidates nominated as representatives of accredited member institutions, three will be elected.

On the ballot are W. Randy Boxx of Millsaps College; Ned C. Hill of Brigham Young University; Lynne Richardson of Ball State University; George E. Stevens of Kent State University; Kathryn M. Verreault of the University of Massachusetts in Lowell; and Jan R. Williams of the University of Tennessee at Knoxville.

Two candidates will be elected to serve as representatives of non-accredited member institutions. Candidates are L. K. Chan of the City University of Hong Kong; Fred J. Evans of California State University in Northridge; GERALYN McClure Franklin of The University of Texas of the Permian Basin; and George K. Najjar of the American University of Beirut.

To serve as representative of a

non-U.S. educational institution, the candidates are Sung Joo Park of KAIST and Stephen R. Watson, Henley Management College; one will be elected. Running uncontested as representative of a non-educational member institution is Amelia Maurizio of SAP America Inc.



## KU Student Portfolio Outperforms Wall Street

Like students at many business schools, students at the University of Kansas Business School in Lawrence are handling real money as part of their b-school training—but unlike some, they're making their investments pay off. In the school's Applied Portfolio Management (APM) class during 2003, the students got better returns on their investment than NASDAQ or SP500.

"The APM portfolio returned 40 percent in the second quarter and 73 percent over the last twelve months," according to Catherine Shenoy, associate professor and director of APM. "To put these numbers in perspective, the SP500 returns were 13 percent and minus 2 percent over the same period. In the July 7 *Wall Street Journal* Mutual Fund Report, the APM portfolio would have ranked fifth for the quarter and in the top ten for the year of all funds." The fund was started with a quarter-million dollar gift in 1988 from alumni Kent McCarthy.

The students work in groups of three or four, doing research on potential investments and tracking their progress. Guest speakers, many of whom are University of Kansas alumni and CEOs of companies the groups are considering, visit the class and give information on their respective companies. Working with the faculty, the members of the class make investment decisions together.

## Tracking Women in Massachusetts Business

Two studies conducted by Massachusetts business schools indicate that women are conspicuously absent from most corporations' boards of directors, at least in Massachusetts. When they are running their own businesses, however, they're having measurable success.

The first study was co-authored by two professors from Bentley College in Waltham, Massachusetts, in partnership with The Boston Club. Patricia Flynn, trustee professor of economics and management, and Susan Adams, associate professor of management, found that nearly half of the largest 100 public companies in Massachusetts do not have women directors. Only nine percent of all board seats in these companies are held by women.

A second study about businesswomen in Massachusetts revealed that 53 percent of women-led businesses in the commonwealth grew over the past two years despite the poor economic climate; 35 percent of them experienced strong growth. Under lead researcher Nan Langowitz, the study was conducted by Babson College in Wellesley and the Commonwealth Institute. According to the report, the top 100 women-led businesses contributed more than \$6.5 billion to the Massachusetts economy in 2002 and employed more than 32,300 people.

## Sidney Harris to Step Down



Sidney E. Harris announced recently that he will conclude his seven-year tenure as dean of Georgia State University's J. Mack Robinson College of Business at the end of June 2004. He will continue as a member of the faculty of the Atlanta-based school, teaching and conducting research in

the areas of international trade, productivity and technology, international corporate governance, and leadership. He also plans to conduct country and regional studies focused on Asia and Africa.

During his term as dean, the college experienced significant growth in global outreach and resources, including a \$10 million naming gift from J. Mack Robinson. Two research centers were formed, the global dimension of the curriculum was strengthened through the acquisition of more than \$10 million in grants for international programs, and more than \$25 million in private gifts were secured for college initiatives, especially endowed faculty positions.

## ■ Collaborative MBA Focuses on North America

**Four North American business schools** have joined forces to offer The PanAmerican Partnership on Business Education, an MBA program with a common core curriculum at all four schools. Participating are Pace University's Lubin School of Business in New York City, the HEC/Montréal Faculty of Management in Quebec, the Faculty of Commerce at Dalhousie University in Halifax, Nova Scotia, and EGADE of the Instituto Tecnológico y de Estudios Superiores de Monterrey in Mexico. The program was announced last fall.

