

GWSB Research



FEDERAL RESERVE CHAIRMAN LECTURES AT GWSB



This spring, Federal Reserve Chairman Ben Bernanke returned to the classroom to deliver four guest lectures at the GW School of Business. “This is what I used to do before I got into this line of work,” Bernanke said, referring to his two-plus decades as an economics professor at Princeton, Stanford, NYU and MIT.

The Fed Chairman was at GWSB as part of a special class on the role of the central bank in the nation’s economic history. In his lectures, Bernanke traced the history of the Fed from the financial panics of the late 19th and early 20th centuries to its founding in 1913, and then through the Great Depression, World War II and the 2008 financial crisis.

“The program provided a guided tour of the Federal Reserve—conducted by the man in charge,” said Tim Fort, Lindner-Gambal Professor of Business Ethics. “Our students benefited tremendously from this unprecedented

access to Chairman Bernanke, as he shared his insider’s knowledge of the Fed and its history, mission, policies and procedures.

“In studying and learning about the central bank, the students gained a broader and deeper knowledge of how our financial system works,” said Fort, who developed the special undergraduate course. “This really was an exceptional educational opportunity.”

Bernanke also found the program worthwhile—and personally satisfying. “I’ve always enjoyed engaging with college students,” he said, thanking GWSB for the opportunity to teach again.

Examining the Coptic Christian Diaspora

Diasporas in progress are an increasingly prevalent target of scholarly research. “Worldwide migration more than doubled at the end of the last century. People are crossing borders at rates that we’ve never seen before,” said Liesl Riddle, GWSB associate dean for MBA programs and associate professor of international business and international affairs.

“It’s important to try to understand the economic, social and political impacts of these movements of people,” Riddle added. “It’s also important to try to find how émigrés can participate in their country of origin in some way: sharing their ideas, sharing their education and creating opportunity by combining ideas and capital.”

A recently completed survey of Coptic Christian Egyptians living in the United States, Canada, the United Kingdom and Australia is one of the first to examine a religiously identified sub-national group. Native Egyptian Christians, members of the Coptic Orthodox Church, comprise somewhere between 8 and 12 percent of the Egyptian population. The survey was conducted by the GW Diaspora Research Program, under the auspices of the Diaspora Capital Investment Project. The study was done within GW’s Center for International Business Education and Research (GW-CIBER) in cooperation with the humanitarian group Coptic Orphans. Riddle and Jennifer M. Brinkerhoff, professor of public administration and international affairs at GW’s Elliott School of International Affairs, were the principal investigators.



The survey shows a well-educated, high-income, professional population. Among Copts who responded to the online survey, 71 percent reside in the U.S.; 90-percent are college educated; 45 percent hold advanced degrees; 53 percent have household incomes greater than \$100,000; 51 percent are employed in the legal, medical, engineering or academic professions; 19 percent are in business professions; and 7 percent are business owners or entrepreneurs. As a group, they are highly philanthropic with a significant percentage volunteering their time or donating to charities. Surveyed Copts report an average annual remittance to Egypt of \$4,890.

An overwhelming majority said the future of Egypt was important to them, but slightly less than a third of the respondents actually plan to invest in Egypt. “This is a population that is enormously motivated to participate in Egypt in some way,” Riddle said. “On the investment side, it’s more of a wait-and-see attitude.”

“The ball is in the court of the newly forming Egyptian government,” Riddle said. “To what extent is the government interested in recognizing and protecting this religious minority within its borders, as well as engaging and interacting with the diaspora community? I think the survey definitely provides some insight for the new leadership about the economic and social potential that exists within this group.”

Corporate Giving Boosts Philanthropy and Profits

According to Giving USA Foundation's 2010 Annual Report on Philanthropy, corporations gave approximately \$14.1 billion to a variety of nonprofit organizations in 2009. While nearly every major corporation is involved in charitable giving to one degree or another, some are better at it than others—for reasons that have little to do with the comparative size of their donations.

