

SPRING 2012

insight

SCHOOL OF BUSINESS ADMINISTRATION

OAKLAND UNIVERSITY

Research for the real world

Impactful Research

Applied
Solving real
world problems

**Supports
Institutional
Strategies**
Differentiation,
promotion and
advocacy

**Enriches
Curriculum**
Innovation within
a class or
program

**Encourages
Knowledge
Dissemination**
Conferences, forums
and workshops

**Strengthens
Community**
Economic development,
civic and nonprofit
engagement

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• Exemplary entrepreneur honored

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SBA strategy encourages impactful research



MESSAGE FROM THE DEAN

At the SBA, we believe the research conducted here should meet the needs of multiple stakeholders within the academic community, impact the institution and its stakeholders, and support surrounding businesses and organizations

In academia, we often talk about applied research or linking theory to practice. This refers to the application of research methodologies in solving real-world business problems and ensuring students apply what they learn in the classroom to a practical problem.

Often, the quality of applied research is measured by the number of published works by faculty members in high-quality, peer-reviewed journals and other outlets such as books, conference presentations and consulting engagements. Within OU's SBA, our faculty members continue to publish articles in many highly respected journals, and partner with businesses to identify and solve problems through research. We are also dedicated to ensuring that our graduates have many opportunities throughout their education to apply what they learn in the classroom in real-life settings. Our experiential learning focus with several non-curricular activities (see the Fall 2011 issue) provides ample evidence in this effort.

Beyond publication and student engagement, the scholarly activity of our faculty members is touching many other areas important to the growth of our curriculum, our institution and our region. In our view, research can have a greater impact on the institution if it can be used systematically to explore such opportunities.

There simply isn't enough room in this issue to showcase all the meaningful research activity underway in the SBA. So, in this issue of SBA *Insight* we offer a selection of articles featuring the work of a few of our faculty members. You'll read about how this work is solving real-world problems, strengthening the economic development of our region and enhancing the SBA's reputation in the business world through publication and recognition in highly respected journals.

Though not featured in this issue, other research our faculty members are conducting is making an impact in significant areas, including:

■ The development of cross-curricular programs that strengthen the education of all OU students through innovative programs. For example, strong faculty research has led to the creation of the SBA's new entrepreneurship minor and Ideas 2 Business Lab that is open to all OU students; and along with faculty from OU's School of Engineering and Computer Science and School of Education and Human Services, successfully introduced the energy management certificate program; and the ongoing development of the university's lean management program.

■ Contributing to the strong future of the university in support of institutional strategy. For example, members of our marketing faculty are leading a branding research project to support OU's growth on the national stage, while faculty members from our Finance and Accounting Department have provided expert analysis to help guide the university's financial future.

■ Sharing the research of SBA and other faculty with various constituencies to further the knowledge creation and dissemination, as well as allow networking among academic and business professionals. For example, in the last year alone, the SBA has hosted conferences, workshops and forums to bring researchers and practitioners from around the world together to engage in constructive dialogue on information systems/technologies (AMCIS 2011), credit analysis and risk management (credit conference), the future of automotive marketing (marketing forum) and an historical perspective on economic cycles (Gorlin Lecture).

Viewing this activity through the SBA's lens of Excellence through Integration you can see the magnitude of the impact our leading business researchers are making when they integrate their research in support of multiple stakeholders. SBA students, alumni and business partners, the institution itself, and regional businesses and organizations all gain.

Mohan Tanniru
Dean, School of Business Administration
Oakland University

Health care's helping hand

Dr. Mark Isken can't help helping.

The associate professor of management information systems for Oakland University's School of Business Administration offers his assistance even when he walks into a colleague's classroom.

"He would come into the ATiB lab and see a problem written on the board," explains Jerad Wolfrum, SBA '07, an accounting major with a minor in Applied Technology in Business (ATiB). "He'd say, 'I have had some experience with this. Do you mind if I help?' He'd then show us how to solve it. He was a big influence on a lot of us in the ATiB program."

Wolfrum says Isken also was quick to advise him on his ATiB project that had him creating an information technology program to solve a scheduling hiccup for General Motors. "Believe it or not, I never had him as an instructor, but he was always helping me, even when it came time to pick a graduate school," he says. "He gave me lots of advice."

