An iPad is developed in the US, but assembled in China. Is this a general pattern of who does what? And how is this likely to change if technology progress and trade intensifies? And how does it drive economic growth and inequality around the world? We talk to Marcel Timmer professor of Economic Growth and Development at FEB, who was recently awarded a prestigious Vici grant by the Netherlands Organisation for Scientific Research (NWO) to study these questions and the consequences of their answers for people around the world.

Cover: Marcel Timmer: The Rise of the Global Value Chains

Bianca Harms
Looking for a challenge
Bianca Harms combines a teaching position as senior lecturer in Media & Entertainment Management at Stenden University of Applied Sciences with being a part-time PhD student at FEB.

New in Groningen
David de Geest
Meet tenure track researcher David de Geest who started at FEB in October 2014.
What has been your impact as a researcher these past months? This question occurred seems relevant given the article in the largest Dutch newspaper on the research by FEB colleagues Marco Haan, Peter Dijkstra and Laura Spierdijk. Their research about the Eurovision Song Contest and how a singer in an early slot in the program is typically less successful than one in a later slot was highly current and clearly of interest to a broad audience. Even better: the early elimination in the semi-finals of the Netherlands (early slot) and the eventual success of Sweden (later slot) fits the pattern.

The more general question about researcher impact is in part one of figuring out whether you have led the Good Life as a researcher (and teacher): have you made the most of your abilities in service to society? There will not be a single right answer, not even for an individual researcher. For how would we weigh the single PhD student who you managed to inspire to great advances against that widely-cited journal article? Or that meeting where executives or senior policy makers came away with a new idea? Would you trade one for the other? And what to make of the Nobel Laureate who keeps his calendar clear every May so that he can accept any honorary doctorate that is offered to him? Does that lead to an incremental impact?

The other part of the question is more on the administrative dimension: can we measure researcher impact? And how should we do that? Measuring what is written by a researcher and where it is published is surely a first step, but also no more than a first step. But where to stop? Counting citations in published articles, also counting citations in working papers, or weighing citations depending on the quality of the journal in which they are made? Or should we go all the way to the British research assessment model, where after meeting with senior government officials, those officials are asked to write a letter attesting to how useful that meeting was for their decision making? And should all these impacts be added up somehow? It seems likely that these questions are easier asked than answered. Still, answered they must be, as the FEB’s research institute SOM will soon be evaluated. In the next issue, we will be able to report on how SOM has been weighed by the evaluators. For now, we wish you all a good summer!

Robert Inklaar
Annemiek Koning
Rina Koning

New Centre of Expertise: VinCI
VinCI is a new Centre of Expertise of FEB. VinCI stands for Value in Collaborative Innovation, a fitting name for the field of expertise and the goals the centre wants to achieve. The centre is closely related to the research programme Innovation & Organisation.

In the spotlight
Mariko Klasing
Mariko Klasing on her publication in the Journal of Development Economics.

Publications
Please find below an overview of publications in SOM’s top and very good journals, PhD theses and research reports in the period December 2014 - June 2015.

Short News
In the past months, several FEB researchers have been appointed to various positions and grants were obtained.
The Rise of Global Value Chains
An iPad is developed in the US, but assembled in China. Is this a general pattern of who does what? And how is this likely to change if technology progress and trade intensifies? And how does it drive economic growth and inequality around the world? We talk to Marcel Timmer professor of Economic Growth and Development at FEB, who was recently awarded a prestigious Vici grant by the Netherlands Organisation for Scientific Research (NWO) to study these questions and the consequences of their answers for people around the world.

What motivates this research project?

“Since childhood I have been driven by questions and concerns about poverty and inequality in the world economy. Why are some countries poor and others rich? What policies can help regions and countries to escape poverty and combat growing inequality? Books by the Nobel Prize-winning Dutch economist Jan Tinbergen provided an enduring source of inspiration. Two main features of his research work motivate me in particular: his macro-economic modelling approach to development issues, and his emphasis on the need for policy and societal relevance. Recently I have been intrigued by his vision of the world economy as an interconnected system. His idea was that, to understand major economic developments, we should model and understand this system as a whole, rather than focus on individual moving parts. The need for such a global model has become even more pressing since the time when Tinbergen formulated his vision: advanced economies have become much more intertwined and the integration of China, India and other emerging economies into the global economic system has led to major disruptions to that system with both beneficial and challenging consequences.

Furthermore, even as we have become better at describing this interconnected world, important new questions have arisen. For instance, we know that many jobs involving routine activities are no longer done in rich countries. That is in part because of automation, where computers take over particular tasks, but it is also because of offshoring, where workers in emerging economies can do the same job at a lower cost. Figuring out the relative importance of these two driving forces is important: what if computing power increases less rapidly in the future? What happens when China or India are no longer low-wage countries? How worried should politicians be about free-trade deals with emerging economies if labor market disruptions are mostly due to new technologies? Only by building and analyzing a global model can we hope to understand the roles of trade and technology in shaping our economies.”

So what will your research consist of?

