

**Robert H. Smith School of Business**  
**Principles for Responsible Management Education (PRME)**  
**Sharing Information on Progress (SIP) Report**

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## ***I. Letter of Renewed Commitment of the Principles for Responsible Management Education***

As an institution of higher learning involved in the education of current and future managers, the Robert H. Smith School of Business at the University of Maryland is committed to engaging in a continuous process of improvement in the application of the Principles for Responsible Management Education (PRME), reporting on progress to all stakeholders and exchanging effective practices with other academic institutions.

We understand that our own organizational practices should serve as an example of the values and attitudes we convey to our students.

We encourage other academic institutions and associations to adopt and support these six Principles of purpose, values, method, research, partnership, and dialogue, which lay the foundation for the global platform for responsible management education.

Sincerely,

A handwritten signature in cursive script, reading "Anandalingam". The signature is written in dark ink and is positioned below the word "Sincerely,".

## ***II. The Robert H. Smith School of Business - Mission and Vision***

- The emergence of new financial models for banking and debt management
- Increased demand for alternative energy sources and the development of green industries
- Health care's need to broaden coverage while reducing inefficiencies and costs
- An aging population in the developed world and an exploding population in the underdeveloped world

These are just a few of the major, complex challenges facing business leaders today. But with challenges come opportunities, and business schools should be at the forefront of addressing the challenges and creating new opportunities. That is where the Smith School chooses to be. We care about the world's big problems. And we have the intellectual capital, creativity and entrepreneurial vision to contribute to big solutions.

To be relevant both now and in the future, business leaders must understand the global economy and the forces reshaping it. They must have the ability to work effectively with diverse cultures and markets. And they must adhere to the highest standards of corporate ethics and social responsibility.

The Smith School is educating men and women to become agents of positive change in the world. We want to broaden their horizons, exposing them to new business practices, different cultures and new ways of thinking.

Our goal is to help every Smith graduate apply business acumen within and beyond traditional business disciplines, to create value for their organizations and their communities, in ways we haven't yet imagined.

### *Our Vision*

We will be a world leader in generating new knowledge in the emerging global economic and business paradigm and providing thought leadership to students, corporate executives and policy makers, so that they can be agents of both economic prosperity and transformative social change. We want to continue to be counted among the top business schools in this country and the world. We want to be known for superb scholarship, excellent students and flawless operations, not just among those who know us well, but everyone.

### *Our Core Values*

Creativity, innovation and entrepreneurial spirit – Innovation with a purpose brings value, and creating value is at the heart of the enterprise. At Smith, we value innovation as key to business education in the modern world.

Integrity and accountability – Integrity, accountability and reputation management are essential to free markets and the conduct of global business, and are cornerstones of the Smith community.

A global view embracing diversity – The world is increasingly more interconnected; this requires an understanding of and an appreciation for cultures and people beyond the school’s walls. At Smith, we value the rich contribution of people of many backgrounds and perspectives, and recognize that excellence cannot be achieved without diversity.

#### *Taking Responsibility for the Future*

##### *Solving Real-World Problems*

Smith is at the forefront of creating, understanding and leveraging the modern world’s evolving business models. Our world-class faculty and research centers work to bring game-changing research into the classroom and the boardroom for maximum impact. Smith immerses its students in complex and evolving marketplaces where critical thinking, creativity and entrepreneurship are at the core of the enterprise.

##### *Growing Global Citizens*

Tomorrow’s business leaders need to grapple with emerging markets and the growing integration of the world’s economies. Our global learning opportunities challenge students and equip them to compete globally across changing cultures and disappearing borders.

##### *Answering the Challenges of Today*

Smith leads the University of Maryland’s efforts to address issues of sustainable practices and global citizenship. Smith is committed to preparing students to use smart business principles to drive transformative social change.

##### *Connecting in the Nation’s Capital*

With the vast array of non-profit organizations, governmental agencies and socially conscious for-profit companies in the Washington, D.C., metropolitan area, the Smith School is well-situated to provide thought leadership, education and advice for productive and effective public/private partnerships.