"The MBA program of the PanAm Partnership is focused on building the next generation of North American managers," said Stephen Blank, professor of international business and management at Pace University and director of the Lubin School's Center for International Business Develop-

ment. "Participants gain perspective on the emerging North American economic system and the knowledge and skills relevant to this new reality."

Each partner school has a PanAm track in its MBA program. The tracks share core content, although they differ in detail. They are linked by regular physical and online interaction and by joint programs, collaboration in research projects, and student and faculty exchanges. Students who complete the program receive an MBA from their home university and a document issued by the partnership in the name of all four schools. PanAm students will have the opportunity to participate in study visits to Brazil, Mexico, the United States, and Canada. As a capstone, each June the students in the program will assemble in New York City for two weeks of intense classroom work, meetings with business and government leaders, site visits, and social activities.

## ■ Wharton Raises \$445 Million

**The Wharton School of the University of Pennsylvania** in Philadelphia has announced the successful completion of the Campaign for Sustained Leadership, which launched in 1996 and raised more than \$445 million. More than 23,000 donors joined 86 percent of the faculty and 98 percent of the MBA class of 2003 in giving money to the school.

More than \$143 million of the money was earmarked for facilities, some of that going to build the 324,000-square-foot Jon M. Huntsman Hall. More than \$127 million was funneled to academic programs, including new research centers and programs. Additional money has gone toward faculty support and research, including 26 endowed professorships, and toward financial aid for students. Thirty-five percent of the dollars raised came from MBA alumni.

## SHORT TAKES

### NEW DEANS AND FACULTY

■ **David Parker** has joined Cranfield School of Management in the United Kingdom as professor of business economics and strategy. He was formerly a professor and deputy director at Aston Business School. He also is co-director of the Regulation Research Programme for the Centre on Regulation and Competition funded by the Department for International Development.

■ **David Berkowitz** of the University of Alabama in Huntsville has been named director of the Center for the Management of Science and Technology at the school. The center provides both research and consulting services for academic, government, military, and private organizations.



■ **Robert McLean** has been appointed dean and director of the Australian Graduate School of

Management (AGSM). For many years, he was managing partner of McKinsey & Co. for Australia and New Zealand. The AGSM is a school of both the University of Sydney and the University of New South Wales.

■ **John H. Earl Jr.**, associate professor of finance, has been installed as the David Meade White Distinguished Teaching Fellow at the University of Richmond's Robins School of Business in Virginia. Nancy Grandis White and her family members and friends established the fellowship in 2001.

■ The Mays Business School at Texas A&M University in College Station has announced two new appointments. **Jim Dixey** has been named director of the Graduate Business Career Services. **Michael A. Hitt** has been named distinguished professor of management, Joe Foster '56 Chair in Business Leadership, and Carroll and Dorothy Conn Chair in New Venture Leadership.

■ Three new faculty members have been appointed at the Fox School of Business and Management at Temple University in Philadelphia, Pennsylvania. In the general and strategic management department, **Arvind Parkhe** has been named professor of international business, and **Keith D. Brouthers** has been named as an associate professor of global entrepreneurial management. In the finance department, **David Reeb** joins the school as an associate professor.

■ **A. Frank Adams III** has become a faculty associate of the Cox Family Enterprise Center at the Coles College of Business at Kennesaw State University in Georgia. Adams, a financial economist, teaches economics and finance in the school's executive MBA programs. He was recognized as the Coles College Outstanding Scholar for the academic year 2001–2002.

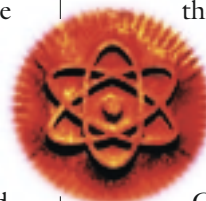
### EXTERNAL APPOINTMENTS

■ **Jim Simpson**, chair of the Management and Marketing Department in the business school at The University of Alabama in Huntsville, has been elected to chair the American Marketing Association's technology



and innovation special interest group. The group includes about 300 business school faculty at institutions around the world.