“In this project, my team and I will build on the success of previous long-term and large scale projects that were both funded by the EU Framework Program: the World Input-Output Database (WIOD) project (that ran from 2008 – 2012) and the KLEMS Productivity project (2002 – 2007). These previous projects showed how advanced emerging economies have become much more intertwined, with countries specializing in parts a production chain. A famous example is that many Apple products, like the iPod and iPhone, are imported from China, but that only the final-stage assembly takes place in that country, as the final link in a global value chain. The production of sophisticated parts and the design of the product are done in more advanced economies. Distinguishing between the value of gross exports (the iPhone) and the value added that is actually traded (the assembly activity) has been of great importance to understand recent patterns of trade and specialization.

With the WIOD team – led by Erik Dietzenbacher, Bart Los and me – we have been able to describe much more clearly who have gained and who have lost from the more extensive value chains of production across the globe. Crucially, this enumeration of gains and losses has not been limited to advanced economies, but we have shed much greater light on developments in emerging economies as well. For instance, we have seen that workers with a university education have not only gained ground in advanced, but also in emerging economies. Also, we found that the share of profits increased in many value chains, providing an interesting alternative explanation for the famous finding of Piketty that the share of capital income in GDP is ballooning. Constructing the WIOD database, which enabled these analyses, was a concerted, multi-million and multi-year undertaking between FEB and other major research institutes across Europe.

In this project the WIOD database will be overhauled and extended in a number of dimensions so that we can also extend our insights. For instance, to better understand changes in the labor market, we need to know what type of jobs are shifting between countries. Are these R&D, marketing, logistics, finance or production jobs? We also need information on the type of machinery and equipment that is used in different countries, for instance whether information and communication technologies are used intensively. Only then can we distinguish how important

Reecent key publications


Automation and outsourcing are in explaining job market trends in advanced economies.

But that is only one part of the research program. So far, we mainly studied the period from 1995 onwards. We also hope to learn more about earlier decades of globalization, when trade was concentrated between advanced economies. It seems likely that different specialization motives were at play then, such as a need for large scale production rather than a search for low wages. Using the new tools of trade analysis that were developed in conjunction with the WIOD database should help shed light on trade in this earlier period. The results may be important for thinking about the economic consequences of the free trade agreement between the European Union and the United States that is currently under negotiation and it may tell us how economic relations between countries might evolve as countries like China and India grow richer. Another new direction for measurement analysis is to, for the first time, explore the idea that advanced economies increasingly specialize in activities that require intangible, knowledge-based assets – such as the ability to develop and design new products, to manage organizations efficiently, and to maintain a learning organization. And if this turns out to be the case, in which countries is this type of specialization most prevalent? And what are some of the policies that can help such specialization and thus provide sources of economic growth for the future? The final major building block is to go beyond the analysis of countries as a whole and instead zoom in on how different regions fit into global value chains and participate in international trade. This requires substantial new data and methodology development, but it will allow us to study a whole range of questions that have been scarcely touched upon so far. For instance, is it mostly the urban areas in a country that gain from trade? How do the disruptions from international trade affect the labor markets in different regions of a country? Do we see clustering of economic activity in regions that are nearby, but in different countries?”

**Who will you work with in this project?**

“As always this project will be team-work and firmly grounded in our Groningen Growth and Development Centre (GGDC). The GGDC is a FEB Centre of Expertise and consists of a group of researchers who work on measuring and understanding differences in economic performance across countries and over time. The Vici grant will allow me to hire an additional research team, consisting of postdoc researchers, PhD students and a database researcher. This September, Laurie Reijnders and Wen Chen will join the team as postdoc researchers, and we are looking for another one. Reitze Gouma.

---

**Aobo Jiang**

“My name is Aobo Jiang and I am from China. I am currently a second-year research master student in economics at FEB after earning my bachelor’s degree in Economics from FEB in 2013. My research interest is to uncover the driving forces of labor demand in the world, focusing on changing technology and opportunities from international outsourcing. I have long been interested in exploring what has been behind the major labor market changes in many advanced economies in recent decades. On the one hand, there have been large job losses amongst workers with a technical or vocational educational background, while those that have completed higher education have thrived and the jobs of lower-educated workers have held up well. This is a widely discussed topic and there is still quite some room to do more research in this area, especially because research results in this area can be quite valuable for economic policy. I would like to pursue a PhD degree in this research area by moving beyond the distinction of workers by educational level to a distinction by the type of jobs, the occupations of workers. Marcel has been my supervisor since I started the research master and he has introduced me to this research area. He is always very professional and inspiring, coming up with many new and exciting research ideas. I learn a lot from him, including a way of thinking and studying. For instance, he has been stimulating me to come up with my own research ideas, based on the idea that guiding a student to go his or her own way is more important and valuable than telling them what to do directly. As a result, I find myself becoming more creative and critical with my research and study. It is also very welcome that Marcel is clear and forthright in complimenting me where I do well and pointing out where I can improve.”
will continue his work as a database researcher, and Stefan Pahl and Aobo Jiang (see inset) will start their PhD research. This research project will obviously draw in other members of the GGDC. This includes working with Bart Los, Gaaitzen de Vries and Robert Inklaar, with whom I have successfully collaborated in many projects over the years. But this research project links with more researchers at FEB and in Groningen. For instance, in Steven Brakman, Harry Garretsen and Phil McCann, Groningen has renowned experts in regional and urban economics, which is an important part of the project. And continued work with Herman De Jong will bring in a historical dimension. Our links into extensive international collaborative networks such as World KLEMS will also help us greatly in bringing this work forward.”