### ***III. School's Principles Description***

**Principle 1 - Purpose:** We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.

**Principle 2 - Values:** We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.

**Principle 3 - Method:** We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.

**Principle 4 - Research:** We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.

**Principle 5 - Partnership:** We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.

**Principle 6 - Dialogue:** We will facilitate and support dialog and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

*Principle 1 - Purpose: We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.*

**a. Key Initiatives**

**The Smith School Center for Social Value Creation** – In the fall of 2008, the Robert H. Smith School of Business released a report concerning the disparity between businesses and business schools in the area of social and environmental responsibility. Professors Rhonda Reger and J. Robert Baum analyzed the content of nearly 100 corporate and business school web sites. What they discovered was that business schools are lagging behind many companies whose stance toward social responsibility and corporate accountability is more ambitious and forward thinking. One reason for this is that commercial businesses are motivated by the close ties and obligations they have to their stakeholders, i.e. their shareholders, employees, customers, etc.

Dean Anand and the faculty at Smith believe that business schools around the country should be LEADING the discourse on social responsibility, not following it. This, along with the growing demands of students, corporate constituents, and alumni to make social and environmental impact a priority, became the impetus behind the Smith Center for Social Value Creation.

The Robert H Smith School of Business Center for Social Value Creation ([www.rhsmith.umd.edu/svc](http://www.rhsmith.umd.edu/svc)) was created to develop global leaders with a deep sense of individual responsibility and the knowledge to use business as a vehicle for economic prosperity and transformative social change. Whether working for a Fortune 500 company or a nonprofit organization and anything in between, our students leave the Smith School with a passion and expertise to make an immediate and lasting impact on the world around them.

The Center for Social Value Creation also strives to educate students to tackle messy, complex real-world problems in and out of the classroom; fund ground-breaking research by Smith Faculty; and develop meaningful relationships with businesses, government and non-profits to teach, experience, inform and create thought leadership.

**The Smith School Social Venture Consulting Program** - The Smith School has partnered with Grassroots.org, a national organization providing free online services to over 1,000 nonprofits in the U.S., to harness the social entrepreneur expertise and enthusiasm of Smith students to benefit nonprofit organizations.

In the Social Venture Consulting Program, the Smith School engages with selected nonprofits to provide MBA and Undergraduate students with practical consulting experience and an opportunity to give back to their community. Projects are designed for 60-80 hours over 3 months to address issues —whether financial,

marketing, operational, organizational or strategic— and to develop the necessary steps to solve the problems and improve the business. Since our inception in Fall 2006, more than 250 fulltime and part-time MBA students and a pilot group of Undergraduate students have assisted 65 nonprofits. Consulting projects involve three phases: information gathering, implementation and evaluation/review. Recent participating clients have high satisfaction levels after their engagement with 100% of clients reporting they would work with the consultants again and recommend the program to their peers. Satisfaction has also been high on the student side with the majority of student interest/participation stemming from classmates recommending the the program.

The Social Venture Consulting Program has also become highly competitive, with only one-fifth of the clients applications being accepted to the program and one-third of the students applications being accepted.

**Ashoka U Terp Changemaker Program** – Last year the Smith School was selected as an inaugural “Changemaker Campus” in partnership with Ashoka, a non-profit network of social entrepreneurs. Ashoka chose the University of Maryland as one of four U.S. campuses to develop a model for future university-based initiatives that will promote innovation and social change. Faculty and staff from the Smith School—with students from across the University of Maryland campus—are spearheading the effort, building on the school’s leadership in programs and research that encourage the creation of social value and socially responsible business practices.

In its second year as a Changemaker campus, the University now boasts 11 Changemaker students (3 MBAs, 7 Undergraduates, and 1 Masters of Real Estate) in addition to the pilot group of 9. All 11 changemakers have identified “I-series” course opportunities and help to plan and build on-campus programs throughout the academic year. This year’s accomplishments include:

Social Enterprise Symposium – 500+ student attendees, 8 sessions, keynote by Stanley Litow, Vice President, Citizenship & Corporate Affairs and President, IBM International Foundation, 18 organizations and companies at networking fair

Think Outside the Box: Squares for Social Change – hundreds of students voted for their favorite creative display about how students see their role and desire for social change.

**Principle 2 - Values:** We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.

***b. Curriculum Enhancements***

Companies are facing an unprecedented climate of uncertainty and looking to hire graduates who have a clear vision for the role that business can play in society. Additionally, the demand for business skills in the social sector is increasing dramatically. The Smith School provides a core curriculum and complementary electives for students to build the critical cluster of skills necessary for success: understanding context, managing complexity, critical thinking, and cross-boundary leadership. In addition, through the required core curriculum, MBA students work with nonprofit organizations as part of a team-based action-learning project.

