Adding personal value at the Faculty of Economics and Business
New SOM director: Gerben van der Vegt

As of November 2015 Gerben van der Vegt is the new scientific director of SOM, the research institute of FEB. He is the successor of Tammo Bijmolt. FEB Research talks to him about his motivation to become SOM director, his ambitions and the challenges he sees for SOM.

NWO Veni grants for FEB researchers Susanne Täuber and Jochem de Bresser

Susanne’s research examines how the current moral discourse on health affects citizens’ motivation to comply with a healthier lifestyle and to show solidarity with others who are in need. Jochem will be working on improving the way expectations are modeled in economic models of labor supply and saving.

NWO talent grant for Best Research Master graduate 2014 Dennis Prak

Dennis received the grant for his project “Effects of Forecast Uncertainty on Inventory Control”, supervised by Prof. Ruud Teunter and dr. Jan Riezenbos.
Best Research Master Graduate

Dennis Prak, the Best Graduate of the Research Master Economics & Business was awarded 1,000 euro’s. His master thesis “On the handling of forecast uncertainty in inventory models” (supervised by Ruud Teunter) was awarded with a grade 10 and he graduated with an average 9.0. Dennis is now working as a PhD student at FEB.

The other two nominees where Holmer Kok and Eduard Suari Andreu (now both working as a PhD at FEB).

Best PhD Thesis

The award of 1,500 euro was for Jakob Bosma for his thesis “On systemic risk formation”, supervised by Prof. Kasper Roszbach, Prof. Michael Koetter and Dr. Lammertjan Dam. Jakob is currently currently working at the ING Bank. His thesis contains high quality chapters likely to be published in top journals. The other nominees where Paul Buijs and Joost Veenstra. They both work at FEB respectively as project-coordinator and postdoc.

Outstanding Junior Researcher

The 2,000 euro prize for junior researcher was awarded to Jan Willem Bolderdijk. He obtained his PhD degree in 2010, and he already published more than 10 articles in international journals including three top publications. In 2014 he was awarded a VENI grant by NWO for his research project “The social risks of sustainable consumption”. The other two nominees were FEB researchers Florian Noseleit and Gaaitzen de Vries

Outstanding Researcher

Ruud Teunter, professor of operations management FEB was awarded 2,500 euro by the SOM Board for his overall performance. Ruud Teunter has numerous publications, is highly cited with an h-index of 22 and has obtained substantial funding.

New in Groningen: Alan Muller and Jordi Surroca

They already knew each other from their publications, and now Jordi and Alan have the opportunity to work together in person on new projects.

In the spotlight: Robert Inklaar

Robert Inklaar on the next generation of the Penn World Table (PWT). He explains the changes made to the PWT as documented in the publication that he co-authored with Robert Feenstra (UC Davis) and Marcel Timmer in the American Economic Review.

Publications

Publications in SOM’s top and very good journals and PhD theses in the period June - December 2015.

Short News

The latest news on FEB appointments, grants, awards and prizes.
New SOM director: Gerben van der Vegt
Two years ago Gerben van der Vegt featured in FEB Research because of his appointment as associate editor of the prestigious Academy of Management Journal (AMJ). As of November 1, 2015 he is also the new scientific director of SOM, the research institute of FEB. He is the successor of Tammo Bijmolt.

Who is Gerben van der Vegt?

“I am a full professor in Organizational Behavior at the department of HRM/OB at FEB since 2007. I received my PhD in Social and Organizational Psychology from the University of Groningen in 1998. Next, I worked as a consultant/researcher at the TNO Human Factors Research Institute in Soesterberg. After two years, I returned to Groningen as a postdoc and junior KNAW fellow at the department of Social and Organizational Psychology. In 2004, I moved to FEB as an associate professor and senior KNAW fellow. I live in Zuidhorn, am married to Els, an educational psychologist, and together we are the proud parents of our two sons, Wessel (20) and Bram (18).”

Becoming director of SOM is quite a change, what made you decide to accept this new role?

“There are two main reasons. The first is that, as a professor, it is simply “part of the job” to fulfill administrative tasks. I felt it was my responsibility to do my share of the work by becoming the new director of SOM.

The other reason is that I noticed that, over the years, I got a broader perspective on research. As a PhD student and junior researcher, I was focused primarily on my own research. But as time went by, my perspective changed: I had to supervise other junior researchers, broaden my network, start larger projects with researchers in other disciplines, and fulfilled editorial positions at leading management journals. As a result, I developed an opinion about what good research is, and how doing such research can be facilitated. In other words, I started to think about research at a more macro or strategic level. I see it as an interesting new challenge to use and apply these ideas in my new role as SOM director.”

Will you be changing much as the new director?