How will this be useful beyond the research topics you will address?

“Traditionally, GGDC research has been of primary interest to economists interested in economic growth and development. One of the main strengths of this research project is that it links up closely to several other research areas in economics and beyond. Most directly, this research relates to research on international trade, economic geography and labor economics. Beyond those, I can also see this project being relevant to international business by providing a new context for the study of how multinational firms make decisions, and to sociologists interested in governance and power relationships. The analysis of the role of intangible, knowledge-based assets will benefit from interactions with marketing and finance.

But it is not only other academic researchers that this project can be of interest to, but also for economic policy makers. The WIOD project has sparked great interest in policy circles in the Netherlands, such as the Ministry for Economic Affairs and the Dutch Central Bank, and beyond – the OECD, the World Bank, the World Trade Organization, the European Central Bank and several directorates-general at the European Commission. And many have already expressed interest in this new project. Not surprising, given its close links with current policy concerns, such as high unemployment in Europe, increasing inequality, political disputes about trade agreements, and worries about low economic growth.

Of course, this impact on research and policy does not happen automatically, so developing and strengthening ties to researchers and policy makers will be an important part of the project. We will host a large conference on ‘Trade, Jobs, and Income in an Interdependent World’, to bring together scholars, experts, policy makers and practitioners to analyze the most pressing issues concerning the future of trade, jobs and income inequality. Also before that, I plan to actively engage researchers and policy makers alike in international conferences, at dedicated workshops and at policy meetings around the world.

Another important element to make this project useful for as many as possible is the long-time GGDC strategy of making the new information available in open-access public databases. That way, fellow researchers, students and policy analysts can test their own hypotheses and build on our work to gain further insights. As said, this strategy has a long history and it is a successful one. For example, our database website for the new Penn World Table (a database with information on comparative growth and development around the world since 1950) has been visited by more than 150,000 visitors since its inception in 2013. And the World Input-Output Database attracted many users and follow-up research as shown at www.wiod.org. I thus have great hope that this project will, like others before it, be exciting to work on and prove to be of great use for others around the world.”
David de Geest joined FEB in October 2014 as a tenure track researcher in the HRMOB program. Originating from the US he spent two years in China, before returning to the US to do an MBA and PhD.

Why Groningen

"I chose Groningen for two reasons. First, there are a number of fantastic faculty members in the FEB with whom I wanted to collaborate. Second, I thought that my education was largely focused on issues in United States businesses and firms, and I wanted to expose myself to a more global and international perspective in my research."

Could you tell us more about your career so far?

"I have had a little bit of wanderlust in my career. After I finished my bachelor’s degree, I spent two years living in Guangzhou and Macau, two cities in Southern China. While I was there, I worked as a teaching fellow, a corporate trainer, and a university lecturer. I also started and ran a small business focused on internet marketing for Western companies interested in Chinese markets. While doing this, I became more interested in doing business. However, I realized that I did not have the knowledge I needed to do what I wanted to do. I decided to come back to the US to earn an MBA. During my MBA, I became very passionate about research and decided I wanted to complete a PhD. I chose to do my PhD at the University of Iowa and completed it in 2014. The title of my thesis was “Masters, showoffs, and slackers: The effects of goal orientation congruence and similarity on positive and negative contributions to team effectiveness.” The study was an investigation of how differences in people’s goals influenced teammates’ ability to cooperate. Now, I am excited about the opportunity to work in a university with a strong focus on internationalization and a high level of commitment to both teaching and research."

What issues are dealt with in your research?

"Most of my research focuses on two topics. One of the issues I study is how teams function and collaborate. My dissertation research focused on how differences between team members in their learning and performance goals influenced their ability to coordinate and collaborate. For instance, in a recent study I showed how differences and similarities in the personality traits among team members influenced the formation of norms of cooperation, which in turn influenced how much team members engaged in helpful interpersonal behavior. I am currently working with other RUG faculty such as Gerben van der Vegt and Thom de Vries to identify how teams manage and balance their needs for internal coordination (working with people on their team) with external coordination (working with people that are not on their team). I also do research on entrepreneurship, particularly about how it relates to human capital. I published a paper earlier this year looking at how new ventures can use effectively use motivation-enhancing HR practices as part of a set of strategies to increase their chances of surviving."

How about societal relevance?

"I perceive my work as very relevant to society for two reasons. First, in terms of personal interactions, I have seen many times where people struggle to deal with difficult collaboration in teams. I would really like to solve puzzles and problems related to making our ability to work in teams more effective. For me, this issue has become more and more relevant as teams and complex collaboration become more essential in the work people do. Second, in a big picture perspective, entrepreneurship is becoming more and more important to economic productivity all over the world. The World Economic Federation recently released data suggesting that entrepreneurship is key to economic development and growth in Europe. Developing a better understanding of when and how we can encourage and support entrepreneurship seems very beneficial to me."

What can we expect of you in the future?

"In the future, I am really hoping that I can do more work that helps organizations build better teams and develop structures that support collaboration. I am also hoping I can contribute significantly to knowledge about psychological process and factors that influence effective entrepreneurship."