Isken, an engineer, has made it his life's work to develop mathematical models, translate them into computer programs and solve problems in the health care industry.

ISKEN'S FREE WORLD

What sets his research apart is that he doesn't just write a research article on his findings. He creates a companion website showing others how to use his model and software for free.

"I've always been frustrated because it's really hard to take math from a general description in a journal article and figure out how to use it. My goal is to help bridge that gap,

so I started experimenting with these companion websites, including **hselab.org**, so it helps people get some use out of it," he says.

Isken's "free" philosophy is a defining factor of his research, says Brian Denton, an associate professor at the Edward P. Fitts Department of Industrial & Systems Engineering at North Carolina State University, who does similar research.

"This has important implications for at least two reasons," Denton says. "First, it allows the dissemination of knowledge to a greater number of health care providers than would occur in a typical research project. Second, because it allows researchers and practitioners to compare alternative approaches. Thus, his approach has implications for research and practice in health care delivery."

Isken's latest research has him improving patient flow in a hospital obstetrical postpartum unit. Because surgery scheduling and labor inductions directly impact occupancy, he's reviewed data and created a patient flow model that previews the impact of different scheduling policies. The model essentially creates scenarios and shows how current staffing and any proposed schedule change would handle the unit's population. The goal is to avoid overtaxing the staff and create a better healing environment for the patient.

"I know people are using it," Isken explains. "It's been downloaded a couple hundred times, so that's good. I also get emails on it — and other models I've shared."

HEALTH CARE GETS HEALTHIER

Isken started the research in 2009 with a \$15,000 grant he received from Health Systems Engineering, a company owned by Tim Ward, now deputy program director at the Bureau of Medicine and Surgery (BUMED), the headquarters for the U.S. Navy's medical department. Ward and Isken shared an office while in graduate school at the University of Michigan. At the time, Ward's



Professor Mark Isken helps students with coursework, projects and career preparation.

company focused mainly on obstetric services. He needed something to help ease the nurses' workload. Knowing Isken's expertise, Ward asked him to step in.

Isken first learned to use math models to help the health care industry as an undergrad at Michigan. After the summer of his junior year, he interned with the management engineering department at William Beaumont Hospital in Royal Oak, Mich. They hired him and he worked there for seven years. Beaumont even funded his dissertation, where he developed staff scheduling optimization models to help the hospital ensure adequate staffing while controlling costs.

He created similar projects for Henry Ford Hospital, and in 1998 joined OU's School of Business Administration.

Isken made the right choice in getting into teaching, says former student Michael Marks, Operations Management '11. "He was hands-down the best professor I had at OU," he says. "I would not be the person that I am if it weren't for him."

In fact, Isken helped Marks and Wolfrum get the interview for their analyst jobs at Improvement Path Systems, Inc., a health care analytics consulting firm in Bingham Farms, Mich.

"I want to make an impact," Isken adds. "I want to help." ■

By Rene Wisely



Passion for economics leads to *Harvard Business Review*

Oded Izraeli is searching for the sweet spot.

The professor of economics at Oakland University's SBA has long wondered what amount of inequality in earnings is good for the so-called "Goldilocks economy," one that is not too hot or not too cold; rather, one that sustains moderate growth and a low inflation allowing for a market-friendly monetary policy.

That quest had Izraeli, along with former faculty member Fuad Hasanov, now an economist with the International Monetary Fund, digging through economic data from 48 U.S. states for the census years 1960 to 2000. They wanted to discover new evidence of how inequality and growth are entwined.

After three years, they completed their research. They found that modest increases can generate growth, yet heightened inequality may reduce growth. Furthermore, they argued that policies that aim for growth but ignore inequality tend to be self-defeating, whereas policies that decrease inequality by, for instance, boosting employment and education have beneficial effects on an economy.

THE WRITE WAY

They showcased these findings in an article titled "Income Inequality, Economic Growth, and the Distribution of Income Gains: Evidence from the U.S. States." It was published in the *Journal of Regional Science* in August 2011.

Their paper caught the attention of the prestigious *Harvard Business Review*. It ran an abstract of the research this January, tying it in with the Occupy Wall Street movement, where protesters denounced

"It is an honor ... to be in there (the Harvard Business Review). ... It makes Oakland a little more known in places."