“Undoubtedly there will be some changes, as always happens when a new person takes over. However, SOM is doing very well, for which I want to thank my predecessor Tammo Bijmolt. He, along with the rest of the SOM team, managed to lift the faculty’s research to a higher level, as the results from the review committee will show in a few weeks. My goal is to make sure that the conditions to deliver high-quality research will remain stable, if not improve. I see my role as SOM director as a facilitating one, to ensure that SOM researchers can do the best research possible. I also think that the current high performance level makes it possible to experiment a bit with creative ways to further facilitate the capacities of individual researchers.

The focus of our research should be even more on quality rather than quantity. This can be realized by working on grand challenges and relevant topics, stimulating a collaborative environment in which more junior faculty learn from seniors, and by establishing more working relationships with top scholars in our field. We need to make sure that the right incentives are in place to stimulate top research that will be published in top outlets.”

What are some of the challenges that you see ahead of you?

“We want to increase our external funding, especially by getting more funds via the European Union. This is difficult because these applications are labour-intensive and often require cooperation in consortia with other researchers – both within and outside the university. The same applies to our external relations. The Centers of Expertise are a good start as is the Careers Company. We look forward to working closely with a larger number of companies and institutions to mutual benefit.

Another challenge is data management. Research data need to be stored and available to other researchers. At the same time, privacy and anonymity need to be safeguarded and we want to minimize the burden on researchers. Striking the right balance between these two goals is a complicated process.

The signature areas will also impact our research. We want to encourage and stimulate new initiatives from our researchers to work with other departments as well as other research programmes.”

How do you see the future of SOM?

“Research used to be rather individualistic, but that has changed in recent periods. Working in teams, submitting proposals with researchers from various disciplines, working with external relations: a researcher is no longer in an isolated “ivory tower”. Maybe we can gain the most by tapping into the power of the collective. We need to make optimal use of individuals’ abilities, and invest in new and creative ways to capitalize on these abilities.

We are currently close to the top 10 of the business schools in Europe and I would like to gain a solid position within that top 10. It would be great if we could utilize all the positive energy that currently exists within FEB to realize that within the next five years or so.”
Susanne Täuber and Jochem de Bresser have both been awarded a Veni grant by the Netherlands Organisation for Scientific Research (NWO) for their research, on moral persuasion (Susanne) and subjective expectations (Jochem). We talk to them about their research.
Key publications


Can you tell us about the research you will do with your Veni grant?

Susanne: “In a nutshell, I will investigate the potentially detrimental effects of moral persuasion on social inclusion and cohesion. Moral persuasion involves two key elements: that the behavior in question is people’s own responsibility, and that the behavior harms others. An example could be seen in the Dutch ‘Troonrede’ from 2013, in which King Willem Alexander announced the transition from the traditional welfare state into a ‘participation society’. The king depicts health in a strongly moral way: it is every citizen’s own responsibility to be healthy, and those who do not comply with this norm harm society by straining the social and health care systems.

For many years, moral psychology assumed that emphasizing the moral core of an issue will enhance motivation and prompt people to comply with the desired change in behavior. In the past few years, however, more and more evidence shows that moral persuasion can prompt what I call strategic inaction. That is, people feel so threatened by the prospect of being perceived as immoral that they decide not to comply with the desired behavior – after all, complying with the desired behavior on request would imply that they were immoral people before. In order to deflect that moral threat, people refuse to change their behavior.

My project examines how the current moral discourse on health affects citizens’ motivation to comply with the two main pillars of the participation society: to adopt a healthier lifestyle and to show solidarity with others who are in need. The main hypothesis is that moral persuasion has a strong potential to backfire and is therefore socially costly, because it changes relations between groups in society. However, rather than painting a completely bleak picture, I will also investigate better ways to achieve the desired changes regarding health and solidarity.”

Jochem: “With the grant I will be working on improving the way expectations are modeled in economic models of labor supply and saving. According to such models, people base their decisions not only on their preferences, such as their degree of patience and preference for leisure, but also on their expectations about the future, such as their future wages and health. For example, we would not expect someone to save a large part of his income if he does not expect to live another year. An important challenge is that different combinations of preferences and expectations can lead to the same behavior. If we see this individual saving very little, it could be because he does not expect to live for very long, or because he is impatient. Unless we can adequately model expectations, we cannot separate these two explanations and, as a result, we cannot predict the effect of changes to, for example, pension or tax systems.

Despite their importance, expectations have not been given due attention in empirical models. The common approach is to replace individuals’ beliefs either by population averages, such as life tables for mortality expectations, or by estimates from econometricians. This practice persists, despite a growing body of evidence that shows survey respondents can provide very reasonable expectations about their own future. In my research, I will introduce subjective expectations into empirical life cycle models. The key idea is that if people act on their beliefs, we should use those beliefs when modelling their actions.