Key publications


New in Groningen
David de Geest
Bianca Harms: Looking for a challenge
Bianca Harms combines a teaching position as senior lecturer in Media & Entertainment Management at Stenden University of Applied Sciences with being a part-time PhD student at FEB. This spring she received the Doctoral Grant for Teachers from the Netherlands Organisation for Scientific Research (NWO). This grant allows her to continue with her PhD research about the effectiveness of online branded content.

**What made you choose to combine a job and doing a PhD?**

“Ten years ago I would not have thought I would ever start with a PhD. Given my background, age and personal circumstances, this was certainly not the most obvious choice. After I finished my bachelor’s degree I started working in the music industry where I held several positions in marketing. Based on that experience I was hired as a marketing lecturer at the bachelor program Media & Entertainment Management at Stenden University of Applied Sciences. Stenden finds it important that its employees develop themselves and they encourage this by giving teaching staff the time, money or both to pursue such development. In my case, I always had the ambition to achieve a master’s degree in marketing, so I decided to enroll for the Marketing Management program at FEB and I completed this program in 2012. I really enjoyed the combination of working and studying and in particular I found conducting research and writing my final thesis to be inspiring. I started to search for ways in which I could further develop myself and to continue doing research within my field. My thesis supervisor Wander Jager informed me about the part-time PhD program which really appealed to me and he helped me to get an interview at the Graduate School SOM of FEB. After I was accepted for this program, Stenden decided to support the plans as well. A benefit for them is that this helps satisfy future governmental requirements, which dictate that a certain share of lecturers should hold a PhD degree. Without their support it would certainly not have been possible to combine a PhD with my full-time job and a family with three young kids.”

**Why did you choose for Groningen?**

“The choice for the University of Groningen was easy. SOM provides a high quality PhD program that is tailored to the specific needs of external part-time candidates and the marketing department offers an excellent research environment as one of the best research groups in this field in Europe. Furthermore, it felt natural since I followed my master degree in the same department and I am originally from Groningen.”

**You recently obtained a NWO Teacher Grant, how will that help you with your research?**

“NWO issues approximately 60 PhD scholarships for teachers on a yearly basis. These scholarships enable their employer to appoint a replacement teacher for a period of four years for two days per week. Of course I am very happy that I received the grant, since it allows me to dedicate more time to my research. Furthermore, it feels that my research topic and plans are valued by NWO and have societal relevance.”

**Can you tell us a bit more about your PhD research?**

“The digitization of our society has a huge impact on how organizations communicate with their consumers and the role of publishers in this process. Brands and publishers have a history of working together to develop branded content – so-called editorials. But we see now that highly integrated branded content is increasingly used by brands as part of their marketing communication activities. The intention of this high level of integration is to increase the perceived value to the audience and to avoid irritation, as this type of advertising it typically viewed as less intrusive. Advertisers assign a growing share of their budgets to this type of advertising, to deal with the complexity of creating reach and marketing communication effects. For media publishing companies, in turn, this type of branded content is viewed as a solution to the diminishing advertising income. I am fascinated by the consequences of this high level of integration on the effectivenes for the brands and its proposed perceived value for the customers. In total I will conduct three research projects partly in collaboration with industry partners under the supervision of Prof Dr. Tammo Bijmolt. Currently, I am working on a qualitative research project on the trends and developments in branded content from the practitioners view by conducting in-depth interviews with marketing executives from a diversity of advertising brands and publishers. Due to the increasing supply of online advertising tools and the lack of design- and content restrictions, the application of integrated branded content on digital platforms is accelerating. Therefore, we also work on a quantitative study that compares measures of effectiveness of digital branded content with other types of digital advertising.”

**What are your plans for the future?**

“A PhD degree will certainly create opportunities for my future career but my plans are certainly not well-defined. I am not the type of person to look far ahead, for now my focus it at completing my PhD project before 2018.”
The focus of the SOM research programme Innovation & Organization (I&O) is on how organizations can be more innovative and get better results by having units work together within the own organization and by working together with other organizations. Within the programme, there is a lot of enthusiasm to share this knowledge with external relations, which led to the creation of the VinCI centre of expertise in earlier this year. VinCI stands for Value in Collaborative Innovation, a fitting name for the field of expertise and the goals the centre wants to achieve. FEB Research talks with Wilfred Dolfsma, the director of VinCI, and with Evelien Croonen one of the researchers involved.

New Centre of Expertise: VinCI
What is the background of this centre?
"Innovation and high performance outcomes require new, entrepreneurial organizational practices to promote collaboration within the firm and cooperation between firms. Researchers in the I&O-programme study such practices as relational contracting, networked organizations, team formation, and incentive and reporting structures, as well as ways of accounting for and controlling information exchange. The strategic use of an appropriate mix of these practices can help firms be more innovative and so achieve higher performance outcomes. We would like to work with firms and advise them on how to better structure collaboration internally and how to properly ally with other firms. In doing so, we expect to gain additional insights ourselves as well.

I think that, more generally, universities increasingly see the need to disseminate the knowledge that they develop not only amongst academic peers, but outside of academia as well. My colleagues and I have always been convinced about this, and we have worked with firms individually. VinCI streamlines this, and enhances it too. We believe that VinCI has important insights to offer business (and nonprofits)."

