Fan Chen, Price College Finance Ph.D. student and Business Energy Solutions Center doctoral fellow, presented his paper “Energy Futures Prices and Drilling Activity” at the August Commodity Futures Trading Commission Conference on Commodity Markets. He also will present it in October at the 2011 Financial Management Association Annual Conference in Denver. Previous studies have documented a positive relation between crude oil spot (or cash market) prices and drilling activity. However, since drilling activity today only impacts possible future production, he hypothesizes that drilling activity should be more a function of expected future oil prices than current spot prices. Using NYMEX crude oil futures prices as a measure of expected future oil prices, he finds that futures market prices positively impact U.S. drilling activity independently of current oil prices. Indeed, while U.S. drilling activity is positively related to both spot (or cash market) and futures prices, he finds that drilling activity in the Middle East, the U.K. and Canada is more a function of futures prices than spot prices. Chen further shows that relating drilling activity to current spot prices only, as previous studies have done, leads to a serious under-estimation of how drilling activity responds to higher or lower oil prices.

Louis Ederington, Michael F. Price Chair in Finance; Chitru Fernando, John and Donnie Brock Chair and research director of the Business Energy Solutions Center; Scott Linn, R.W. Dick Moore Chair in Finance Economic Development; and former finance doctoral student Anthony May presented their final report, “Factors Influencing Oil Prices: Current State of Knowledge and Future Research Directions,” on their 2010-11 Business Energy Solutions Center research contract with the U.S. Department of Energy, Energy Information Administration. A second BESC-EIA research contract titled “The Effect of Futures Trading on Spot Oil Prices” led by Ederington and Fernando, and including finance doctoral student Kate Holland, was awarded by the DOE in June. Additionally, the BESC research proposal, “Enhancing the Transparency and Efficiency of U.S. Energy and Financial Markets,” led by Ederington, Fernando and Linn, is the first Price College proposal to be included in OU’s annual congressional funding request. If funded, this proposal will result in the largest research grant ever received by the college.

For the second consecutive year, Ederington and Fernando were invited to represent the University of Oklahoma at the U.S. DOE’s annual workshop on energy and financial markets in Washington, D.C. They also presented their paper with Michael Dewally titled “The Determinants of Trader Profits in Energy Futures Markets” at the U.S. Commodity Futures Trading Commission and the FDIC-Cornell University-University of Houston Conference on Derivatives and Risk Management.

Fernando, May and William Megginson, Rainbolt Chair in Finance, published their paper, “The Value of Investment Banking Relationships: Evidence From the Collapse of Lehman Brothers,” in the Journal of Finance. They also presented this research at several leading conferences and universities around the world, including the American Finance Association meetings in Denver; Financial Intermediation Research Society Conference in Florence, Italy; and the U.S., European and Asian meetings of the Financial Management Association. Additionally, Megginson presented academic studies at Massey University in New Zealand and also advised the country’s Treasury on the privatization program they are preparing to launch.
Bret Bradley, assistant professor of management, has his article, “Reaping the Benefits of Task Conflict in Teams: The Critical Role of Team Psychology Safety Climate,” forthcoming in the Journal of Applied Psychology. He and his coauthors, Bennett Postlethwaite, Anthony Klotz, Maria Hamdani and Kenneth Brown, focus on one of the most fundamental challenges managers face, which is dealing with conflict within their team. Rigorous debate and task-focused conflict should lay the foundation for great team performance, yet too often, conflict distracts the team, derails task performance and thoroughly annoys everybody. So, when does conflict help, not hurt, a team’s performance? To answer this question, they studied how teams that benefited from conflict were different from teams that were damaged by conflict. They discovered that the primary element was an internal team climate characterized by what they term psychological safety. This climate refers to an internal team environment where members feel free to express the full range of their ideas and opinions, without the fear of embarrassment or punishment. Hence, team leaders who foster this type of climate can expect performance gains from increases in task conflict.

Bradley also presented a paper titled “Personality and Leadership Composition in Top Management Teams: Implications for Organizational Performance” at the Academy of Management Conference in San Antonio in August. He and his coauthors, Amy Colbert and Murray Barrick, studied about 100 top management teams and discovered that the average level of the personality trait of conscientiousness within a top team had a positive impact on an organization’s subsequent financial performance. They also found that the average level of transformational leadership among these top members, not just the CEO, was related to organizational financial performance. These findings show that the personalities of members of the top team impact how well the organization performs financially. Additionally, they show the importance of the entire top team, not just the CEO, to an organization’s success.

Daniel Ostas, James G. Harlow, Jr. Chair in Business Ethics and professor of legal studies, presented his article, “The Ethics of Corporate Legal Strategy: A Response to Professor Mayer,” in August at the National Conference of the Academy of Legal Studies in Business in New Orleans. The article summarizes a decade of Ostas’ scholarly writings, responds to a recently published critique of those writings and offers an extension. It has been accepted by and is forthcoming in the American Business Law Journal, the leading journal within the legal studies field.

Craig Russell, professor of management, and the late Mary Van Sell of Oakland University, have their paper, “A Closer Look at Decisions to Quit,” forthcoming in the journal, Organizational Behavior and Human Decision Processes. They mathematically modeled how 532 newly hired nurses decide to quit in a simulation at their time of hire in a large hospital chain. Each was asked how likely she was to quit hypothetical jobs that varied high, moderate and low levels of five job characteristics. Survey measures of these job characteristics over the next two years were multiplied by weights derived from individual nurse’s simulations to yield turnover likelihood estimates, which predicted voluntary turnover 127 percent more accurately over an eight-year period than the best predictors previously reported in the literature. A biographical information inventory also predicted turnover meaningfully better than the best existing predictors. Average job tenure for future nurses hired on the basis of the biographical information inventory was expected to exceed those hired under the old selection system by 18 months, saving the hospital more than $800,000 annually in recruiting and training costs.

Jeremy Short, Rath Chair in Strategic Management and new to the Division of Management and Entrepreneurship, along with his co-authors Dave Ketchen, James Combs and Duane Ireland, had their Organizational Research Methods article “Research Methods in Entrepreneurship: Opportunities and Challenges” honored as the most downloaded article in 2010 in this journal of all articles published in 2009 and 2010. To read this article, go to: http://orm.sagepub.com/cgi/reprint/13/1/6?ijkey=z9WmTPwSzMs3Q&key type=ref&siteid=sorm&utm_source=eNewsletter&utm_medium=email&utm_campaign=1J22.