To do this, I have a two-step plan. The first is to field a questionnaire to a large representative Dutch household panel to obtain better measures of the types of expectations that play important roles in life cycle models. One example is the expectations of the joint lifespan of couples, because the wellbeing of the surviving spouse (often the wife) may act as a strong motivation to save during old age. The extent to which this motive is relevant depends on how long people expect the remaining spouse to live without her partner. Another example of beliefs that are important but have not yet been measured, are those regarding future wages. Observed wages are fairly persistent, but we do not know whether this observed persistence is in line with the persistence that people perceive.

The data gathered in this first step will be matched to administrative data on income and wealth from Statistics Netherlands. That allows me to integrate the beliefs held by individuals into empirical life cycle models of savings and labor supply. My expectation is that the accuracy of such models will improve from using more realistic measures of expectations but ultimately, it would be fantastic if the prediction beyond the scope of the model matches reality more closely than those of the current crop of models.”

How does this planned research fit into your broader research agenda?

Susanne: “As a social psychologist by training, I have always had a strong interest in the dynamics that unfold between groups, and I have been particularly fascinated by whether groups help each other or not. In a number of papers co-authored with Esther van Leeuwen (University of Leiden), we demonstrated that groups help each other in order to achieve certain goals, so there are not always purely benevolent motives for helping others. For instance, groups offer help to others in order to deal with threats to their identity, or to counteract stereotypes that others hold of them. Our research focused on things that people do strategically. However, I became more and more convinced that the things that people do not do can also be explained by strategic motives. Why do people refuse to improve after a shortcoming is pointed out to them? Think of the pervasive inaction to mitigate climate change, inaction regarding the improvement of immigration policies, and inaction regarding the take-up of a healthier lifestyle.”
But how do you study strategic inaction? Surrounded by a group of inspiring colleagues, I got the chance to further develop my line of research into strategic inaction during my post-doc at the Faculty of Behavioral Sciences in Groningen. I found ways to test my hypothesis in a sound way, and by now, a number of my papers show that particularly when a behavior is framed as moral, those who do not live up to the norm respond defensively. That is, targets of moral persuasion refuse to improve their behavior, because they feel judged and stigmatized. Consequently, the desired behavioral change is not achieved.

In my Veni research, I am extending my approach to also account for the dynamics between targets and observers. Imagine people who are healthy, eat well, and exercise regularly. If these people see others not living a similar healthy lifestyle, they will be very judgmental and unforgiving – again, particularly so if the norm that is being violated is a moral norm. The last thing that the average person will do is show solidarity with violators of moral norms. This suggests that moral persuasion attempts in the health domain will lead to factions in society – suddenly, group boundaries emerge that have not existed before, such as between people who pursue a healthy lifestyle and those who do not. Once such group boundaries are in place, the emerging us-vs-them dynamics can become very socially costly. The targets’ refusal to live more healthily, together with the observers’ refusal to show solidarity with others, will undermine the two main pillars of the participation society: citizens’ self-reliance in the health domain, and citizens’ solidarity with others who are in need.”

**Jochem:** “I’ve done research on pensions, subjective expectations and structural life cycle models, so bringing those strands together is a logical next step. Regarding subjective expectations, I have looked at measurement error issues such as rounding of reported probabilities and at the extent to which different types of subjective data from the same respondents are consistent with each other. From this research, I have been able to conclude that data on beliefs capture actual expectations rather than general optimism.

Together with Pierre-Carl Michaud (University of Quebec), I am currently working on a project in which we use life cycle models to analyze international differences in retirement. Such structural models allow us to disentangle how preferences and institutions drive international differences in labor supply at older ages. We find that it is important to allow for international differences in preferences and culture to understand why people retire the way they do; financial incentives only tell part of the story. In a world in which both preferences and cultural norms vary across individuals, the same policy measures might have very different consequences in different countries.

It is surprising to see how two literatures that are relevant for each other have remained completely separate up to now. That definitely provides exciting opportunities for new research.”

**How will the research be more broadly useful than only for fellow academics?**

**Susanne:** “Not surprisingly, my research on moral persuasion is in society’s spotlight: the goal is to make the transition to a participation society without creating greater health disparities in society. But moral persuasion might actually produce more losers than winners, undermining the main goals of the participation society. The goal is for my research to make a real difference in this domain. To this end, I am working together with Tom Steffens, the founder of FitGaaf!. This prevention and intervention-focused initiative aims to motivate school children to engage in a healthy lifestyle. We are collaborating with the GGD Drenthe (local health service), the Institute for Public Health and Environment (RIVM) and Expertise Centre for Health Disparities (Pharos) with the goal of discovering persuasion strategies that better connect to the needs and wishes of vulnerable groups. Some of my Master students are enthusiastically involved in the research project. Everything that helps to close the existing health disparities in society will be widely valuable: to citizens, health care professionals, social systems, and the government. I aspire to provide some of the answers that are needed to close the existing gap with my Veni project.”

