

at the Center of it all

Danny Leipziger

FOSTERING a Forum on GLOBAL GROWTH



By Richard Willing

Economic recovery remains fragile and uneven, and nostrums such as the rationality of markets have suffered recent and very public embarrassments.

For Danny Leipziger, professor of international business, that means it's the perfect moment to bring together economists, government officials and others to encourage growth in the developing world.

Leipziger initiated "Growth Dialogue" last fall, a year after joining GWSB from the World Bank, where he served as vice president of the Poverty Reduction and Economic Management Network.

"We think we've found a niche that makes sense—for the Dialogue and the School—with conferences, a dynamic website and a network that matches experienced policymakers with those currently facing practical policy problems," said Leipziger.

The Growth Dialogue succeeds the Commission on Growth and Development, an independent body that from 2006 to 2009 produced research papers, special reports and backgrounders by scholars, political leaders and other experts, as well as the *2008 Growth Report*. Leipziger was vice chair of the group, which was led by Michael Spence, recipient of the 2001 Nobel Memorial Prize in Economic Sciences.

At GWSB, Leipziger spends about one-third of his time on the Growth Dialogue. The rest of the time, he

continued on page 3

Message from Dean Guthrie

Washington, D.C., gives our school, our faculty and our students a special vantage point. Our faculty members are engaged in important policy research and their recommendations are closely watched. In this issue, we'll highlight a few of our thought leaders:

- Danny Leipziger launched the "Growth Dialogue" to research economic trends that encourage sustainable growth (cover story).
- Chris Kayes teamed with Professor Yoshitaka Yamazaki at the International University of Japan to explore the importance of learning as a tool for improving performance within international organizations. Their findings can be applied to organizations from multinationals to the military.
- Jorge Walter collaborated with Rutgers' Daniel Z. Levin and J. Keith Murnighan at the Kellogg School

of Management on a study recently highlighted in the *MIT Sloan Management Review*.

- Annamaria Lusardi, GWSB's top scholar in financial literacy, was awarded a \$150,000 grant from the NYSE Euronext Foundation.
- Scheherazade Rehman became our first faculty member to win GW's coveted Oscar and Shoshana Trachtenberg Faculty Prize for teaching.

We would like to congratulate everyone for their successes and great contributions to the School.

Doug Guthrie

Doug Guthrie
Dean, Professor of Management,
Professor of International Business



International Business Professor Wins Teaching Award

Scheherazade Rehman, professor of international business, is the first faculty member of the School of Business to win a coveted University teaching award.

Rehman was one of five GW professors honored April 20 with the Oscar and Shoshana Trachtenberg Faculty Prize. She earned consistent praise from her students for her relevant and engaging presentation.

“It’s when you see the light go off—that ‘ah ha!’ moment—that the students get self-motivated. I don’t have to push them,” Rehman said. “Students come up with innovative ideas.”

Rehman keeps a busy schedule. She gives a keynote speech before a closed forum of U.S. Congress members one month, teaches in Rome the next and then dashes off to Africa to do relief and development work for a nonprofit she helps run. Then it’s a *Washington Post* video interview or a TV appearance on the “Colbert Report” or “PBS NewsHour.” Last year, Edward Elgar Publishers published *Corruption And Its Manifestation In The*

Persian Gulf, a book Rehman wrote with GWSB Professor Hossein Askari and Nora Arfaa at the World Bank.

Born in Pakistan and raised in Bahrain, Rehman has lived and worked in Turkey, the United Kingdom and Kenya. That global perspective benefits her work as director of the European Union Research Center at GW.

The Trachtenberg award is the third university-wide honor for Rehman, who is also a triple GW alumna (PhD, ’92, MBA, ’89, and BA, ’85). Over the past year, the GW Institute of Public Policy honored her with its University Policy Research Scholar Award, and she earned the University Service Excellence Celebration Choice Award in the category of “Parents Choice.”

“Professor Rehman completely reshapes students’ thinking about the world and is relentless in her desire for students to truly understand the material,” said Professor of Geography and International Affairs Marie Price, a 2005 Trachtenberg Prize winner and presenter of the 2011 awards.