Over the course of the past three semesters, even more enhancements have been made to the curriculum and more are planned for the 2010-2011 academic year. The Smith School was proud to expand our popular Economics of Sustainability course to our Part-Time MBA population in 2009. The Smith School's core MBA Teamwork & Integration course incorporated social venture consulting projects, with each participating second-year MBA working with a local non-profit organization in a semester-long action learning consulting project in Fall 2009.

In 2009-2010, The Smith School, through its Office of Global Programs, was also very excited to introduce its first Business of Public Health study abroad course in Costa Rica. Over the course of the ten-day visit, MBA students received a first-hand look at how the Costa Rican public health care system works and impacts residents.

At the undergraduate level, the Smith School inaugurated a new course on Social Enterprise entitled "Social Enterprise: Changing the World through Innovation and Transformative Action," which looks at the history and theory of social change, review the skills, strategies, and ideas of effective change agents and give students the tools to create a blueprint for their ideas for social transformation.

The Smith School was also very proud to roll out its new undergraduate Social Innovation Fellows Program, which immerses students in the process of seeking innovative solutions for social transformation through business principles and hands-on engagements with nonprofit and for-profit organizations. Whereas many people in the past sought to change society through activism, today individuals are creating new alternatives – entrepreneurial ventures that address social and environmental issues. The program features an optional internship and co-curricular programming aimed at developing skills in the areas of social enterprise, microfinance, marketing and new media. Students leave the program with a deep understanding of how to apply their business skills toward addressing issues of social and environmental importance in large and small organizations alike. This is a highly interactive, experiential, and dynamic program beginning in Fall 2010.

A list of course offerings in the realm of creating social value in a managerial position are below.

### **BUSI660 Entrepreneurship and New Ventures**

Provides an introduction to important tools and skills necessary to create and grow a successful new venture. Integrates research findings from a range of different practical and intellectual perspectives, including psychology, sociology, economics, strategic management, and history into practical, hands on lessons for an entrepreneur. Class projects provide the foundations for new, real businesses.

### **BUSI661 Creativity for Business Leaders and Entrepreneurs**

Examines the concept of creativity as it applies in today's and tomorrow's complex business environment. An overview of the cognitive foundations of creativity, examines many of the preconceived notions about creativity in business and discusses multiple ways in which creativity can help business leaders and entrepreneurs to succeed. Topics include creativity techniques for groups and individuals, creativity as a foundation to recognize business opportunities and develop innovative products and services, selecting ideas and making them stick, mental and organizational obstacles to creativity as well as an overview of electronic tools to increase creative capability.

### **BUSI665 Integration and Teams**

Provides students with the concepts, frameworks, tools and skills necessary for thinking and working in an integrative fashion across functional areas of a business in a team-based environment.

### **BUSI667 Cross-Cultural Communication and Teamwork**

Provide managers a sound basis for developing such competencies. Specifically, students develop an understanding of key cultural differences, and how these differences influence the management of individuals, groups, and organizations

### **BUSI670 (758R) Social Responsibility in Business**

This course examines the various expectations for socially responsible business conduct. Such expectations include sustainability, stability, and the ethical and legal expectations of different corporate constituencies. The course considers the role of individual managers and offers them specific frameworks and techniques for integrating social responsibilities and more traditional business concerns into business strategies, which provide sustainable competitive advantages. Specific topics include the expectations of shareholders, employees, customers and governments as well the relationships between businesses and the natural environments and communities in which they operate.

### **BUSI673 International Economics for Managers**

Focuses on understanding critical aspects of the global business environment that influence firm decisions and behavior. Globalization is present in market competition, capital markets, and managerial talent as evidenced by free trade areas and economic unions forming, the volatility in global financial markets, and the continued rise of transnational firms. With globalization, the challenge for firms is to acknowledge, understand and act when appropriate—to act by sourcing, lobbying, and relocating value chain activities internationally.

### **BUSI681 Managerial Economics and Public Policy**

Basic microeconomic principles used by firms, including supply and demand, elasticities, costs, productivity, pricing, market structure and competitive implications of alternative market structures. Market failures and government intervention. Public policy processes affecting business operations.