VinCI specializes in innovation, why is this important?
"Managers of innovative firms and entrepreneurs who start new businesses make strategically important decisions. The most important decisions are about how to organize for innovation – both internally and with outside partners. Colleagues in the VinCI center are acclaimed experts on this topic and have experience in advising firms nationally and internationally. A good example is the project that my colleague Dr. Evelien Croonen has recently been involved in, with New York Pizza, looking at how the different franchisees collaborate between themselves and with headquarters, the franchisor."

How will this collaboration take place?
"We want organizations to be able to benefit from the knowledge and expertise we have within VinCI. We do this by, for example, having a Master student do thesis research at firms. In a more intensive collaboration, we may also provide an innovation scan of the organization, in addition to thesis research. It is also possible for organizations to have their employees participate in a three-day course on the fields of expertise within VinCI. Subjects that can be taught are: strategic positioning, entrepreneurship, organisation diagnosis & intervention, and the use of information systems in an organization."

Can you tell us a bit more about yourself?
"I have been in Groningen for over seven years now, as a full professor of strategy & innovation. Before I came to Groningen, I worked at the universities of Utrecht and Rotterdam, amongst others, so I have ‘been around’. While my career has been mostly an academic one, I have always sought to work with firms, and nonprofits too, in research and in teaching. I believe this benefits students, firms, and research in my group. With VinCI, these mutual benefits can be enhanced. My own research interests focus on collaboration and have, of late, zoomed in on the social networks within firms that facilitate collaboration. Many consultants have also noticed how powerful the insights are that can be generated using social network analysis. A social networks approach can, however, be misleading if not done properly, which is where academic and business insights necessarily need to meet. My forthcoming book, co-authored with Rick Aalbers, Innovation Networks (Routledge, June 2015), is devoted to this topic. I am advising, firms from the Netherlands and beyond on how to make sure their strategy and their internal organization align. For instance I am currently advising Ford Credit about improving the collaboration between people from their research unit in Dearborn, MI and colleagues from the other location in Chennai, India. The template might be copied to Ford as a whole, and is based on insights we recently published on academically."

Simon Thunnissen
On behalf of SOM Applied Research, Simon Thunnissen provided feedback and support in setting-up VinCI.
"SOM Applied Research (AR) aims at strengthening the connection between science and practice to enhance the valorization and societal relevance of our scientific research. In order to see if VinCI could contribute to those goals, I helped them formulate a clear plan by asking questions as: Why should FEB have a centre of expertise on innovation and collaboration? Why now? Which stakeholders would be interested? Do fellow researchers in this field support the idea for a new centre? Establishing the answers to these questions is an essential part of determining the relevance and importance of a potential new centre. If the theme or topic of a centre is not recognized by stakeholders, or there is no support from a large group of researchers, there is no fertile ground to build upon. In the case of VinCI, it was easy to identify those necessary ingredients. Researchers of the research programme Innovation and Organization support the centre, and already have a track record of cooperation with external stakeholders. Once we knew that VinCI had sufficient background to start, I provided information about the type of services that our other centres of expertise offer to their clients. In the upcoming two years, SOM Applied Research will further support the first activities of VinCI, such as workshops, communication, and acquisition of partnerships."
Evelien Croonen

“In the past decade I have worked closely with a number of different companies on joint research projects. My research focuses on strategic and managerial issues in networks that are coordinated by a central firm. The management of such networks is challenging because network members typically are in a long-term cooperative relationship, while at the same time their objectives may not be fully aligned. I specialize in networks with a shared identity in the market place, with franchise networks as an important example. Such networks consist of a central firm – the franchisor – that has contractual relationships with franchisees who pay to use the franchisor’s brand name and business format and who agree to conform to network standards.

For franchisors, the management of franchise networks is an important challenge since franchisees are legally independent network members with their own interests. Since franchisees form an important ingredient of success, I aim to develop knowledge on how franchisors can promote desirable franchisee behaviors and prevent undesirable behaviors. How can franchisees be best stimulated to adopt franchisor-initiated strategic changes? How can franchisee ‘bottom-up’ entrepreneurial initiatives best be managed? How can franchisee trust and commitment be fostered? And: how can franchisees be stimulated to share knowledge between them?”

“I have cooperated with franchise networks in a wide range of industries, including drugstores, supermarkets, department stores, pizza delivery, construction services, recreation parks and candy stores. Most of these studies take place in the Netherlands, but I am currently cooperating with a network of convenience stores in the US. Typically, research projects are initiated by franchisors who contact me based on my reputation in the franchising industry. Many franchisors want me to investigate the level of satisfaction and trust among their network members by means of a survey. In developing a survey to determine this, I generally cooperation closely with the franchisor and some franchisees (representing their peers). This results in a survey that is relevant to them. The outcome of the survey is a ‘Management Report’, focused on answering the franchisor’s question.

A recent example is a network of recreation parks where the franchisor and franchisees discussed which franchisor services should be provided to the franchisees for which fee. The franchisor and franchisees disagreed on the height of franchise fees; franchisees wanted to pay lower fees to the franchisor, but this could result in fewer services offered by the franchisor. The survey showed that the franchisees considered the franchisor’s marketing strategy – and more specifically its online marketing strategy – as by far the most important franchisor service. This helped the franchisor set priorities and manage franchisee expectations. I always negotiate about adding my own questions that I can use for research purpose. Since I have such close cooperation with the franchisor, and franchisors understand the value of my added analysis, they often help out in further data collection. A very nice example is the network of construction services.

