Chitru Fernando, John and Donnie Brock Chair and director of the Price College of Business Energy Solutions Center, and Evgenia Golubeva, assistant professor of finance, presented their paper co-authored with Tim Adam, titled “Managerial Biases and Corporate Risk Management,” at the European Finance Association annual meeting in August and the American Finance Association annual meeting in January. In the paper they document new evidence of managerial behavioral biases in corporate finance, using as the context the risk management activity of a sample of North American gold mining firms over a 10-year period. They found that managers systematically decrease their hedge positions following increases in the gold price (hedging losses), but do not systematically increase their hedge positions following decreases in the gold price (hedging gains). They also documented that managers systematically increase their selective hedging activity (i.e., level of speculation using derivatives) following increases in derivative cash flows but do not observe a corresponding reduction following derivative cash flow decreases. They argue that these findings are consistent with managerial behavioral biases such as loss aversion, mental accounting and overconfidence.

Louis Ederington, Michael F. Price Chair in Finance, and Chitru Fernando presented a paper co-authored with Michael Dewally, titled “Determinants of Trading Profits of Individual Traders: Risk Premia or Information?” at the U.S. Commodity Futures Trading Commission in August. In November, Ederington and Fernando also were invited to participate in a workshop on energy and financial markets organized by the Energy Information Administration of the U.S. Department of Energy to discuss the factors (especially new financial securities) affecting energy prices, to review research gaps and to suggest improvements to the EIA’s data collection efforts.

Mark Sharfman, professor of strategic management and director of the Division of Management and Entrepreneurship, Chitru Fernando and Vahap Uysal, assistant professor of finance, presented their paper titled “Do Investors Want Firms to Be Green? Environmental Performance, Ownership and Stock Market Liquidity,” at the 2009 Academy of Management Annual Meeting. Additionally, an abbreviated version of this paper was published in George T. Solomon (Editor), Best Paper Proceedings of the 2009 Academy of Management Annual Meeting.

Mike Buckley, JCPenney Company Leadership Chair, professor of management and professor of psychology, recently had an article posted on BusinessWeek Online titled “Time to ‘Hunker Down?’” with colleagues John Humphreys; Milorad Novicevic, who earned her doctorate at Price College; and Whitney Olson. The article discussed how it is not necessary to hunker down as drastic cuts in travel, benefits and training can be devastating to long-term viability and success.

Yi Zhou, assistant professor of finance, was honored in 2009 with the Center for Hedge Fund Research Award and the Global Association of Risk Professionals Research Award for her paper “Credit Default Swap Spreads and Variance Risk Premia,” with Hao Wang and Hao Zhou. She also presented in 2009 at the Chicago Quantitative Alliance, China International Conference in Finance, Multinational Finance Society and the Financial Management Association annual meeting.
Pradeep Yadav, W. Ross Johnston Chair in Finance and director of the Division of Finance presented a paper titled “Naked Short Selling: The Emperor’s New Clothes” at Yale University in July and to a British Finance Industry Convention in Leeds, England, in September. He also co-authored two papers, one published and one accepted, in the Journal of Banking and Finance.

Also in November, Basuroy received the 2009 Carol and Bruce Mallen Lifetime Achievement Award for Published Scholarly Contributions to Motion Picture Industry Studies from UCLA’s Anderson School of Management. This annual award is presented to a scholar for significant published contributions in the area of motion pictures studies. With this award, he joins the ranks of a set of distinguished scholars recognized for their scholarly contributions to the study of motion picture industry studies.

Larry Plummer, assistant professor of management, will have a study he conducted under contract for the Small Business Administration be released online later this year. “Where and Why in America? Business Start-ups in the Continental United States from 1990 to 2006” appears on the Office of Advocacy’s Web site at http://www.sba.gov/advo/research/wk-papers.html.

Daniel Ostas, James G. Harlow Jr. Chair in Business Ethics and Community Service and professor of legal studies, recently started a six-year term as editor-in-chief of the Southern Law Journal. His first issue as EIC was for Volume 19 (1) (Fall 2009). The SLJ is the official, blind peer-reviewed publication of the Southern Academy of Legal Studies in Business. It can be viewed online at www.SALSB.org. The SLJ is listed in Ulrich’s International Periodical Directory and in Cabell’s Directory. Full text of the SLJ also is included in the EBSCO Publishing electronic database, available in 90 percent of the world’s public, college and university libraries.

Robert Zmud, Michael F. Price Chair in Management Information Systems and professor of management information systems, was inducted as an inaugural Distinguished Fellow of the INFORMS Information Society in October “in recognition of outstanding intellectual contributions to the information systems discipline.” Zmud is now a Fellow of three learned societies: the Association of Information Systems, the Decision Science Institute and the INFORMs Information Systems Society.

Suman Basuroy, Ruby K. Powell Professor and associate professor of marketing and supply chain management, and Diego Rinallo’s paper “Does Advertising Spending Influence Media Coverage of Advertiser?” was published in the Journal of Marketing in November.

Suman Basuroy, Rath Chair in Accounting and professor of accounting, and Lisa Koonce had a paper titled “Earnings Trends and Performance Relative to Benchmarks: How Consistency Influences Their Joint Use” accepted for publication in the Journal of Accounting Research. Their results show that investors rely on each of these earnings measures only when it is consistent over time. When both measures are consistent over time, investors use them in an additive fashion, suggesting that they view them as providing different information about the firm. Further tests show that investors believe that earnings trend and benchmark performance each provides information about a firm’s future prospects and management’s credibility. Although judged future prospects fully explains the effect of earnings trend on investor judgments, neither judged future prospects nor management credibility completely explain the effect of benchmark performance.

Roberto Zmud

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