### **BUSI683 Global Economic Environment**

Relationship between national and international economic environments. Determinants of output, interest rates, prices and exchange rates. Analysis of effect of economic policies (fiscal, monetary, trade, tax) on the firm and the economy.

### **BUSI691 Integrative Business Plan Competition**

Designed to inspire and enable students to develop new business products, services, processes and management models. Three-person teams create a business plan to commercialize an innovation and submit the plan to the MBA business plan competition. The plan can involve creation of independent ventures or ventures within an established business.

### **BUM0758D Social Entrepreneurship**

This course is about using entrepreneurial skills to craft innovative responses to social problems. Entrepreneurs are particularly good at recognizing opportunities, exploring innovative approaches, mobilizing resources, managing risks, and building viable enterprises. These skills are just as valuable in the social sector as they are in business. Social entrepreneurship applies to both profit and non-profit firms who have programs designed to create social value.

### **BULM758F Economics of Sustainable Development**

Firms are increasingly confronted by issues of sustainability, whether via demand side or social pressures, a quest for superior and sustained performance or a need to comply with regulation. Sustainability issues facing firms are multi-faceted and, in most cases, without clear strategic solutions. The goal of this course is to better understand the issues of sustainability in a series of different contexts. Within each context, we examine the underlying market failures that lead to sub-optimal social outcomes along with commonly employed economic solutions to these problems.

## **BMGT198 Freshman Fellows Colloquium in Corporate Social Responsibility**

### **BMGT411 Ethics and Professionalism in Accounting**

Analysis and discussion of issues relating to ethics and professionalism in accounting. This course limited to accounting majors.

### **BMGT482 Business and Government**

Focus is on the complex interrelationships between business and government. Explores areas in which business and government are allies (cooperative research and financing program) and adversaries (regulation). Emphasizes a strategic management approach by business to government involvement in economic affairs.

### **BMGT496 Business Ethics and Society**

A study of the standards of business conduct, morals and values as well as the role of business in society with consideration of the sometimes conflicting interests of and claims on the firm and its objectives. Emphasizes a strategic approach by business to the management of its external environment.

### **QUEST**

The QUEST Honors Program brings together students with different disciplinary perspectives in engineering, technology and business to collaborate on course projects in quality management, process improvement, and system design. In the QUEST independent study, student teams nominated ideas for the class to pursue and included participation in a water filtration system design competition, the creation of a socially responsible study abroad course to Brazil, and the creation of a networking and recruiting forum in which students and businesses would collaborate to provide consulting services to improve the processes of non-profit organizations.

The BMGT/ENES 490 senior capstone class provides students the opportunity to work with organizations to solve challenges, and often these challenges include socially responsible endeavors. This past year, QUEST seniors addressed infant healthcare with GE Healthcare and green energy with Lockheed Martin. To read more about the QUEST senior projects, see [this article](#).

**Principle 3 - Method:** We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.

### ***c. Student Enrichment***

The Smith School has made a conscious effort to also meet the demands of students on an extra-curricular level. With more students seeking opportunities to create social value through on-campus groups and events, the Smith School had broadened its catalogue of socially conscious student groups. During the 2009-2010 academic year the Smith School announced the creation of two new clubs, one on the undergraduate level and one on the graduate level.

At the undergraduate level, students introduced a new Net Impact undergraduate chapter, expanding on the already-flourishing Net Impact graduate chapter. On the graduate level, the Smith School introduced the Emerging Markets Association. With the addition of these two clubs, the Smith School now boasts ten student clubs that are dedicated to creating educational frameworks and leadership opportunities for students looking to become managers who look beyond the bottom line. Since August 2009, more than 1300 Smith students have had club interactions, including 900 who have heard club-sponsored presentations and more than 300 who attended club-sponsored events.

In the program-wide co-curricular event, QUESTPedition, QUEST students participated in a learning simulation that demonstrated the challenges of growing GDP while maintaining low carbon emissions. The game demonstrated the complexity nations such as China and the United States face while making decisions about emissions and economic growth in an interconnected environment.

The list of affiliated clubs is below.

#### **Net Impact**

Net Impact at Smith serves as a hub for both academic and career-oriented activities related to developing a broader perspective of leadership and entrepreneurship. Through guest lecturers, student discussions, interactive workshops, and community volunteering, members explore new business models and methods to exert a positive impact upon our environment.