GRANT TARGETS FINANCIAL LITERACY EDUCATION IN THE WORKPLACE

The NYSE Euronext Foundation has awarded GWSB’s top scholar in financial literacy a \$150,000 grant aimed at workplace education. Annamaria Lusardi, director of the School’s Financial Literacy Center, will use the grant to develop a set of tools and recommendations that companies can use to help employees make complex financial decisions.

“The average worker has very little knowledge about economics and finance,” said Lusardi, a professor of accounting and economics. “We must empower consumers to make sound financial decisions. These tools will be designed to do just that.”

Lusardi’s research has found that more than half of all Americans have not planned for retirement, college education or economic emergencies. She said financial education is most effective if it coincides with “teachable moments,” such as tax time, the birth of a child or other major life events.

“As the hub of a global community of companies, we are in a position to provide tools to help corporations more effectively tackle this critical issue,” said Michelle Greene, executive director of the NYSE Euronext Foundation.

Lusardi is a pioneer in the area of financial literacy. Among her research, she leads an initiative that compares financial knowledge in societies around the globe.



Dr. Annamaria Lusardi, fourth from left, at the New York Stock Exchange

A New Approach to Global Economics: Worldwide Sustainable Growth

Top officials at the World Bank and the IMF said the global financial crisis taught economists to re-think sustainable growth worldwide.

At an event organized by GWSB students, World Bank Senior Vice President and Chief Economist Justin Yifu Lin said “one-size-fits-all” economic models no longer work. In a related event, Dominique Strauss-Kahn, managing director of the IMF, told a packed audience at the GW School of Business that his agency must reevaluate economic theories and diversify as an institution to remain effective.

“Before the crisis we, the economists, thought we knew how to manage economies,” Strauss-Kahn said in a “Global Challenges, Global Solutions” presentation. “We believed the rising tide of globalization would lift all boats.” He said IMF believed falsely that deregulation and privatization would unleash prosperity and that financial markets would channel resources where needed.

Lin, meanwhile, explained that economic theories that emerged after World War II, and were later modified after high inflation in the 1970s, do not adequately account for how countries grow and become competitive today.

Lin is a leading advocate of “new structural economics,” which sees economies developing in stages and argues that government should facilitate upgrades of industry and infrastructure.

Both Strauss-Kahn and Lin said globalization had a dark side in the form of the widening gap between rich and poor—and as long as that gap exists, growth will not be sustainable.

The IMF chief called for a new approach to economic policy, one that embraces social inclusion and encourages greater cross-border cooperation. Lin said economists must work to provide a consistent framework that will provide “new insight into better policy making.”



Justin Yifu Lin

Learning Plays Pivotal Role in the Performance of Leaders

When people think of learning, they think of sitting in a classroom, but research is changing that perception.

“People learn new things every day. In a typical work day, leaders must learn to improve their performance and enhance their work as part of their job,” said Associate Professor of Management Christopher Kayes.