Christine Petrovits, GWSB assistant professor of accountancy, has conducted extensive research on the financial effects of corporate philanthropy and recently contributed to "Making the Business Case for Corporate Philanthropy," a study produced for the Conference Board. The report, co-authored by Petrovits; Baruch Lev, Philip Bardes Professor of Accounting and Finance at the NYU Stern School of Business; and Suresh Radhakrishnan, professor of accounting and information management at the University of Texas at Dallas Naveen Jindal School of Management, takes a detailed look at the bottom-line reasons for corporate philanthropy.

Some companies might get caught up in controversy over charitable contributions because, curiously, some in the business world question the ethics of corporate giving.

"Obviously, people appreciate corporations improving social welfare, and improving their communities," Petrovits said. "But controversy arises because they're giving shareholder money to charities—it's not the corporation's to give, it belongs to the shareholders."

However, there is common ground when corporations are both helping the community and increasing shareholder value, she said. Petrovits explained that in

addition to other benefits of charitable giving—positive public relations and improved employee satisfaction—shareholders can derive real financial gain from corporate philanthropy. For example, a company that provides charitable support to a research university can see its generosity rewarded with access to innovations that give the firm an edge over competitors.

Corporate giving is most effective—for both the common good and the bottom line—when companies think strategically about their philanthropy and infuse their charitable giving strategy into their business plans.

The financial benefit of strategic donations is perhaps best reflected in the fact that corporate charitable giving has continued throughout the economic downturn. "Companies didn't stop giving," Petrovits said, "but they started being smarter about their giving."

On the other hand, poorly planned or badly motivated giving can have the opposite effect for a corporation. The report cites the particularly egregious example of how disgraced (and jailed) former Tyco CEO Dennis Kozlowski used \$1.7 million in corporate funds for a private school attended by his daughter (a fraction of the \$43 million of Tyco's money he donated in his own name).

While it is clear that transparency from corporations regarding their charitable

giving is critically important to shareholders, there is growing industry concern over congressional consideration of legislation to make such disclosure mandatory. Petrovits and her colleague Yun Zhang, assistant professor of accountancy at GWSB, are conducting research on the possible impact of such legislation.



Message from Dean Guthrie

This issue of *Research* describes U.S. Federal Reserve Chairman Ben Bernanke's series of on-campus lectures for GWSB students—a great example

of how the School takes advantage of its location at the intersection of business and society. Bernanke's presentations were the centerpiece of a special course on the Fed developed by Tim Fort, executive director of the Institute for Corporate Responsibility and Lindner-Gambal Professor of Business Ethics.

GW attracts visitors of Bernanke's stature because our scholars continually apply their considerable knowledge and expertise to research with real and immediate relevance to the critical policy issues faced by society.

You'll also read about Sanjay Jain, associate professor of decision sciences, and his experience working with the U.S. Department of Homeland Security to research and develop accurate computer models to help the agency hone its disaster-response planning.

Liesl Riddle, associate dean for MBA programs and associate professor of international business and international affairs, describes her recent research on the Egyptian Coptic Christian Dias-

pora and how the unprecedented cross-border migrations of the early 21st century are affecting economic development around the world.

Bradley Shear, adjunct professor of sport management, describes his research on university policies for student athletes' Facebook and Twitter accounts. Those policies led to newly passed and more proposed privacy legislation in several states and the U.S. House of Representatives. Shear's research on the use of social media has also made him a "go-to" expert on the subject for the news media.

Christine Petrovits, assistant professor of accountancy, discusses her corporate-philanthropy research, which demonstrated that businesses can profit from their generosity—if they make the right kind of charitable donations.

Doug Guthrie
Dean
Professor of Management
Professor of International Business



The Digital Age has been characterized by the explosion of social media. Facebook, LinkedIn and Twitter are multi-billion dollar businesses that have become part of our everyday lives. And like many technological advances, social media brought with it both convenience and unforeseen problems.