#### **Terp Changemakers**

The Terp Changemakers' vision is to raise social awareness and create a movement at the University of Maryland to empower individuals to act on innovative ideas that better society.

#### **E-Club**

The MBA Entrepreneurship Club, or E-Club, assists Smith MBA students interested in starting their own personal ventures, pursuing careers in venture capital or with start-up companies.

### **Emerging Markets Association**

The Emerging Markets Association's (EMA) mission is to educate the campus community about the phenomenal growth of the private sector taking place in emerging economies. The EMA is committed to hosting events of interest to the MBA community by inviting distinguished faculty within Smith and leaders currently working at outside companies and organizations. Ultimately, the EMA seeks to provide a platform for education for those wishing to pursue careers in emerging markets.

### **Energy Club**

The Energy Club seeks to educate future business leaders about the fundamental drivers of energy supply and the effect these have on pricing, which will have a profound impact on decisions that affect the long-term success of businesses.

### **Global Business Society**

GBS promotes the concerns of internationally-minded students at the University of Maryland in the areas of business through programs and events designed for their interests. It strives to increase international recruiting and spread awareness for international business through events such as employer presentations and international etiquette sessions.

### **International Economics and Finance Society**

IEFS seeks to provide students of all majors with knowledge and insight about international economics, finance and trade institutions located in the greater Washington, D.C. area.

### **MUSE**

The Maryland Undergraduate Society of Entrepreneurs (MUSE) seeks to educate students about entrepreneurship, bring a method to the madness through experienced speakers and educational seminars, build a community of critically thinking entrepreneurs, and to have a great time doing it.

### **Society for Green Business**

The Society for Green Business seeks to build a community within the Smith School of Business, as well as the university, to promote environmental awareness. [Read an article about SGB.](#)

### **Engineers without Borders**

Smith School students are active members of Engineers without Borders, providing business acumen to a variety of projects in microenterprise and microfinance. Projects have occurred in Burkina Faso, Peru, and Ethiopia.

### ***d. Career Development***

The Smith School's Center for Social Value Creation works closely with the Office of Career Management and the Net Impact club to support students who are interested in pursuing internships, mentoring relationships, fieldwork projects and careers in

the areas of sustainability, corporate social responsibility, social entrepreneurship, international development and more.

The Smith School offers a variety of activities and networking opportunities for students to learn more about these fast-growing career tracks, and to engage in real-world experiences that expand professional and personal growth. These activities include: Social enterprise career panels & campus events, publications and knowledge toolkits and student and alumni mentoring.

Over the course of the past academic year, the Smith School has ramped up its efforts to facilitate job placement and career networking for students interested in social value or social responsibility-oriented careers. The Smith School's Center for Social Value Creation has partnered with the School's Office of Career Services for a career networking night and has partnered with the Smith School's Alumni Career Service on a Non-Profit Career Workshop. The Center for Social Value Creation has also sponsored and led 4 Net Impact Career Treks in the Washington, D.C. area over the last four semesters, engaging more than 60 students and 16 companies.

Lastly, travel and stipend funding is available through our CIBER Program for students interested in summer internships in emerging markets with socially responsible firms and social entrepreneurs. For example, students have been placed with microfinance organization in Honduras and Ethiopia.

**Principle 4 - Research:** We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.

#### ***e. Faculty Research***

The Smith School supports high-quality research that applies business and management expertise to the social sector including social entrepreneurship, humanitarian logistics and nonprofit management. The Smith School also supports research in the private sector in areas such as corporate social responsibility, globalization and international systems, and environmental sustainability. Our research covers all business disciplines.

The Smith School's Center for Social Value Creation funded five faculty research projects in the summer of 2009 and is slated to fund an additional two projects for the summer of 2010.

In addition, Smith faculty published a myriad of social value-related research, working papers and articles, many of which are listed below.

#### **Kiyatkin, Reger, Baum**

##### **“The Purpose of Business: Corporations Are More Progressive than U.S. Business Schools”**

Working paper presented at three conferences. Selected for inclusion in the poster session and Virtual Global Forum at the 2009 Global Forum for Business as an Agent of World Benefit: “Manage by Designing in an Era of Massive Innovation,” to be held June 2-5, 2009, in Cleveland.