**Jochem:** “Empirical life-cycle models that do a better job of incorporating expectations can be used to guide and inform public policy. As an example take reforms of the Dutch pension system, such as raising the eligibility age for public pensions from 65 to 67. With my estimates of how Dutch individuals trade off leisure and consumption, I could work directly with the Ministry of Economic Affairs or the Netherlands Bureau for Economic Policy Analysis (CPB) and simulate behavior under different pension rules. Not only will this provide insight into the welfare effects of proposed rules for different socio-economic groups, but it also allows the government to anticipate the effect of behavioral changes on tax revenues collected after the reform. Models of the type I intend to develop are valuable to predict the effects of changes to the tax system as well and are currently being used to guide ongoing reorganizations of state taxes in Quebec, Canada.

Introducing subjective expectations in life-cycle models adds new tools to the policymaker’s toolkit. As I explained before, researchers tend to pay little attention to beliefs and focus on preferences instead. This modelling choice translates into an exclusive focus on financial incentives as tools for behavioral change, for instance when it comes to postponing retirement. Richer models that include the formation of subjective expectations would allow us to investigate the impact of policy that succeeds in changing expectations and the interactions with traditional policies that alter financial incentives.”
This summer Dennis Prak together with his supervisor Prof. Ruud Teunter and dr. Jan Riezebos received an NWO Talent Grant for the project “Effects of Forecast Uncertainty on Inventory Control”. In 2014 Dennis Prak graduated both from FEB’s research master in Economics & Business as well as summa cum laude from the MSc Econometrics, Operations Research and Actuarial Studies. Currently he is working as a PhD student at FEB.

What is your project about?
“My research with professor Ruud Teunter and dr. Jan Riezebos focuses on the grey area between demand forecasting and inventory decision making. These are separate fields in academia, while in practice they (should) go hand in hand. Most demand models in the literature assume that we know the probability distribution of future demand and ordering policies are based on such models. In practice, there are typically no more than a few historical observations that can be used to estimate the demand distribution. As a result, the demand forecasts are subject to substantial uncertainty and ignoring this could lead to inventory levels that are too low and service targets that are not met. On the other hand, the forecasting techniques that lead to e.g. the minimum mean square error are not necessarily the techniques that minimize costs, which is a typical objective of inventory models. In those models, underestimating demand is typically much more costly than an overestimation.

Inventory textbooks largely neglect this problem. Some textbooks advocate using the mean square error as an estimate of the demand variance. However, this method ignores that future forecast errors are correlated, and that the demand variance itself has to be estimated. Several authors mention that the relationship between aggregated future forecast errors and “simple” forecast accuracy measures is far from trivial. As a first investigation, I have studied a simple model with a fixed order lead time, where we assume that the chosen probability distribution fits the data well and that the only error in the calculations results from omitting parameter uncertainty. Already in this simple setting, we find that current methods for determining safety stocks can be off by more than 50 percent. As a result, the number of customers that cannot be serviced from available stock is more than double the number that was intended when the target service level was chosen. For this model I have derived corrected order-level formulas that do achieve the service level targets.

The next step in my project is to extend this integration of forecasting and decision-making to general settings, with different inventory models and demand models. What happens e.g. if demand itself is autocorrelated? Can we derive a general framework where any demand distribution and any inventory model can be specified and forecasting and decision-making is correctly combined? Should we choose a different estimation technique, knowing that we ultimately want to minimize costs in a given inventory model? What if we also relax the assumption that the demand distribution type is known and, for instance, use a bootstrap or other parameter-free method to estimate future demand? How do we evaluate the forecast error in such a setting and correctly take it into account? While these questions are theoretical and fundamental in nature, they are very much motivated by practical concerns and considerations.”

What are your plans for the future?
“What I like most about this research is that you think of problems that arise in practice, when applying knowledge from theory. The challenge is to solve these problems in a theoretically (mathematically) correct manner. In the end, inventory control research is meant to help companies to better control their inventories. I would like to continue doing this in an academic setting. In the past year, when I was a researcher at this university, I visited the EURO Operational Research Conference and a summer school of the inventory research group ISIR. Here I found that such practical issues are currently key research points, which I think is very good. It is nice to be part of such a large and international community – at the moment I am, for example, working together with Prof. Aris Syntetos from Cardiff University. I hope that I can add my part during my PhD project and thereafter.”

Key publications

Dennis Prak: Inventories and uncertain demand
Recently, both Jordi Surroca and Alan Muller started at FEB. Though their chairs are in different fields, they will start a new research project together in 2016.

Why did you choose for FEB?
“There are professional and personal reasons for my decision to come to Groningen. From a professional viewpoint, the decision was quite easy as I was well aware of the quality of the research conducted at the FEB and the international prestige of the University of Groningen. And some colleagues gave great references about the supportive working environment at the faculty. The project that I will start with Alan in 2016 also attracted me. Beyond the professional reasons, I think Groningen is a great environment for my family. The city combines a nice offering of cultural and sporting activities with high-quality schools and hospitals; everything in a safe, friendly, and stimulating environment.”