Bradley Shear (BBA, '95), GWSB adjunct professor of sport management and practicing attorney, began compiling instances of institutional policies that violate social media privacy. He was alarmed by a widespread pattern of abuse in business and academia. "This is a huge problem," Shear said, "amounting to possible violations of the First, Fourth, and potentially, Fifth Amendments."

Shear found numerous examples of employers or

"Whether it's reading someone's personal mail or reading their personal digital mail, it's the same thing," he said.

Organizations with such policies are demanding the kind of access that would normally require a search warrant or court order. Courts have ruled that these activities violate a federal statute that protects electronic communications.

On the other side of the coin, schools or employers might hurt themselves with these policies. "Why create a new legal duty to monitor students or employees?" Shear asked. Employers could be liable for employees' online behavior such as threats,

similar legislation with lawmakers in California and Michigan. Shear also collaborated with U.S. Rep. Eliot Engel (D-N.Y.) and his staff to craft federal social

Protecting Privacy in the Social Media Age

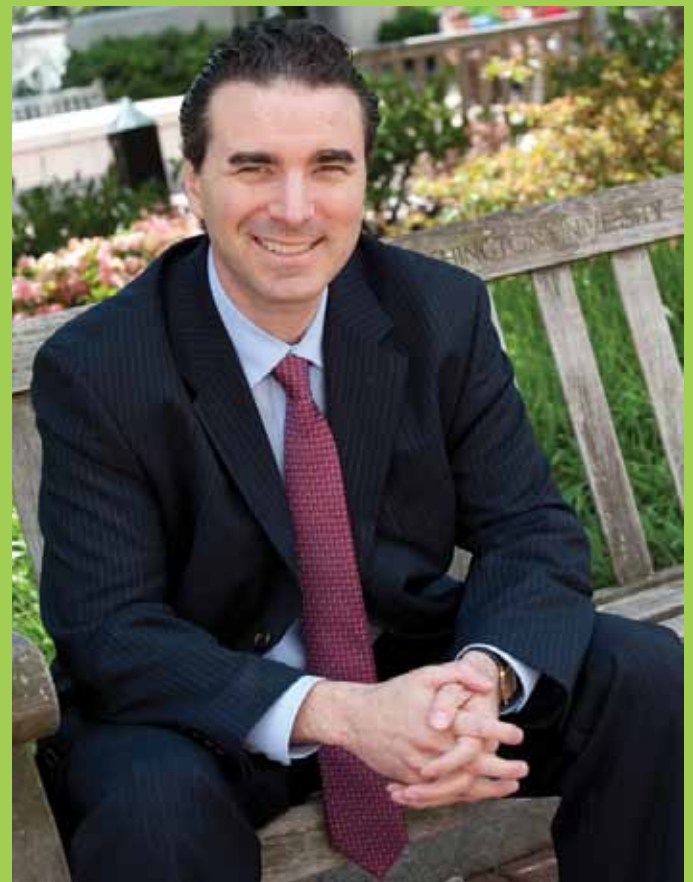
schools requiring access to private, password-protected social media accounts. Universities are among the worst offenders, especially when it comes to student athletes. Several major college athletic programs require athletes to give their passwords to a coach or other school official. The demand for online snooping in collegiate athletics has given rise to a new industry—private monitoring agencies, which are being hired by schools to keep tabs on their players.

"Schools claim they're looking for evidence of potential NCAA violations or criminal activity," Shear said, "but they're really looking for content that they don't like—possibly controversial or embarrassing, but not illegal." According to Shear, demanding or requiring access to passwords is a clear invasion of privacy.

and corporations could incur considerable costs for monitoring and warehousing data, in addition to insurance costs to protect from "cyber liability."

Shear has emerged as a leading authority on digital privacy issues. His blog, "Shear on Social Media Law" (<http://www.shearsocialmedia.com/>), has attracted considerable attention and made him a much sought-after interview for print and electronic media from coast to coast.