We examine how leading corporations and U.S. business schools are differently characterizing the purpose of business on their organizational websites. We find support for our hypotheses that U.S. business schools lag behind corporations in the degree to which they both express attention to social issues and the degree to which they frame social issues as salient to the purpose of business. Next, we look to stakeholder theory, resource dependency theory, and a reputation perspective to develop propositions as to why corporations are leading U.S. business schools in this arena. Finally, we discuss what needs to change in order for U.S. business schools to assume their proper role as thought leaders for social progress.

#### **Vojislav Maksimovic**

##### **“How Well Do Institutional Theories Explain Firms’ Perceptions of Property Rights?”**

*Review of Financial Studies, 2008, 1831-1871*

How do firms in different countries perceive the protection of property rights? The author examines the effect on institutions and the legal system, as well as the effect

of ethnic differences on property rights.

### **“Financing Patterns Around the World: The Role of Institutions,”**

*Journal of Financial Economics, 2008, 467-487*

Is small firms' access to capital different than large firms, especially in developing countries? Do institutions matter?

**Russell Halper & S. Raghavan**

### **"Efficient Utilization of Mobile Facilities in Humanitarian Logistics"**

The management of humanitarian relief is increasingly complex. Relief requests are diverse and varied. They occur across different sectors including: educational activities, health, disaster relief, refugee assistance, poverty eradication, etc. Furthermore, relief agencies are under increasing pressure to manage their resources efficiently while maximizing the amount of services provided. In that sense it behooves international agencies to try to maximize their efficiencies in the process of delivering aid. Mobile facilities are often used to meet this goal. It is common in remote areas, areas where the availability of relief personal is scarce, or areas where local infrastructure has been disabled after a disaster to use mobile facilities to provide services to a large geographical area.

In this problem we consider relief or aid that is provided via multiple mobile facilities. These mobile facilities could be mobile clinics (e.g., on immunization drives, or performing free health check-ups), mobile communication facilities (e.g. portable cellular base stations), mobile schools, or mobile warehouses. In this setting there is spatial and temporal demand. The mobile facilities can provide service while stationary, but not while traveling. The mobile facilities have a certain capacity, and can only provide aid at a specified rate. The logistics problem is then to determine the best strategies to route these mobile facilities to maximize service to the affected population. In particular, routing determines both the movement of these mobile relief facilities, and the duration of time for which they should remain stationed at the various locations on their route. Whilst this problem is simple to state, it turns out to be extremely challenging. Our research develops algorithms for the efficient routing and utilization of mobile facilities.

**Lemma Senbet**

### **"Bank Incentives, Economic Specialization, and Financial in Emerging Economies"**

*Journal of International Money and Finance, 27 (5), Sept 2008, pp. 707-732*

The author models the vulnerability of an economy to a financial crisis as arising from the interaction of the degree of economic specialization and bank debt financing. The probability of a financial crisis is shown to increase in the degree of economic specialization. Bank debt financing has the beneficial effect of lowering

the degree of economic specialization by increasing access to financing of investment opportunities that would not have been financed due to wealth constraints of entrepreneurs (financial access effect). However, bank debt financing induces risk-shifting incentives (leverage effect). The net effect on the probability of a financial crisis depends on which of these two effects dominates.

**Robert M. Sheehan**

### **"Mission Gap: The Missing Driver for Nonprofit Strategy"**

The question of how to appropriately and effectively apply traditional for profit concepts of strategy to nonprofit organizations continues to be addressed by researchers and theoreticians. This paper looks at the differing purposes of for profits and nonprofits, and the implications of those differences for strategy development. The concept of "mission gap" is offered as a tool for translating notions of competitive strategy into the nonprofit environment.

**David M. Waguespack**

### **"Technological development and political stability: Patenting in Latin America and the Caribbean"**

*Research Policy, 34(10): 1570-1590*

The author examines the effect of national political institutions on patent application rates. The expected future value of a patent, like any other form of property, depends at least partially on certainty about the future. In circumstances where policy stability is greatest, and hence political uncertainty least, one should expect more aggressive pursuit of intellectual property rights. The author tests these ideas using a 27-year panel of Latin American and Caribbean nations, estimating US patent applications and domestic patent applications by local inventors for each observation, and holding other economic and technological inputs to innovation constant. His principal finding is that political stability matters to patenting.