Could you tell us more about your career so far?
“I spent most of my academic career at the Carlos III University of Madrid, where I held several management positions, as director of several (graduate) degree programs. Although the last years have been quite demanding, I am particularly proud of this period because, through our efforts, the department now ranks in the top-15 of European Business Schools in management according to the UT Dallas Business School Research Rankings. In parallel, I developed a research team on social issues in management that was able to publish several papers in the best academic journals.”

New in Groningen
Jordi Surroca
Why did you choose for FEB?
“The interesting thing is that, even though I have been in the Netherlands for many years, I had never been to Groningen, not even to visit. When I came here for the first time, I was not only struck by how picturesque the city is, but more importantly, I was impressed and taken in by the warm and positive energy here on campus. I found the colleagues down to earth and inviting on a personal level, and open-minded and energetic as researchers. Additionally, Groningen has very strong programs in International Business and Management, which affords me a great opportunity to work with students on advanced topics. Although I could not convince my family to make the move to Groningen from Haarlem, I feel very much at home when I am here.”

Could you tell us more about your career so far?
“I started as an Assistant Professor at the University of Amsterdam in 2005, helping to build the recently established business school there. In 2008, I was given the opportunity to move to the Foster School of Business, at the University of Washington in Seattle. This was an important move in many ways: as a Seattle native and University of Washington alumnus, it had been a long-time dream of mine to wander the halls there as a professor. More generally, it was a great privilege to work with bright and accomplished people and gain exposure to the inner workings of a large, globally ranked business school. I learned a ton during my time there. At the beginning of 2011, I was recruited back to the Netherlands by the University of Amsterdam, where, in addition to teaching and research, I also spent four and a half years as director of the Amsterdam MBA program. And now I am here!”
Your chair is in strategy and organization. What issues are dealt with in your research?

“My research is multi-disciplinary, but at its core is the study of the social responsibility of corporations. I address this topic from different approaches, including accounting, finance, international business, operations, psychology, sociology, and strategy. This has allowed me to form a quite complete picture of the drivers and consequences of corporations’ engagement in prosocial actions as well as the misuse that organizations make of their “apparent” socially responsible practices.”

What is the social relevance of your research?

“The ultimate goal of my research is to contribute to the promotion of a more sustainable society. To do so, I place great attention in my studies on making recommendations to policy makers, managers, NGOs (Non-Governmental Organisations), and other economic agents. For example, in one paper we analyzed the institutional arbitrage that some multinationals do in order to take advantage of tax regulations in some countries. After analyzing the conditions under which this arbitrage is more likely, we made specific recommendations for the harmonization of laws, the development of the civil society, and the regulation of business activity. In another set of studies, our recommendations were directed at investors and banks, on how to distinguish good companies to invest in from the bad risks. NGOs and other pressure groups are also the target audiences of some of my research. My studies show how companies circumvent norms and laws, which gives NGOs new targets for social pressure.”

What can we expect of you in the future?

“Well, I have several projects under development in the next months. Following up with the impulse of the signature areas, several FEB researchers are planning to form a group on ethics in organizations. Our goal would be to turn the University of Groningen into a benchmark for business ethics research in Europe. At the department level, there are exiting projects as well. We recently created subunits within the department following a criteria of proximity in teaching and research interests. Building a cohesive group could grant great opportunities for collaboration in the development of new research, the creation of new courses or the redesign of the existing ones, the participation in research calls, and the formation of PhD students. Beyond the organizational projects, I have also set some personal goals.

One of my priorities for the New Year is to start a research project with Alan. Alan and I share an interest in social responsibility of multinational companies (MNCs). Our studies describe MNCs as organizations confronted with a variety of pressures to engage in pro-social practices, but that because of their internal fragmentation, each MNC can provide differential, and sometimes conflicting, responses to these pressures. Our project, then, would focus on the relationship between the internal structure of the MNC and its social strategy.”

Key publications


Jordi Succora and Alan Muller

Your chair is in International Management. What issues are dealt with in your research?

“At the end of the day, International Management is about the fundamental issues that businesses face when they operate across borders. Within that very broad domain, I am particularly interested in how organizations and their managers navigate globalization and localization pressures. Despite the focus on globalization, there has been renewed appreciation over the last decade for the differences that persist between countries and regions, and the challenges these differences pose for business. These challenges manifest themselves in issues related to MNC strategy and structure, such as subsidiary autonomy, subsidiary initiative, and formal versus informal control mechanisms. In particular, I explore these issues in the context of MNCs’ social behaviors, which are by nature a salient setting in which global-local tensions play out.”

What is the social relevance in your research?