With Shear's help, State Senator Ronald Young (D-Md.), drafted and passed legislation to make Maryland the first state to bar employers from requiring job applicants or workers to provide access to their social media passwords. Shear is working on



media privacy legislation. The federal bill, the Social Networking Online Protection Act (H.R. 5050), was introduced in April.

For Shear, the correct approach to social media privacy is simple. "The constitutional protections that apply offline should also apply online," he said.

Computer Modeling Develops Disaster Responses



Computer modeling is an excellent tool for long-range planning and developing effective responses to various contingencies. The technology provides organizations with an inexpensive means of asking "what if?" and establishing strategies to prioritize well-planned responses to potential problems based on accurate measures of likely (or unlikely) occurrences.

Sanjay Jain, associate professor of decision sciences, recently completed a major research project on computer modeling for the benefit of the U.S. Department of Homeland Security (DHS). The two-year project was funded by a grant from the U.S. Commerce Department's National Institute of Standards and Technology

(NIST). "The initial plan was to do the basic groundwork—raise the level of understanding of these techniques—as to why somebody would use computer modeling, what are the modeling requirements, what kind of tools are available to meet those requirements," Jain said.

Jain assembled a prototype for DHS to demonstrate the capabilities of computer modeling. The simulation was based on a near worst-case scenario—a terrorist attack near the National Mall on the Fourth of July.

DHS officials were significantly impressed with the demonstration, but Jain quickly learned that the department was just taking its very first steps in terms of developing and using the technology for disaster-response planning. So Jain's research focus shifted to cataloging available computer technology and modeling methodologies that DHS could use in creating its own simulations.

Jain developed a catalog of existing computer tools and user requirements for DHS based on the various technologies' ability to model four critical factors—hazardous materials release, incident management, critical infrastructure and health-care infrastructure. The goal was to provide DHS with list of the components best suited to develop the types of computer models that would help it to better fulfill its mission.

DHS received Jain's final report in Dec. 2011. In addition to the list he delivered, Jain stressed to DHS the critical importance of establishing standards of methodology and measurement in developing computer models, to help DHS and its component agencies run realistic scenarios, and devise effective, coordinated, disaster-response plans.



THE GEORGE WASHINGTON UNIVERSITY
SCHOOL OF
BUSINESS

Duquès Hall, 660E
2201 G Street, NW
Washington, DC 20052
www.business.gwu.edu

NON PROFIT ORG
US POSTAGE
PAID
Merrifield, VA
Permit No 2657

Engaging the World From the Nation's Capital

GWSB Research is published by
The George Washington University School of Business

Dean: Doug Guthrie

Vice Dean of Faculty and Research: Sok-Hyon Kang

Vice Dean of Programs and Education: Murat Tarimcilar

Editor: Molly Brauer

Senior Writer: Dan Michaelis

Design: Lloyd Greenberg Design, LLC

For comments or suggestions
contact us at: gwsbcomm@gwu.edu



About GWSB

The George Washington University School of Business provides undergraduates, graduates and executives with a world-class business education. It is recognized globally as a leading academic institution, especially for international business programs.

Located in Washington, D.C., just steps from the World Bank, the International Monetary Fund, the State Department, the White House and the Securities and Exchange Commission, the School's innovative programs emphasize ethics, sustainability and international business.

To learn more, visit:
www.business.gwu.edu

THE GEORGE WASHINGTON UNIVERSITY SCHOOL OF BUSINESS RESEARCH CENTERS & INSTITUTES

Center for Entrepreneurial Excellence

Global Center for Financial Literacy

Center for International
Business Education & Research (CIBER)

Center for Latin American Issues

The Institute of Brazilian Issues

Center for Real Estate and Urban Analysis

European Union Research Center

Global and Entrepreneurial Finance Research Institute

The Growth Dialogue

GW Women's Leadership Institute

Institute for Corporate Responsibility

International Institute of Tourism Studies

Institute for Integrating Statistics in Decision Sciences