To a survey about members’ trust in and satisfaction with the franchisor, I also added questions about antecedents and consequences of trust among network members. The franchisor helped have as many of the go members respond to the survey and provided franchisee performance data. In such cases I may sign a confidentiality agreement if necessary. This way, I obtained unique data that my colleagues and I use for publications in scientific journals.

In some cases I had a research objective that firms would not immediately think about. I then contacted firms myself, like I did with the Dutch pizza chain New York Pizza (NYP). My co-authors and I wanted to study the antecedents and consequences of knowledge sharing in franchised networks. I contacted the company’s founder/CEO to explain what we wanted and how this could help his company. He agreed and gave access to the information we needed. In return, we provided the company with a detailed Management Report with insights on, for example, the occurrence of knowledge sharing among NYP franchisees and the franchisees’ satisfaction with the NYP franchise system. Moreover, we kept the founder/CEO updated on important developments regarding our research findings. For example, we found that NYP franchisees with relatively low financial performance benefit from sharing knowledge with parties outside the NYP chain, whereas the high performers suffer from sharing knowledge with such partners.

The close cooperation with companies has been very valuable for us so far, while we provided the companies clear and relevant management advice. A real win-win situation.”
In the spotlight
Mariko Klasing on cultural change, entrepreneurial activity and economic development
What is the article about?

“This article studies the interaction between economic development, entrepreneurial activity, and cultural change from a theoretical perspective. It is unique in that it is the first study that analyzes this link from an aggregate macroeconomic point of view. It highlights how entrepreneurial activity can foster economic growth and gradually promote cultural change, leading to a virtuous circle for economic development. The starting point of the article is that individuals make occupational choices based on their attitudes toward risk. Individuals who are more risk tolerant are more inclined to choose to become entrepreneurs, which is riskier compared to other forms of employment. The risk attitudes of individuals, though, are formed during early childhood and influenced by their parents. In an environment where taking risks is economically beneficial, parents are inclined to teach their children to tolerate this risk, while in an environment where risk-taking does not pay off, parents will be more inclined to teach their children to be risk averse. My analysis exploits this interaction between parents and children to explain how a virtuous circle of entrepreneurship and development can arise. Having many risk tolerant individuals in an economy who will choose to become entrepreneurs implies higher rates of innovation and economic growth. At the same time, as the economy grows, entrepreneurial activity becomes more attractive and parents start encouraging risk-taking behavior among their children. This makes subsequent generations more risk-tolerant, leading to even more entrepreneurial activity and faster growth.

What is the scientific contribution?

Many of the elements of the virtuous circle described above have already been discussed in the broader economics and business literature. For example, there is extensive work that has studied the link between entrepreneurial activity and economic development. Other studies have shown that individual attitudes toward risk are transmitted from parents to children and that they affect the occupational choices of individuals. The novelty of the article is that it puts all these elements into one coherent theoretical framework and analyzes how they interact in an aggregate macroeconomic context. It is one of the very few studies so far that have analyzed the interplay between cultural attitudes and economic development, as highlighted in the recent chapter in the Handbook of Economic Growth by Doepke and Zilibotti.”

What is the societal relevance of this research?

“Governments all over the world devote substantial resources in order to promote innovation and entrepreneurial activity. However, little is known about how exactly the incentives created by these policies operate at the individual level, influence key economic decisions, and impact the economy at large. Empirical studies looking at the effect of innovation promoting policies oftentimes find very weak effects. My research suggests that these effects are not always immediate. Part of the impact of such policies comes by changing the risk attitudes of individuals in future generations and their effectiveness depends on how quickly these attitudes respond to changing economic incentives. For example, my article discusses how subsidizing entrepreneurial activity today will not only promote entrepreneurship in the current generation, but will also make the prospects of being an entrepreneur more attractive for subsequent generations. This leads to changes in risk attitudes over time and induces more individuals to become entrepreneurs in the future. This is a dimension that should not be ignored by policy makers. It should instead be taken into consideration when designing policies and I hope that my research will help in making it better understood.”

Who is Mariko Klasing?

“I am currently an assistant professor in the Department of Global Economics and Management. I studied economics at the University of St. Gallen in Switzerland, where I obtained my Master’s and PhD degrees. Before moving to Groningen, I spent two years as a visiting researcher at Brown University in the United States and four years as an assistant professor at Carleton University in Ottawa, Canada. My research interests lie in the broader area of economic growth and development. Currently I am working on research projects related to economic development at the subnational level, the role of human capital investments in promoting it, the effect of cultural attitudes and cultural diversity, and the evolution of international trade patterns and trade policy over the long run.”

Publication in the spotlight

Publications

Please find below an overview of publications in SOM’s top and very good journals, PhD theses and research reports in the period December 2014 - June 2015.