■ Rice University professor **Steven C. Currall** has been awarded a \$83,000 grant from the National Science Foundation for a study about assessing public trust in nanotechnology. Currall is the William and Stephanie Sick Professor of Entrepreneurship and associate professor of management, psychology, and statistics at



the Jesse H. Jones Graduate School of Management in Houston. He is working on the study with Kristen Kulinowski, executive director of the Center for Biological and Environmental Nanotechnology, Education and Policy.

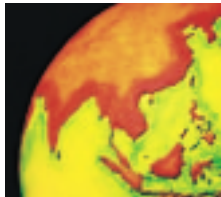
### PROGRAMS

■ **The University at Buffalo**, State University of New York, has established a program at the Singapore Institute of Management that will lead to a bachelor's degree in business administration from UB. The Singapore program will be comparable in all respects to the undergraduate business program offered in Buffalo, including admission, course requirements, curriculum, faculty qualifications, and academic standards.

■ A new Global Scholars Program has been initiated at the Kenan-Flagler Business School at the **University of North Carolina in Chapel Hill**. The program is designed to help undergraduates better prepare for careers in a global economy by encouraging them to participate in a variety of living, learning, and immersion activi-

ties. Students from North America and Asia live together on a reserved floor in a single residence hall and enroll in common courses. They also travel together on local study trips and may choose to join in a two-week immersion trip to Asia at the end of the academic year. The program was made possible by a \$10 million grant from UNC alum Alston Gardner.

■ The Business School of the **National University of Singapore** has launched a joint executive education program with the **Indian School of Business** called “Doing Business in Asia.” Offering strategic frameworks, perspectives, and analytical tools to executives focusing on international market growth and brand visibility in Asia, the intensive 12-day programs have been held in Singapore, Shanghai, and Hyderabad, India.



■ The Bryan School of Business and Economics at the **University of North Carolina** in Greensboro is launching a full-time day MBA program next fall. The program is being offered to attract younger and more international students and is geared toward those with limited work experience.

#### HONORS

■ **Stephen Wheeler** has been named the first Neven C. Hulsey Chair in Business Excellence at the University of the Pacific in Stockton, California. Wheeler is a professor of accounting in the Eberhardt School of Business. The chair was made possible by a \$4 million grant from Neven and Nancy Hulsey.

■ The College of Business Administration of the University of Nebraska in Lincoln has announced that **William L. Gardner III** will be the first holder of the newly endowed Howard Hawks Chair in Business Ethics and Leadership. Gardner was the Michael S.

Starnes Professor of Management at the University of Mississippi. His areas of expertise include management, organizational behavior, and research methods.

■ The M.J. Neeley School of Business at **Texas Christian University** in Fort Worth, Texas, has received two recent honors. Its James A. Ryffel Center for Entrepreneurial Studies was awarded the NASDAQ Center of Entrepreneurial Excellence Award at the National Consortium of Entrepreneurship Center Directors Conference last fall. Additional awards, which go to entrepreneurship centers that have made significant achievements in the entrepreneurial field, went to the University of Notre Dame in Indiana and the University of Colorado at Boulder. The Neeley School also received the Educational Institution Award from the DFW chapter of the National Society of Hispanic MBAs for its efforts in supporting NSHMBA initiatives.

## SHORT TAKES


■ **Valarie Zeithaml**, associate dean for the MBA program at Kenan-Flagler Business School at University of North Carolina, Chapel Hill, won the 2004 Innovative Contributor to Marketing Award. The award is given by the Marketing Management Association.

■ **Marci Armstrong**, associate dean of masters programs at the Cox School of Business at Southern Methodist University in Dallas, Texas, has received the Bud Fackler Award given by the Executive MBA Council Board of Trustees. The annual award recognizes individuals who have contributed both to the Executive MBA Council and to EMBA programs around the world.

■ **Karen V. Pincus**, S. Robson Walton Chair in Accounting and department chair of accounting in the Sam M. Walton College of Business at the University of Arkansas in Fayetteville, has received the Joseph A. Silvano Faculty Merit Award from the Federation of Schools of Accountancy. The award, the highest given by the organization, is funded by KPMG LLP.