“At a fundamental level, my research on organizations’ social behaviors is about the role of business in society. There are both strategic and pro-social elements to these behaviors. For instance, while a traditional perspective would only consider how value chain pressures drive organizations’ social performance, in my research I also considered the values of managers in the firm. Similarly, I have studied patterns of organizational attention focus to show how international corporate philanthropy is not only a function of attention focused on target countries and other external factors, but also attention focused internally, on the organizations’ employees in particular. Research like this helps us better understand the ‘human element’ in organizations’ social behaviors – while still accounting for the strategic dimension.”

What can we expect of you in the future?

“Right now I am still managing the transition, but once the dust settles I look forward to opportunities for collaborations with colleagues here in Groningen and ways to further strengthen and build the International Management group within the GEM department. First steps have already been taken: for instance, I am already involved in an interdisciplinary research group on ethics together with colleagues from HRM/OB, Marketing, and I&O. And as a member of the GEM department’s search committee I will join in sorting through the nice pile of high-quality applications we have received for our open tenure-track position. From there I hope to contribute more to the Research Master, attract some high-potential PhD students, and in particular develop research collaboration with Jordi Surroca, the other new hire here at the FEB. I was already sold on Groningen before I heard he was the other new professor being recruited, but that news definitely made me even more excited. I shot him an email about it right away and he wrote back, “Luck would have it that one of your papers is on my desk as we speak!” Our mutual enthusiasm, research interests and ambitions bode well for our future joint research endeavors.”

Key publications


In the spotlight
Robert Inklaar on cross-country income comparisons
What is the article about?

“As a journal article, it is a fairly atypical one. Rather than being centred on a research question, this paper is about a research tool, the Penn World Table (PWT) database on comparative income levels. The database covers a large majority of countries around the world and data coverage goes back to 1950. In the almost fifty years since research around this database began, it has become the most widely-used source of such data. As the title of the paper suggests, Robert Feenstra (UC Davis), Marcel Timmer and myself have taken over the development of this database from the (surviving) originators, Alan Heston and Bettina Aten, at the University of Pennsylvania – hence the name of the database.

As the next generation, we have given the database a thorough overhaul to make it more useful for fellow researchers. The new version is better-suited for comparing productivity, in addition to comparing living standards, and new methods ensure the data will be less sensitive to revised source material. Our article serves primarily as a user guide to the database, for both new and experienced users alike. And by providing the conceptual and empirical underpinnings of the database, the article should be useful for those interested in the fundamentals of comparing income levels across very disparate countries, as well as those simply looking for a ready source of cross-country income data.”

What is the societal relevance of this research?

“The users of the database are a large group, judging by the approximately 150 000 website visitors since the launch of our renewed database 1½ years ago and more than 350 citations to the working paper version of this article. Going by the queries of users, they range from academic researchers to students and analysts in policy institutes and government agencies. In other words, developing, maintaining and supporting this database provides many with an invaluable source of information. Beyond that, the research into methods for comparing income levels across countries is an integral part of this database and, in turn, serves as an important input for statisticians. For instance, we regularly consult for statisticians at the World Bank, who manage the international price surveys that were mentioned above, in cooperation with statistical agencies in almost every country in the world. This helps raise the quality of the basic data to higher levels and thus provide even broader benefits.”

Who is Robert Inklaar?

“I am an associate professor in the Department of Global Economics and Management and have a long history at the FEB as an undergraduate and PhD student. My research has long focused on comparing and explaining differences in economic growth and development. For instance, I have studied the contribution of banks to the economy and productivity growth differences between Europe and the US. In my current research, I aim to provide a broader comparison of wellbeing across countries. This includes work on the role of human capital and other knowledge-intensive investments for growth and development and on other dimensions of wellbeing, such as poverty and inequality.”

Publication in the spotlight

Publications

Please find below an overview of publications in SOM’s top and very good journals and PhD theses in the period June 2015 – December 2015

Journal publications


**PhD theses**

**Tjeerd Boonman**  
Sovereign Debt Defaults and Currency Crises in Latin America  
Supervisors: Prof. E. Sterken, Dr. J.P.A.M. Jacobs & Dr. G.H. Kuper  
Defended on December 10, 2015

**Silke Bumann**  
Essays on Financial Liberalization.  
Supervisors: Prof. B.W. Lensink & Dr. D.J. Beemer  
Defended on July 2, 2015

**Quanrun Chen**  
The Role of Household Consumption in the Chinese Economy: Input-output Analyses.  
Supervisors: Prof. G.S. van der Vegt & Dr. B. Los  
Defended on September 17, 2015

**Jonathon Frost**  
Supervisors: Prof. J. de Haan & Prof. S. Brakman  
Defended on October 15, 2015

**Eveline Hage**  
How Can Online Communication Enhance Older Adults’ Social Connectivity?: Implementation and Adoption issues.  
Supervisors: Prof. A. Boonstra, Prof. J.C. Wortmann & Dr. M.A.G. van Offenbeek  
Defended on September 24, 2015