Journal publications


PhD theses

Hans Berger
Essays on the Governance of Buyer-supplier Relationships
Supervisor: Prof. P.S.H. Leeflang
Defended on May 21, 2015

Lisa Berntsen
Agency of Labour in a Flexible Pan-European Labour Market: A Qualitative Study of Migrant Practices and Trade Union Strategies in the Netherlands
Supervisors: Prof. S. Beugelsdijk & Dr. N.A. Lillie
Defended on April 30, 2015

Nikita Bos
Supervisors: Prof. H.J. de Jong & Dr. T. Vonyó
Defended on January 22, 2015

Wytze van der Gaast
International Climate Negotiation Conditions: Past and Future
Supervisor: Prof. C.J. Jepma
Defended on February 5, 2015

Winand Grooten
Supervisors: Prof. E.M. Kneppers-Heijnert & Dr. M.J. Brand
Defended on April 30, 2015

Giora Hadar
The Dynamics of Intergenerational Knowledge Transfer: Case Study of Air Traffic Controllers in the FAA
Supervisors: Prof. L. Karsten & Prof. R.J.J.M. Jorna
Defended on February 12, 2015

Philipp Marek
The Role of Multinational Enterprises in the Transition Process of Central and Eastern European Economies.
Supervisors: Prof. S. Beugelsdijk & Dr. B. Jindra
Defended on May 28, 2015

Yusof Saari
Income Distribution across Ethnic Groups in Malaysia: Applying Social Accounting Matrices
Supervisors: Prof. H.W.A. Dietzenbacher & Dr. B. Los
Defended on March 19, 2015

Working Paper Series

14034-EEF: Kuper, G.H., G. Sierksma, and F.C.R. Spieksma, Using Tennis Rankings to Predict Performance in Upcoming Tournaments

15001-EEF: Bao, T., X. Tian, X. Yu, Dictator Game with Indivisibility of Money


15003-EEF: Allers, M., B. van Ommeren, and B. Geertsema, Does intermunicipal cooperation create inefficiency? A comparison of interest rates paid by intermunicipal organizations, amalgamated municipalities and not recently amalgamated municipalities

15004-EEF: Dijkstra, P.T., M.A. Haan, and M. Mulder, Design of Yardstick Competition and Consumer Prices: Experimental Evidence

15005-EEF: Dijkstra, P.T., Price Leadership and Unequal Market Sharing: Collusion in Experimental Markets

15006-EEF: Anufriev, M., T. Bao, A. Sutin, and J. Tuinstra, Fee Structure, Return Chasing and Mutual Fund Choice: An Experiment

15007-EEF: Lamers, M., Depositor Discipline and Bank Failures in Local Markets During the Financial Crisis

15008-EEF: Oosterhaven, J., On de Doubtful Usability of the Inoperability IO Model
In the past months, several FEB researchers have been appointed to various positions and grants were obtained.

**Appointments**

**Shubashis Gangopadhyay appointed professor of Emerging Markets Finance**

As of 1 January 2015, Prof. Shubashis Gangopadhyay has been appointed Professor of Emerging Markets Finance at FEB. With the addition of Gangopadhyay, research in the field of financing of developing economies at FEB will be strengthened. In addition to his appointment as professor in Groningen, Gangopadhyay is Dean of the School of Humanities and Social Sciences of the Shiv Nadar University (SNU) in Uttar Pradesh, India. He is also a visiting lecturer at the University of Gothenburg in Sweden.

**Roelof Salomons Professor Investment Theory and Asset Management**

Dr Roelof Salomons, Chief Strategist at Kempen Capital Management, has been appointed as part-time Professor of Investment Theory and Asset Management FEB from 1 January 2015. Salomons graduated and received his PhD from the University of Groningen. His decision to return to academia and to Groningen in particular feels entirely logical because he has always been committed to RUG. Since completing his thesis, he has been involved in the MSc programme in Finance and has supervised theses and (co-) lectured students in the elective class on Institutional Investment Management.

**Grants**

**NWO grant for Machiel Mulder**

A smooth transfer to sustainable energy in Europe will require major changes to the electricity market – for example because the supply of energy through solar panels or wind turbines is less reliable or can result in significant price fluctuations. Which changes to the electricity market will prove most beneficial? Prof. Machiel Mulder, Professor by Special Appointment in Regulation of Energy Markets at FEB, has been awarded a research grant of almost EUR 200,000 from NWO, with cofunding from a number of societal partners. He will conduct the research together with Prof. Marco Aiello and Prof. Jacquelen...
Scherpen of the Faculty of Mathematics and Natural Sciences, Prof. Bert Scholtens of FEB and Prof. Frank Hindriks of the Faculty of Philosophy. This collaboration will be facilitated by the Energy Academy Europe. The societal partners involved are TenneT TSO B.V., EnergieNederland, Netbeheer Nederland, VEMW and the Consumentenbond.

NWO VICI grant for Marcel Timmer

NOW has awarded Prof. Marcel Timmer of FEB a prestigious VICI grant for his research project ‘Modelling Global Value Chains: a new framework to study trade, jobs and income inequality in an interdependent world.’ You can read more about Marcel and his project on page 4 of this issue.

NWO grant for Bianca Harms

Bianca Harms, teacher at Stenden University of Applied Sciences and part time PhD student at FEB has received a special grant by NWO: the Doctoral Grant for Teachers. With this grant she will continue with her PhD research about the effectiveness of online branded content under supervision of Prof. Tammo Bijmolt. You can read more about Bianca Harms on page 10 of this issue.