## DONATIONS AND GRANTS

■ **The University of Wisconsin-Madison** has received gifts totaling \$8.4 million. Mutual fund manager Albert O.

 Nicholas donated \$6.4 million to the school's Applied Corporate Finance Program, while the remainder, which will also benefit the program, came from an anonymous donor. The gifts will help fund new plans for a graduate program in which students take

core courses in their first year and spend their second year in a specialized area that has a faculty director, staff director, executive advisory board, dedicated space, and dedicated endowment funds.



■ Three recent gifts will go to improve the Sam M. Walton College of Business at the **University of Arkansas** in Fayetteville. The Oracle Corporation has donated software and curriculum valued at more than \$7 million to the Information Technology Research Center at the school. In addition, Simmons First National Corporation and Arkansas Blue Cross and Blue Shield have pooled resources to start a \$250,000 faculty fund that will be used to retain and recruit faculty to the Walton school. The fund will be named after alums Louis L. and Joy Ramsay to honor the leadership posts Louis Ramsay held at both organizations and the couple's contributions to Arkansas organizations. Finally, alumnus Gerald Alley and his brother, Troy C. Alley Jr., have pledged more than \$50,000 for the Gladys and Troy C. Alley Sr. Memorial Entrepreneurial Scholarship, which will be awarded for one year to a junior-level management student of color.

■ The National Institute of Standards and Technology (NIST) has provided initial support of \$400,000 to the Smeal College of Business at **Pennsylvania State University** in University Park. The money will be used for several studies on the performance of small manufacturing firms as part of a five-year grant that could eventually

total between \$3 million and \$5 million in funding. The NIST initiative, led by Gerald Susman, the Robert and Judith Klein Professor of Management and director of Smeal's Center for the Management of Technological and Organizational Change, will involve collaboration between teams of representatives from several of the college's research centers.

■ A \$1 million gift has established the James C. and Rhonda Seacrest Faculty Fellows Fund at the **University of Nebraska** in Lincoln. The Faculty Fellows Fund creates stipends to enhance faculty salaries within the College of Business Administration and the College of Journalism and Mass Communications.



## FACILITIES

■ A new \$41 million environmentally friendly complex for the **University of Oregon's** Charles H. Lundquist College of Business recently opened in Eugene. The 196,500-square-foot Lillis Business Complex includes sustainable features such as solar panels and architectural solar glass, a "green roof" covered with soil and drought-resistant plants, windows and skylights that reduce the demand for electric lighting, and construction from materials that contain recycled content.

■ The School of Management at the **University of Texas** at Dallas formally dedicated its new facility last month. The 204,000-square-foot, \$38-million building brings the school's 4,385 students and 96 faculty members together under one roof for the first time. The new facility features 29 classrooms that contain 1,165 seats,

two large computer labs, a 350-seat auditorium, breakout rooms for undergraduate, graduate, and executive education student groups, and desktop Internet access in every classroom.

■ The Mays Business School at **Texas A&M University** in College Station has recently dedicated its 66,000-square-foot addition known as the Jerry and Kay Cox Graduate Business Center. The focal point for Mays' master's degree education, the center contains seven classrooms, eight MBA team-learning rooms, and two computer labs. The center also houses the Benton and Dianne Cocanougher Special Events Center, named after the former dean and his wife. Two early gifts were keys to making the new center possible, including the \$1.5 million donation from the Coxes. A \$3 million endowment from Reliant Energy helped establish the Reliant Energy Securities & Commodities Trading Center.



#### OTHER NEWS

■ Five architects with a history of designing business schools have started their architecture practice in Princeton, New Jersey. Alan Chimacoff, Joseph

Tattoni, Arvind Tikku, Charles Maira, and Richard Holmes—all former principal and associate principals at architectural firm Hillier—have left to form **ikon.5** architects. Between 1986 and 2002, they led Hillier's Higher Education Studio, designing buildings at Arizona State, Brown, Columbia, Cornell, Duke, Howard, Johns Hopkins, Princeton, Rutgers, and Southern Methodist universities. ikon.5 will continue to focus on colleges and universities. **Z**