**Zhongbo Jing**  
Banking Crises: Identification, Propagation, and Prediction.  
Supervisors: Prof. J. de Haan & Dr. J.P.A.M. Jacobs  
Defended on July 2, 2015

**Monique van der Laan**  
The Feasibility of Modularity in Professional Service Design: Towards Low Cost Person-centred Care.  
Supervisors: Prof. C.T.B. Ahaus, Prof. J.P. Slieets, Dr. M.A.G. van Offenbeek & Dr. H. Broekhuis  
Defended on July 2, 2015

**Drake Mirembe**  
The Threat Nets Approach to Information System Security Risk Analysis.  
Supervisors: Prof. H.G. Sol & Prof. J. Lubega  
Defended on October 1, 2015

**Matthias Olthaar**  
Cultivating Sources of Competitive Advantage: Opportunities for Small-Scale African Farmers in Global Value Chains.  
Supervisors: Prof. W.A. Dolfsma & Dr. C.H.M. Lutz  
Defended on September 7, 2015

**Laurie Reijnders**  
Education Choices in a Changing Economic, Demographic and Social Environment.  
Supervisor: Prof. B.J. Heijdra  
Defended on September 10, 2015

**Ward Romeijnders**  
Total Variation Error Bounds for Convex Approximations of Two-stage Mixed-integer Recourse Models.  
Supervisors: Prof. M.H. van der Vlerk & Prof. W.K. Klein Haneveld  
Defended on September 7, 2015

**Stefanie Salmon**  
Health on Impulse: Exploring Low Self-control and Its Consequences for Food Choice.  
Supervisor: Prof. B.M. Fennis  
Defended on September 17, 2015

**Thom de Vries**  
Managing Interteam Coordination within and between Organizations.  
Supervisors: Prof. G.S. van der Vegt, Dr. F. Walter & Dr. P.J.M.D. Essens  
Defended on October 29, 2015

**Xiao Wang**  
Essay on the Internal Dynamics of an R&D Alliance: What determines the Individuals’ Contribution to the Alliance?  
Supervisors: Prof. W.A. Dolfsma & Dr. J.D. van der Bij  
Defended on July 2, 2015

**Elco Zandberg**  
Essays on Pensions and Savings.  
Supervisors: Prof. L. Spierdijk & Prof. R.J.M. Alessie  
Defended on October 19, 2015

**Sha Zhang**  
Customer Loyalty & Face Concerns: Differences between Eastern (Chinese) and Western (Dutch) Consumers.  
Supervisors: Prof. P.S.H. Leeﬂang & Dr. J. van Doorn  
Defended on September 10, 2015
Short News

In the past months, several FEB researchers have been appointed to various positions and grants were obtained.

Appointments

Leandro Prados de la Escosura appointed at Maddison Chair

Professor Leandro Prados de la Escosura is appointed at the honorary Maddison Chair at the Faculty of Economics and Business (FEB) of the University of Groningen. The Chair was founded in 2010 to honor and commemorate the academic work and international reputation of the late Angus Maddison (1926-2010) who was a professor in Groningen.

Rosalind Franklin Fellows Rink and Spierdijk appointed as professor

Rosalind Franklin Fellows Floor Rink and Laura Spierdijk, both successfully completed the FeB’s tenure track and were recently appointed professors. Floor Rink is now Professor of Organizational Behaviour and Identity Management and Laura Spierdijk, has been appointed Professor of Econometrics of Pensions, Insurance and Finance.

Paul Elhorst editor-in-chief Spatial Economic Analysis

As of September 2015 Paul Elhorst, professor in Economics at FEB, has been appointed Editor-in-Chief of Spatial Economic Analysis, the journal of the Regional Studies Association. He succeeded Bernard Fingleton of the University of Cambridge.

Grants

NWO Vital Logistics Grants

The Netherlands Organisation for Scientific Research (NWO) and the Knowledge and Innovation Top Consortium (TKI) Dinalog have awarded €1.18 million to two Groningen research projects. FEB researchers Iris Vis, Kees Jan Roodbergen, Paul Buijs, Leandro Coelho together with Lori Tavasszy (TU Delft) and corporate partners Groningen Seaports and the Port of Rotterdam are involved in the project “Towards virtual ports in a physical internet”. FEB researchers Hans Wortmann, George Huitema together with Gerard Dijkema (University of Groningen) and partners Holthausen and Gasunie are involved in the project “Adaptive Logistics in Circular Economy”. In total 5 projects have been awarded funding from the NWO Vital Logistics research programme,
which contributes to the objectives of the logistics top sector and aims to develop, share and apply the new knowledge needed to boost long and medium-term vitality in the Dutch logistics sector.