Best Paper Award for Jakob de Haan and Anna Samarina

The editorial board of the journal Contemporary Economic Policy has awarded the prize for Best Paper of 2014 to prof.dr. Jakob de Haan and dr. Anna Samaryna of FEB. The prizewinning article is titled: ‘Right On Target: Exploring The Factors Leading To Inflation Targeting Adoption’ and was published in April 2014 (vol. 32, issue 2). The prize will be awarded at the conference of the Western Economic Association International in June 2015 in Hawaii.

David van Lennep Thesis Prize for Maxim Laurijssen

In March 2015 FEB PhD student Maxim Laurijssen has won the David van Lennep Thesis Prize for his master thesis ‘Harnessing Against Psychopathic Leaders: The Moderating Role of Ethical Culture in the Relationship Between Corporate Psychopathy and Destructive Leadership.’ He wrote this thesis as part of his master from the Faculty of Behavioural and Social Sciences at the RUG. In January 2015 he also won the NIP (Dutch Institute of Psychologists) Thesis Prize 2014 for the same thesis.

Fellow Award for Henk Sol

On December 15, 2014 Prof. Henk Sol received the Fellow Award of the of the Association of Information Systems in Auckland, New Zealand. This Award is a recognition of his contributions to the Association, of which he as Founding Vice President as well as to the field of Management Information Systems. He is the first Dutch researcher to receive this award.

International Energy Economics Conference 2018 to be held in Groningen

The 41st International Energy Economics Conference will take place in Groningen. The Council of the International Association for Energy Economics (IAEE) has accepted the bid jointly submitted by the Benelux Association for Energy Economics (BAEE), the Faculty of Economics and Business of the University of Groningen (FEB) and the Energy Academy Europe (EAE) to host this leading conference in Groningen. The event will take place from 10 to 13 June 2018.

Machiel Mulder, President of the BAEE and professor of energy economics in Groningen, who will act as Chairman for the conference explains: “As President of the Benelux chapter within the IAEE, I was asked by the IAEE last year whether we would be interested in submitting a bid to host the 2018 International Energy Economics Conference in the Benelux. FEB and the Energy Academy Europe were interested in participating and this is how we came to develop a bid for Groningen as the conference location. We are looking forward to working together on this, in close cooperation with the IAEE and the Groningen Convention Bureau.”

Research Master awarded Top Degree Programme predicate

Recently FEB’s Research Master programme in Economics and Business has been evaluated very well by the Keuzegids Master (Higher Education Guide) and has been awarded the ‘Top Degree Programme’ predicate by the editors, based on the quality assessments. The Research Master scored 86 points (out of 100) and ranks in the top 20 of the 1250 masters in the Netherlands. Students are extremely positive about the high level of the programme and the expertise of the teachers. Furthermore, the programme is highly recommended for entering a PhD.
Organisation of Research

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

Global Economics & Management (GEM)
Prof Marcel Timmer

Economics, Econometrics, Finance (IEEF)
Prof Robert Lensink

Human Resource Management & Organizational Behaviour (HRM&OB)
Prof Gerben van der Vegt

Innovation & Organization (I&O)
Prof Wilfred Dolfsm

Marketing (Marketing)
Prof Bob Fennis

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

SOM Board
Prof Harry Garretsen, chairman
Prof Eric Molleman, member
Prof Frans Stokman, member
Prof Tammo Bijmolt, advisory member
Drs John de Groot, advisory member
Dr Taco van der Vaart, advisory member

SOM Advisory Board
Prof Marnik Dekimpe
Prof Roland van Dierdonck
Prof Robert D. Galliers
Prof John Hollenbeck
Prof Dale Jorgenson
Prof Sue Llewellyn
Prof Rick van der Ploeg
Prof Jean-Claude Thoenig

SOM Office
Prof. Tammo Bijmolt, Scientific Director
Dr Justin Drupsteen, PhD Coordinator
Dr Richard Jong-A-Pin, Research Master Coordinator
Drs Peter van Kampen, SOM AR
Mrs Rina Koning, Policy Officer
Mr Simon Thunnissen MSc, SOM AR
Dr Taco van der Vaart, Director of Graduate Studies
Mrs Astrid van der Veen, Funding Coordinator
Mrs Astrid Beerta, secretary
Mr Arthur de Boer, secretary
Mrs Ellen Nienhuis, secretary
Mrs Hanneke Tamling, secretary

Centres of Expertise
www.rug.nl/feb/coe

Corporate Governance (CGIC)
Prof Hans van Ees

Banking, Insurance, Finance (CIBIF)
Prof Robert Lensink

Customer Insights (CIC)
Prof Jaap Wieringa

Local Government Economics (COELO)
Prof Maarten Allers

Center for Energy Economics Research (CEER)
Prof Machiel Mulder

Groningen Center for Social Complexity Studies (GCSCS)
Dr Wander Jager

Economic Growth and Development (GGDC)
Prof Marcel Timmer

Healthwise
(Health Care Management & Economics)
Prof Kees Ahaus

Human Resource Management, Organizational Behaviour (HRM&OB)
Drs Metha Fennis

Center of Operational Excellence
Prof Kees-Jan Roodbergen

Spatial Economics
Prof Paul Elhorst

Value in Collaboration Innovation (VinCI)
Prof Wilfred Dolfsm

FEB Research Spring '15
Faculty of Economics and Business

Adding Personal Value

www.rug.nl/feb