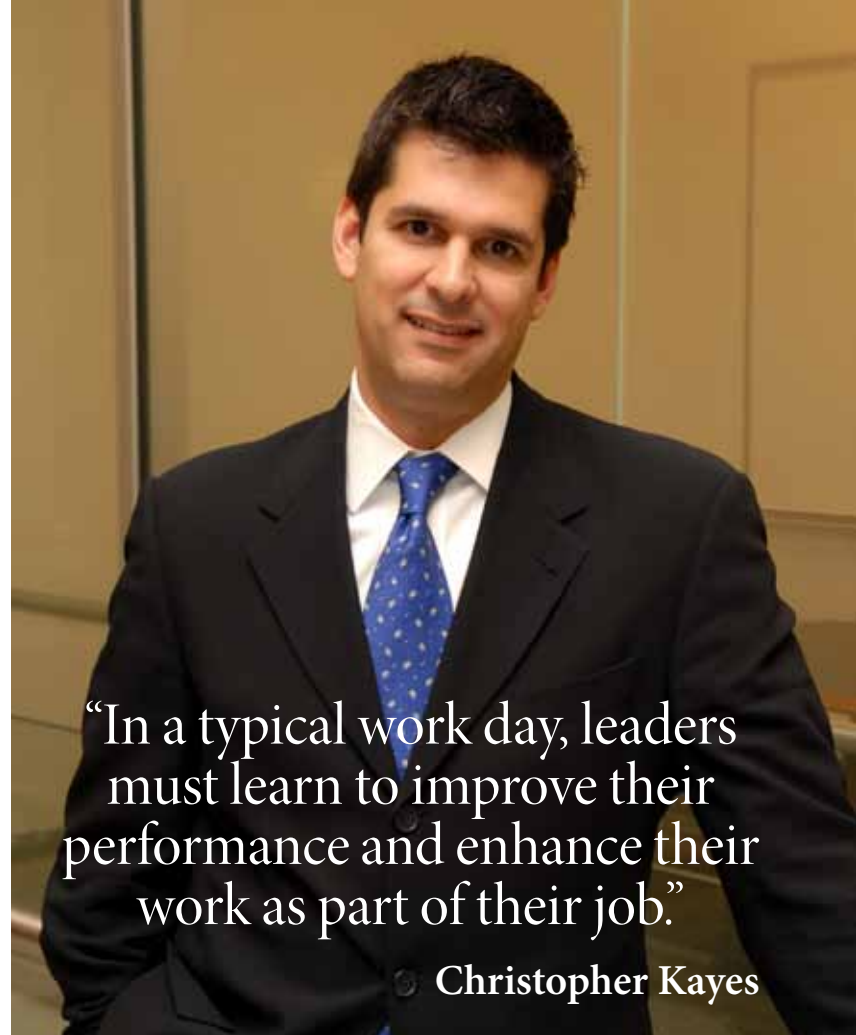
Kayes’ research demonstrates that learning improves organizational performance—from multinationals to the military.

One recently published study, conducted with Professor Yoshitaka Yamazaki of the International University of Japan, examined how leaders adapt to different cultures. Openness was key to adaptation and led to successful assignments. But the patterns of learning differed across cultures. Japanese employees in the United States needed to be active and decisive,

while Americans in Japan needed to be reserved and conscious of working with their team. The research showed why many expatriate assignments fail.

Kayes also teamed with the U.S. Army and Col. Nate Allen, PhD, ’06. They studied more than 300 Army officers who dealt with constantly changing conditions during the Iraq and Afghanistan wars. Preliminary findings indicated that the ability to learn and adapt to changing circumstances was critical in developing leadership skills.

“Front-line officers learned that old techniques and thought patterns wouldn’t work. They needed to learn quickly to survive,” Kayes said. The study of military officers promises insight into how organizations can develop leaders and how leaders respond to unexpected circumstances.



“In a typical work day, leaders must learn to improve their performance and enhance their work as part of their job.”

Christopher Kayes

Social Networking It's Not Just for Teens

Jorge Walter, assistant professor of strategic management and public policy, researches adult relationships (no, not *that* kind). His investigation into the value of past and

present relationships had surprising results: Old ties were surprisingly resilient—even after years of neglect.

The joint research with Rutgers’ Daniel Z. Levin and J. Keith Murnighan at the Kellogg School of Management was recently highlighted in the *MIT Sloan Management Review*.

The project stemmed from the belief that there is potential in long-lost or dormant relationships. The researchers found that old ties, once reconnected, were as useful—or even better—than current associations.

Walter and his colleagues had 244 adults in four executive MBA classes in the United States and Canada use social media to reconnect with two people they had lost touch with for at least three years. The study’s subjects asked the long-lost friends and associates for advice on an ongoing work project. The responses were compared with two current relationships that were selected randomly. The researchers statistically controlled for factors related to the duration of the executives’ work projects, their age and experience, the size of their organizations and whether the reconnections were in person or not.