Veni Grants for Jochem de Bresser and Susanne Täuber

FEB researchers Jochem de Bresser and Susanne Täuber have both been awarded a NWO Veni grant for their projects in the field of subjective expectations and moral persuasion respectively. You can read more on their research on pages 6-9 of this issue.

NWO Talent Grant for Ruud Teunter and Dennis Prak

Researchers Ruud Teunter and Dennis Prak received a NWO Research Talent grant for the project “Effects of Forecast Uncertainty on Inventory Control”. The goal is to solve the mismatch between inventory control models and their practical use by building models that take uncertainty about the future demand distribution into account. You can read more on this project on page 10-11 of this issue.

Two Swedish Grants for FEB researcher Jutta Bolt

Would the future of food security in Africa benefit most from small, or from large-scale farming? How and why does income inequality develop in African countries? These are the subjects of two large scale research projects by FEB researcher Jutta Bolt in cooperation with researchers from our partner University of Lund, in Sweden. The three-year projects will be funded by the Swedish Research Council and the Wallander Foundation (Handelsbanken), the total grant being 100,000 euro.

Awards & Prizes

Life-time Achievement Award for Jan Oosterhaven

The EIB-ERSA Prize 2015 is awarded to Jan Oosterhaven, professor of Spatial Economics at FEB for his lifetime contribution to regional science. The independent jury praises Jan Oosterhaven for his numerous contributions to interregional input-output analysis, regional economic modelling, assessing economic impacts of infrastructure, and the evaluation of regional and urban policies.

EUROMA prizes for Kirstin Scholten, Aline Seepma and Carolien de Blok

During the 22nd EurOMA Annual Conference, held in Neuchâtel, Switzerland, three FEB researchers received an award. The Nigel Slack Teaching Innovation Award was won by Kirstin Scholten together with Anna Dubois for their paper “Advancing the skill set of SCM Graduates - An active learning approach”. The Harry Boer Best Student Award was won by Aline Seepma for her paper “Justice Or Efficiency Versus Justice And Efficiency? Findings From Five European Criminal Justice Chains” (co-authored by Carolien de Blok and Dirk Pieter van Donk). Finally Carolien de Blok was one of the two runner-ups for the Chris Voss Best Paper Award for her paper “How Public Service Supply Chains Achieve Integration: Findings From Five Cases”.

Greif Research Impact Award for Andreas Rauch

Andreas Rauch is the winner of the Greif Research Impact Award (5,000 USD) of the University of Southern California Marshall School of Business for his 2009 article in Entrepreneurship Theory and Practice. The title is: “Entrepreneurial Orientation and Business Performance: An Assessment of Past Research and Suggestions for the Future”.

John Dong Best Conference Paper Runner-Up

FEB Researcher John Qi Dong, has won the OCIS Best Conference Paper runner-up of the Academy of Management (Organizational Communication and Information Systems Division), at the Annual Meeting of the Academy of Management in Vancouver, Canada. The title is “Information Technology and Innovation Outputs: the Missing Link of Search Evolution” and co-authored by Prasanna Karhade (Hong Kong University), Arun Rai (Georgia State) and Sean Xin Xu (Tsinghua).

Eduard Andreu Winner 2015 Student Prize

Eduard Suari Andreu, SOM PhD student, is the winner of the 2015 Student Prize for the best paper presented by a graduate student at the Conference of the International Association for Applied Econometrics (IAAE). His paper is titled: “The Effect of House Price Changes on Household Saving Behaviour - A Theoretical and Empirical Study of the Dutch Case”. The prize is worth 500 USD.
Organisation of Research

SOM research programmes
www.rug.nl/feb/som

Global Economics & Management (GEM)
Prof Sjoerd Beugelsdijk

Economics, Econometrics, Finance (IEEF)
Prof Rob Alessie

Human Resource Management & Organizational Behaviour (HRM&OB)
Prof Bernard Nijstad

Innovation & Organization (I&O)
Prof Dries Faems

Marketing (Marketing)
Prof Bob Fennis

Operations Management, Operations Research (OPERA)
Prof Dirk Pieter van Donk

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Center for Energy Economics Research (CEER)
Prof Machiel Mulder

Economic Growth and Development (GGDC)
Prof Marcel Timmer

Health Care Management & Economics (Healthwise)
Prof Kees Ahaus

Human Resource Management, Organizational Behaviour (HRM&OB)
Dr Peter Essens

Center of Operational Excellence (COPE)
Prof Kees-Jan Roodbergen

Value in Collaboration
Innovation (VinCI)
Dr Eelco Huizingh

Institute for Governance and Organizational Responsibility (IGOR)
Dr Kees van Veen

Leadership
(In the LEAD)
Prof Harry Garretsen & Prof Janka Stoker
Faculty of Economics and Business