— Professor Oded Izraeli

the growing income and wealth distribution in the United States between the wealthiest 1 percent and the rest of the country's population.

"The subject is very close to what's happening in the real world," says Izraeli, a native of Israel who joined OU's faculty in 1978. "The timing was right."

Appearing in the *Harvard Business Review* is considered a coup for the authors as well as Oakland University.

"Yes, it is an honor," Izraeli says. "It's very flattering to be in there. It's flattering to have their interest in the *Journal of Regional Science* piece and then to publish an abstract in there."

It's a shot in the arm for Oakland University as well, he says. "Also, Oakland doesn't usually appear in that publication, so it makes Oakland a little more known in places that do not know about it already."

A COLLABORATIVE EFFORT

The success of the study and subsequent paper was ignited by working as a team, says Hasanov. "When we were discussing the project, you could sense the synergy," he says. "We had a lot of fun."



For his next project, Professor Oded Izraeli (left) is collaborating with Professor Kevin Murphy to examine the MEAP scores of Michigan charter and public schools.

Izraeli agrees. "Two heads are better than one because when you have an idea, you can bounce ideas off of each other," he adds.

Izraeli, who earned his bachelor's degree at the Hebrew University and his master's and doctorate at the University of Chicago, has moved on to his next research project, again a collaboration. He and Professor Kevin Murphy of OU's Department of Economics are examining Michigan charter schools and how their MEAP scores compare to public schools.

If the *Harvard Business Review* comes knocking again, he's ready. "It's not something you plan, but the opportunity would be very nice to have," he said.

Besides being in the *Harvard Business Review*, Izraeli has published scholarly articles in journals such as: *Journal of Urban Economics*, *Urban Studies*, *Regional Studies*, *Journal of Environmental Economics and Management*, *Economic Development and Cultural Change*, *Transport Economic and Policy*, *Logistics and Transportation Review*, and the *Annals of Regional Science*.

His areas of interest are urban and regional economics, state and local public finance, environmental economics and labor economics. His specialties include interstate differences in state and local revenues, trade-off between environment quality and jobs, interstate equity implications of the 1986 tax reform, the effect of state governor party affiliation on state economic performance, convergence in state per capita income, and the comparison of the impact of the environment on earnings and housing values over time.

"I've always had an interest in the social sciences and how society is working," Izraeli says, explaining his passion for economics. "The economic aspect of it has always been fascinating to me."

Izraeli has found his sweet spot. ■

By Rene Wisely

Professor's persistence offers insight into impact of accounting practices

Seong-Yeon Cho, assistant professor of accounting, can relate to the thousands of attempts Thomas Edison made to develop a working light bulb.

While Cho hasn't duplicated Edison's experiences, the capital market researcher has hit his share of brick walls — and his perseverance has resulted in some memorable "aha!" moments.

He achieved one during his recent research on earnings management and deregulation, based on the example of the 1970s-era trucking industry.

After extensive research — and a few moments of discouragement — Cho proved his theory that in their attempt to dissuade the U.S. government from implementing deregulation, trucking companies were manipulating data to falsely indicate they were losing money.

"I was considering giving up when I had the breakthrough," Cho says. "That's the beauty of doing research."

The findings of Cho's project with co-researcher Kevin D. Sachs of City University of New York, "Earnings Management and Deregulation: The Case of Motor Carriers," will be published this spring in the *Journal of Accounting and Public Policy*.

Cho has been published in a number of refereed journals, including *Accounting Horizons* and *Journal of Financial Intermediation*, and has presented co-authored papers at national, regional and section meetings of the American Accounting Association.

A DIFFERENT PERSPECTIVE

Cho earned a bachelor's degree in accounting and a master's degree in operations research from Yonsei University in his native South Korea.

From there, he worked in database management for the statistics department at the Bank of Korea, the central bank of South Korea. He later became the bank's senior economist, where he recalls thinking, "there has to be more sophisticated methods for analyzing the economy."

Hoping to find better tools to excel in his job, in 1999 Cho traveled to the U.S., where he earned a second master's degree in economics from the University of Rochester (N.Y.) and a Ph.D. in accounting from the State University of New York at Buffalo.

He returned to the Bank of Korea briefly, but "felt I could contribute more by doing research," he says.