**Susan White**

### **"Sulfur Dioxide Allowances: The Price of Pollution"**

*Journal of Financial Education, Vol. 31, Winter 2005, pages 118-125*

**Louiqa Raschid**

### **"Sahana: Overview of a Disaster Management System"**

Proceedings of the International Conference on Information and Automation, December 15-17, 2006, Colombo, Sri Lanka

**Ioannis Gamvros, Richard Nidel & S. Raghavan**

## **"Investment Analysis and Budget Allocation at Catholic Relief Services"**

*Interfaces, Vol. 36, No. 5, September–October 2006, pp. 400–406*

Catholic Relief Services, a not-for-profit agency that funds development programs and humanitarian relief efforts throughout the world, faces a challenging budget-allocation problem annually. The authors developed a mathematical model and a spreadsheet tool that allocates available funds based on the impact these investments will have in different countries. The model ensures a fair allocation to countries in need that is consistent with the agency's priorities and is simple enough for managers to understand. The agency is using the tool to plan its spending and considers it a success that has greatly improved the planning process.

**Kiyatkin, L. & Baum, J.R.**

## **"Employee Health: A Value Creating Organizational Resource"**

Presented at the 2009 Academy of Management Annual Meeting in Chicago, Illinois, August 2009

We draw upon the resource-based view and past research on health promotion and health care cost management to examine the implications of employee health and its underlying components as organizational level constructs. We develop a model that explains the process by which the components (health motivation, health risk, and healthy behaviors) impact organizational outcomes. We employ structural equation modeling to test this model on a dataset regarding 152 organizational level medical cost and productivity outcomes. Findings indicate that health motivation, low health risk, and healthy behaviors are interdependent organizational resources that promote sustainable competitive advantage. Health motivation is a means of building overall employee health to be an important organizational resource. Based on these findings, we argue that minimalistic cost management approaches to employee health are unwise from both organizational social and financial performance perspectives. As such, employee healthcare may be 'strategic' social performance. Implications and areas for future research are discussed.

## **"Performance Implications of Employees' Healthy Behaviors"**

In preparation for journal submission

We draw upon the resource-based view and past research on health promotion and health care cost management to develop a model that explains how two distinct categories of employees' healthy behaviors – 'healthy consumption' and 'physical/mental fitness' importantly and uniquely impact organizations' medical costs and productivity. We employ structural equation modeling to test these relationships on a dataset of 149 organizations. We find that employees' healthy consumption behaviors have a strong impact on costs and physical/mental fitness behaviors promote productivity. Implications and areas for future research are discussed.

**Principle 5 - Partnership:** We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.

***f. Key Partnerships***

**USAID-Smith School Global Challenge** – In Spring 2010, the University of Maryland’s Robert H. Smith School of Business and the U.S. Agency for International Development (USAID) teamed up for the Global Challenge, a first-of-its-kind competition that challenges teams of MBA and other graduate students to develop business solutions that support international development. Teams were tasked with devising a new public-private alliance that allows a private enterprise to meet its long-term business goals while contributing to international development initiatives in a specified region.

In round one of the competition, 65 teams from 32 Business and Public Policy Schools nationwide submitted written proposals in response to a specified Global Challenge prompt. Eight teams were then invited to compete in the oral presentation final-round competition at USAID’s headquarters at the Ronald Reagan Building and International Trade Center in Washington, D.C., on April 23, 2010. Judges included representatives from USAID, industry-leading private sector companies, and academia. The 2010 Challenge Prompt was to create a public-private alliance between a multinational or regional private sector company in the tourism industry and a host country government or a public donor agency in one of a list of Asian countries.

The concepts addressed in the Global Challenge are a top priority for USAID and are closely related to Global Engagement, one of the key themes of President Obama’s foreign policy, which seeks to address development challenges by engaging and empowering local stakeholders.

Teams vied for \$8,500 in cash prizes: \$5,000 for first place, \$2,500 second place, and \$1,000 third place. Students used the Challenge as an opportunity to connect with leading experts in the international development and business communities, receive guidance and build invaluable relationships with other students.

The winning team of Andrew Gendreau, Bryan Stroube and Robert Vesco of the Smith School of Business was awarded \$5,000 for their innovative proposal, "Sustainable Micro-tourism Homestay Program in Thailand." They, along with the other finalists, will have their paper distributed throughout the international development community.