The executives in the MBA classes were hesitant to contact old friends and colleagues. But the old pals were consistently receptive. Their shared perspective and, particularly, the trust established years ago didn’t turn frosty over the years.

Research participants were also worried that dusting off old relationships might be a high-maintenance task, but most people have adapted to a social networking culture in which relationships fade in and out without raised expectations.

The research found that that the pool of valuable dormant ties is surprisingly deep. It also found the revived connections more beneficial for older executives because they had more dormant ties.

Walter concluded that while many people use social media to revive social contacts, there is business value in these connections, in the form of new and useful work-related information. Insights from the dormant ties tended to be more novel and more efficiently attained than those from current ties.

The researchers found that reciprocity was the key to success. Mutually beneficial relationships resulted when both sides provided information and assistance.



Fostering a Forum

(continued from page 1)

teaches. Last year, he led a group of Global MBA students on an overseas residency focused on green technology in South Korea.

The Growth Dialogue began last October with a conference examining implications of the Great Recession for global growth. This month, in Lisbon, the Dialogue will address infrastructure constraints to growth in Africa. An upcoming conference in Bellagio, Italy, will focus on new paradigms for growth while one in Malaysia will look at city-led growth. The dialogue’s website, www.growthdialogue.org, posts key documents, an “Expert Advice” column and a study comparing Chile’s growth with that of East Asia.

Leipziger is proud of the independence of the Growth Dialogue, which hews to no particular political line and is sponsored by the governments of Canada, the United Kingdom, Sweden and South Korea. Its location within GWSB, he noted, is especially apt given the School’s large population of international students and global emphasis on the intersection of business, politics and policy.

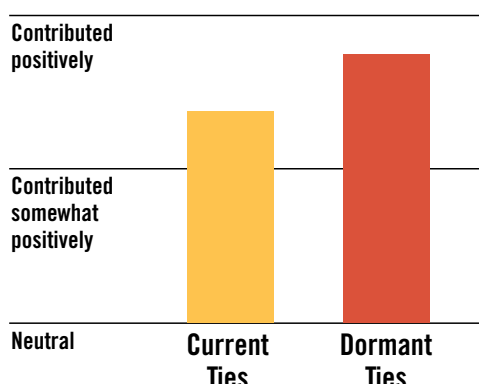
“The face of globalization is changing,” Leipziger said. “But economic growth, as the source of sustained prosperity in the developing world, will continue to be vital.”



RECONNECTED TIES BEAT CURRENT ONES

Asked to rate and compare the value of advice received from dormant versus current contacts, executives reported that dormant ties delivered more.

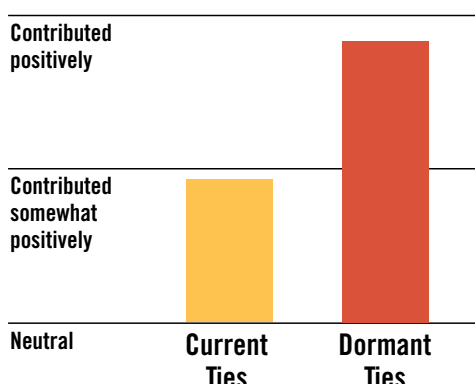
Contribution to your performance on your work project



DORMANT TIES PROVIDE MORE NOVELTY

One reason dormant ties are valuable: Research reveals that dormant ties, compared to current ones, are greater sources of unexpectedly novel insights.

Unexpected insights or advice contributed to your performance





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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.

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"Which MBA?" September 2010
38th in North America for
Global MBA Programs
1st Worldwide for Diversity of Recruiters
6th Worldwide for Breadth of Alumni Network
17th Worldwide for Student Diversity

7 **U.S. News & World Report**
"America's Best Colleges," August 2010
7th Undergraduate International Business Specialty
34th Undergraduate Business Program

14 **The Accounting Review**
November 2010
14th Department of Accountancy
Among 130 Institutions Worldwide

19 **BusinessWeek**
"The Best Undergrad B-Schools," March 2011
19th in the United States for Academic Quality