A NEW PATH

He joined the SBA in 2007 after holding faculty positions at Tulane University and Drexel University. "We have very good colleagues in the SBA. You can bring anything to your colleagues, and they will be very helpful," he says.

Cho is especially interested in exploring how the management of accounting numbers can affect decision makers, from investors to governments. "Accounting is always subject to some kind of biases," he says. Cho focuses on three main areas: earnings management, disclosure and corporate governance.

DEREGULATION DANGERS

Deregulation, his recent research topic, is a timely subject. There has been talk of deregulating oil and gas, banking and health care. "We need some wisdom about what's happening when we do that," Cho says.

The example of the 1970s trucking industry can provide insight. Prior to deregulation, publicly traded, federally regulated trucking companies were guaranteed a monopolistic profit, and they were not enthusiastic about changing. "They lobbied fiercely against deregulation by the government," Cho notes.

Lobbyists argued that deregulation — and the resulting competition — would come as a blow to an industry that already was suffering financially. And they provided the numbers to back up their case. The deregulation eventually went forward, but Cho remained interested in the evidence the trucking industry presented.

In his research, Cho found that evidence in the Library of Congress, then used statistical methods to track the trucking companies' earnings based on the work they reported at that time. His methods backed up his theory: The trucking companies were not experiencing a decrease in earnings.

There is no reason to believe that what happened then couldn't happen again, Cho adds. "When we deregulate certain industries, we should consider the potential for earnings management."

NEW ERA FOR AUDITORS

Another research focus of Cho's zeros in on the wisdom of utilizing accounting firms that offer auditing and non-auditing services.

In his study with Jongsoo Han of Rutgers Business School-Camden and Kevin F. Brown of Wright State University, Cho found auditors can provide some services, such as income tax return preparation, without it interfering with the integrity of their auditing. The way they approach the taxes would be influenced by need to comply with Internal Revenue Service laws.

There was a time when it was common for accounting firms to combine services for corporate clients. The Enron scandal in 2002 demonstrated this approach could impact the auditors' impartiality. From there, the pendulum swung to the other extreme, and the common perception was that auditors should not provide any non-auditing services whatsoever.

Today, there does not seem to be a negative connotation associated with allowing an auditor to receive fees for some services.

The key, Cho says, is to consider the kind of service the auditor is providing. "Content is more important."

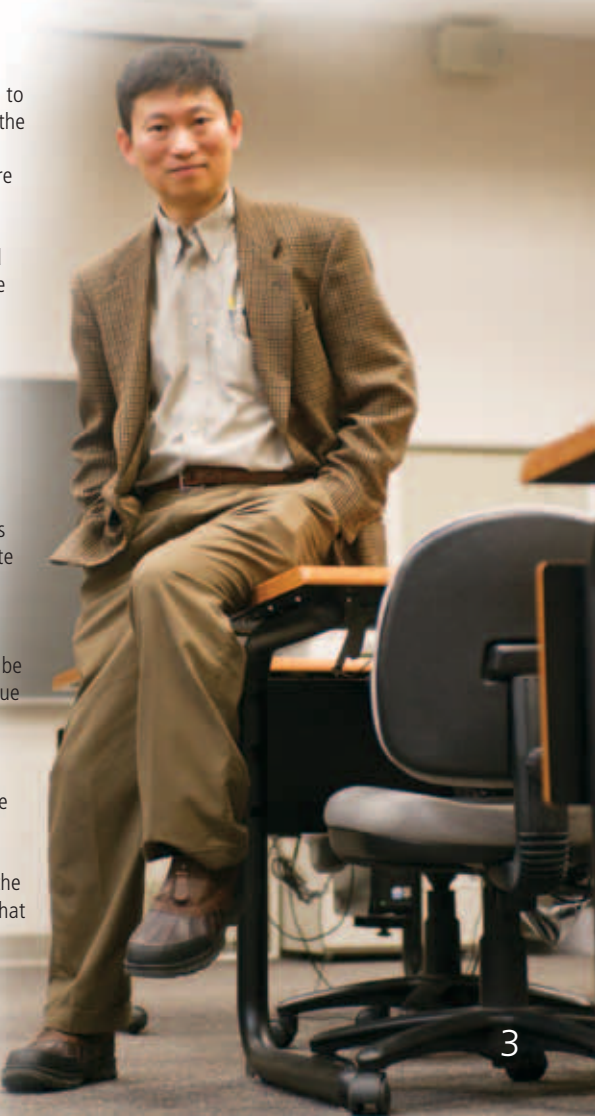
The researchers presented their findings last summer at the American Accounting Association's annual meeting in Denver. Their report, "Do Non-audit Services Enhance Value? Evidence from the Capital Markets," is under review for publication.