**Principle 6 - Dialogue:** We will facilitate and support dialog and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

### ***g. Featured Events***

Over the course of the 2009-2010 academic year, the Smith School has sponsored or hosted more than a dozen featured events for its students, faculty, administration and the general public that aim to encourage thought-provoking dialogue on social and environmental issues confronting today's Business and Government leaders.

These events welcomed leaders from a wide variety of industries, including: Seth Goldman, President & TeaEO, Honest Tea; Stanley Litow, the VP of Corporate Citizenship & Corporate Affairs and President at the IBM Foundation; Dennis Macray, Director, Ethical Sourcing, Starbucks; Barbara Krumsiek, CEO, Calvert Group; and Dennis Wraase, Former President and CEO, Pepco Holdings.

Some of this year's featured events included:

**Leadership for a Better World Conference** – In Fall 2009, the Smith School hosted the Leadership for a Better World Conference at the Ronald Reagan Building in Washington DC. The one-day forum featured a series of high-profile thought leaders on the role of business in society and fostering social change through models of innovation. More than 250 academics, business leaders, nonprofit executives and policy makers attended and joined in the discussion.

Forum speakers included: Seth Goldman, President & TeaEO, Honest Tea; Shannon Hebert, Vice President of Integrated Marketing, National Geographic Global Media; Rosabeth Moss Kanter, Author, *SuperCorp: How Vanguard Companies Create Innovation, Profits, Growth and Social Good*; Ernest L. Arbuckle Professorship at Harvard Business School; and Richard Kiy, President & CEO, International Community Foundation.

**Smith School Social Enterprise Symposium** - In the Spring 2010, The Smith School and the Center for Social Value Creation hosted the second annual Social Enterprise Symposium, a student-run program designed to introduce new approaches for making impactful, lasting social change around the world using market-based approaches. The event brought together private, public and nonprofit practitioners who are crossing traditional barriers to enable social and environmental change. Attendees selected from multiple plenary sessions that ranged from topics in social media to sustainability to financing social change.

The event welcomed over 500 students and practitioners, and was keynoted by Stanley Litow, the VP of Corporate Citizenship & Corporate Affairs and President at the IBM Foundation. Other organizations participating in the event on speakers panels and in the symposium's career fair included: Accenture, Ashoka, A Wider Circle, Calvert Foundation, Climb the Green Ladder, Constellation Energy, Ernst &

Young, GE, Global Giving, IBM, IRIS Center, Lift, Machik, Marriott, Oikocredit, PricewaterhouseCoopers, RTKL Associates, Inc., and SustainAbility.

**Beyond the Latte: The Ripple Effect of Your Cup of Coffee - A Smith School Social Value Forum** – In the Spring 2010, The Smith School hosted “Beyond the Latte,” which brought together leaders from the coffee industry to discuss the worldwide socio economic and environmental impact of a cup of coffee. The forum included coffee importers, roasters and NGO’s, who educated students, faculty and administrators on the coffee value chain, its complex history, the improvements being undertaken and the chance for a “better” cup of coffee.

The forum was comprised of two sessions. The first session, a general plenary session, updated participants on the issues facing coffee’s industry leaders today. The second session included a choice of three breakout panels on specific issues confronting the coffee industry. Those breakout topics were: Gender Equality and Labor, Conservation and Ethical Sourcing and The New Coffee Value Chain, Fair Trade and Certifications.

Speakers at “Beyond the Latte” included: Dennis Macray, Director, Ethical Sourcing, Starbucks; Cristina Manfre, Gender and Development Consultant; Martin Mayorga, Founder and President, Mayorga Coffee Roasters; Margaret Swallow, Founder, International Women’s Coffee Alliance; Laura Tilghman, Communications Director, Sustainable Harvest Coffee Importers; and Justin Ward, Vice President, Center for Environmental Leadership in Business, Conservation International.

#### ***IV. Future Key Objectives***

We will continue to embed the six principles of PRME into our faculty, staff and student experience in meaningful ways that have lasting impact.

Planned for summer 2010 is a workshop designed to assist Smith School faculty with integrating frameworks, models, and cases that intersect existing courses with social value creation. We are also pleased to see the continued growth of curriculum in this field at the undergraduate and MBA levels. Faculty will be offering new courses in Microfinance, Social Marketing, Social Entrepreneurship, Ecotourism and the Environment. Most exciting, though, is the launch of our new Social Innovation Fellows program for Smith School juniors and seniors.