PRESSING FORWARD

Cho has several other projects under consideration for publication, and he intends to continue his capital market research. He is confident that more exciting moments of discovery — findings that can have regional, state and national implications — lie ahead. ■

By Flori Meeks

Seong-Yeon Cho, assistant professor of accounting, combines his business and academic experience to advance his research.





MBA candidate Danying Xing (left) assisted Associate Professor Nivedita Mukherji and Professor Jonathan Silberman (not pictured) in a project to identify growth trends in Macomb County.

Faculty-guided research prepares students for real-world challenges

MBA candidate Danying Xing found the transition from her previous studies in mechanical engineering to the world of business an exhilarating — albeit challenging — experience. It was an experience she enhanced significantly by seizing the opportunity to join a faculty-guided research project through the SBA's Center for Integrated Business Research and Education (CIBRE) last summer.

For Xing and the other participating SBA students, the research projects represent a valuable chance to gain practical insight into the field she hopes to enter, as well as real-world experience that will help her thrive in her chosen career. Through the program, students are assigned to research projects designed specifically for businesses in the area.

“When you do actual research projects, you get a sense of how messy they are,” says Nivedita Mukherji, associate professor, economics. “Students mostly get these canned projects where the data is nice and everything works. Real research projects are not always so well-defined. Experience on these projects helps the students learn how to frame questions and collect the necessary data.”

CLOSE TO HOME

Xing, who is in her second year of OU’s MBA program, assisted OU Professor of Economics Jonathan Silberman and Mukherji with “Second-Stage Companies in Macomb County, MI, 2002-2009.” OU MBA candidate Zachary McKenzie participated, too.

The project, conducted at the request of Macomb County, called for identifying county-based, second-stage manufacturing companies — those that have progressed beyond the startup stage, have annual revenues between \$1 million and \$50

million, and employ between 10 and 100 workers. The research team was also asked to identify which manufacturing sectors these second-stage companies represented.

“The goal was to have a better understanding of growth trends in the county,” Xing says.

Under Mukherji’s and Silberman’s instruction, Xing collected data from the U.S. Census Bureau and identified second-stage companies in Macomb County, as well as companies in the same sectors in Michigan and the U.S. for benchmarking purposes.

As a Shelby Township resident — a township in Macomb County — Xing found the research fascinating and quite relevant.

“Macomb County is growing, but so is Michigan. The question was, ‘Is Macomb County doing well on its own, or is its growth tied in with the state’s growth?’” she explains.

A PROMISING PICTURE

The report presents encouraging news for Macomb County.

The research uncovered that several manufacturing sectors in the county — namely transportation equipment and fabricated metal product manufacturing — were outperforming the same sectors at the state and national levels.

The report also lists eight manufacturing sectors with growth potential that can add value to Macomb County. They include: wood container and pallet; metal valve; motor vehicle metal stamping; other motor vehicle parts; aerospace product and parts; aircraft engine and engine parts; other

transportation equipment; and military armored vehicle, tank and tank components.

The report indicates these sectors are noteworthy since they experienced growth during the 2002-07 economic expansion and continued growing during the recession.

VALUABLE INSIGHTS

Not only did Xing find the research results interesting, she appreciated being a part of the research process, from collecting data to analyzing it, and she recognizes how much the experience has enhanced her business skills and understanding.

The challenges of the real project offered valuable learning opportunities.

For example, Xing learned how to work around limitations of the data available from the U.S. Census Bureau.

“Those difficulties are a normal element of the research experience,” Mukherji says. “Finding data is a huge challenge — as well as learning how to analyze it.”

The professors guided Xing through the process of conducting business research. “She was a very conscientious student,” Mukherji adds. “She gained an understanding of the research process.”

After graduation, Xing hopes to combine her bachelor’s and master’s degrees in mechanical engineering from Shanghai’s Tongji University with the knowledge and skills she gains through her MBA experience at OU to pursue a career in manufacturing or business analysis. ■

By Rene Wisely

Exemplary entrepreneur receives honorary doctorate degree from SBA

Oakland University recently recognized an exemplary leader, philanthropist and honorary alumnus who over three decades has guided the small business he founded to its current status as a tier 1 supplier to the automotive, aerospace, solar, appliance and military manufacturing industries across the globe.

The School of Business Administration presented R. Hugh Elliott of Elliott Group International with an honorary doctorate of science during its December commencement ceremony. The gesture pays tribute to the success of Elliott, while emphasizing the quality, integrity, social responsibility and global and cultural diversity he emphasizes in the corporate climate.

“A doctorate degree is the recognition of one’s academic excellence in a chosen field of study,” SBA Dean Mohan Tanniru says. “By honoring Dr. Hugh Elliott with the honorary degree, we honored excellence in his chosen field of endeavor — business entrepreneurship in a global environment.”

“Given that our school’s mission is to advance knowledge and enhance students’ abilities to manage in a global business environment, we could not have a better role model than Hugh Elliott for our students.”

A manufacturer of adhesive products used for a variety of manufacturing purposes, Elliott Group International maintains product quality that is consistently used as a benchmark by competitors. The company’s revenue is estimated at \$972 million this year.



Elliott has given generously to Oakland’s School of Business Administration and Information Technology building, which bears the names of Elliott and his wife, Nancy. He also has made a number of contributions to university athletics programs, academic scholarships and endowments.

Elliott considers an honorary doctorate degree from a university he feels so strongly about a dream come true. It was a joy, he says, for him and Nancy to see their son Chad graduate from OU in 2007.

“We couldn’t be more excited about the opening of the Oakland University William Beaumont School of Medicine — or the expanding relevance and successes of the SBA,” says Elliott.

“In the next five years, I can see Oakland University becoming the No. 3 or No. 2 university in Michigan,” Elliott says. “To be part of that is a great feeling.”

Few things could top that sense of satisfaction, he adds, except possibly the recent recognition bestowed upon him by the SBA.

“Being honored with the doctorate degree was the cream on the cake,” he says.

Elliott’s list of honors includes being named as a finalist for the Ernst & Young Entrepreneur of the Year Award in Michigan, receiving the Gary D. Russi Community Service Award, being inducted in the OU Athletics Hall of Honor, and being named an OU Honorary Alumnus. He also was bestowed the honor of “des Chevaliers du Testevin” by the French government in 1995. ■

By Flori Meeks

“We couldn’t be more excited about the ... expanding relevancy and successes of the SBA.”

— R. Hugh Elliott

R. Hugh Elliott (center) with SBA Dean Mohan Tanniru (center right) and SBA faculty at commencement.





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Research professor shines national spotlight on SBA

Through extensive research into vehicle energy management, SBA Research Professor Walter McManus is widely recognized for his leadership and expertise in the behavioral aspects of energy transportation.

Recently, McManus collaborated on the report "Fuel Economy Focus: Perspectives on 2020 Industry Implications," which predicts the U.S. auto industry overall would see a 5.3% (\$4.7 billion) increase in profits in 2020 if the Obama administration's proposed fuel-economy and emissions standards take effect. The report, sponsored by Citi Investment Research and Analysis and Ceres, generated more than 300 news reports nationwide.

A \$100,000 grant from The Energy Foundation is supporting McManus' research into vehicle energy management as it relates to federally mandated fuel efficiency standards to assist in the development of public policies and strategies.

He is working on tools to help automakers assign value to new technologies to help drive their investment decisions in alternative energy.

For details on McManus' research, read news stories at oakland.edu/sba. ■

SBA welcomes new director of development

The SBA is pleased to welcome Michael Silverstein as the new director of development. In this role, he will work closely with SBA faculty, staff, alumni, friends and partners to lead the SBA's development efforts. Silverstein brings an impressive background that includes positions in the development office at Wayne State University Law School. Prior to WSU, he held various management roles in Saturn and General Motors. He has also worked extensively as a fundraising volunteer for several nonprofit organizations. He holds a bachelor's degree from the University of Michigan.

Silverstein can be reached via email at silverst@oakland.edu or by calling (248) 370-2121.