

# Lehigh Business

ISSUE NO. 2, FALL 2016

## GETTING PAID

Runaway CEO salaries, gender pay gaps and minimum wage wars are igniting debates about income inequality.

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COLLEGE OF  
BUSINESS AND  
ECONOMICS



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# Lehigh Business

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## 02 ON THE COVER

Lehigh experts address the stubborn complexities in the ongoing debates over how to fix runaway CEO salaries, the minimum wage and the gender pay gaps.

*Illustration by Sonia Roy*



**Biz Quiz**

Test your business knowledge with our Biz Quiz. You can win bragging rights—and Lehigh swag. See page 36.

## A New Vision

**W**ith every step, the College of Business and Economics is becoming more and more integrated into the business world. Yes, our mission is to educate, but we also see our job as creating knowledge and interacting with the community to solve societal problems.

For that reason and many more, I'm excited to share with you the second annual issue of *Lehigh Business*, as we tackle the provocative subject of "Getting Paid" in our cover story. With earnings and wages affecting all of us, the story delves into the complexities behind controversial CEO compensation packages, gender pay inequalities and minimum wage wars. This topic formed the core for our annual impact symposium (page 8), bringing together educators, community leaders and economists to discuss these issues as well as the impact of states' occupational licensing. While we talk about these issues in the classroom, of course, it is important to note that they are not abstract concepts; they also have growing importance outside the classroom.

This year, the College continues to move on its bold ambition of transforming from our reputation as an excellent, regionally known undergraduate program into one of a business school of national and international stature.

We are extending our reach into industry with our new and revitalized Research Centers and an expanded Executive Education Program. David E. Welsh, executive director of Lehigh University Executive Education, shares his vision for Lehigh's program in a Question-and-Answer segment (Page 10).

We also continue to hire and retain top-tier faculty. In our Faculty Research section (page 13), you will learn about some of the groundbreaking research of our faculty, including a new study co-authored by Liuba Belkin, associate professor of management, that finds a link between the after-hours email expectations of organizations and employees' emotional exhaustion. Other faculty research delves into daily fantasy sports, the enduring value of emotional ambivalence, companies' mobile strategies, "contagion" in economic activities and the impact of sanctions on certified public accounting firms.

As a College, we're also working with each other more closely to support our mission, whether it means the mentoring of a junior faculty member or the sponsoring of a research symposium between two departments. The Faculty Collaboration graphic (page 19) shows the depth of the collaboration that is already occurring among faculty.

In this issue, we also bring you stories of our students, including those behind the energetic Women in Business group, and our alumni, including tech pioneer Sanjay Shah '89MBA; Lea Giménez '12 Ph.D., the first female Vice Minister of Economics in Paraguay; and Erika McEney Hanauer '09, who founded a non-profit to help at-risk children.

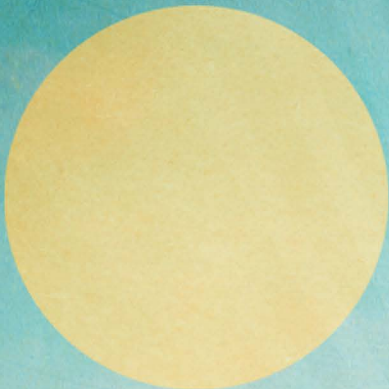
We hope you enjoy this issue of *Lehigh Business*. You can stay up-to-date with the College at [cbe.lehigh.edu](http://cbe.lehigh.edu).

*Georgette C. Phillips*

**Georgette Chapman Phillips**

*The Kevin L. and Lisa A. Clayton Dean of the College of Business and Economics  
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10,90	-0,15	-1,36
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46,01	-0,59	-1,27
34 995	2,22	46,92
29,76	0,40	
2,05	-0,02	-0,97
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44,99	-0,37	-0,82
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146,78	-1,44	-0,97
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# GETTING PAID

## RUNAWAY CEO SALARIES, GENDER PAY GAPS AND MINIMUM WAGE WARS ARE IGNITING DEBATES ABOUT INCOME INEQUALITY. THE ISSUES ARE MORE COMPLICATED THAN YOU MIGHT THINK, LEHIGH EXPERTS SAY.



**T**he headlines are designed to shock, and shock they do: “Chipotle’s CEO makes 1000x the salary of average worker” (*New York Post*), “Wage Gap Costs U.S. Women \$500 Billion a Year, Report Finds” (*Huffington Post*), “It’s officially impossible to afford NYC rents on the minimum wage” (*New York Daily News*).

Former Democratic presidential candidate Bernie Sanders struck a chord with millions of Americans when he made the growing inequality between the super-rich and everybody else the centerpiece of his campaign. In the past few years, that outrage has caught fire with the “Fight for \$15” campaign among groups trying to raise the minimum wage and through “Say on Pay” efforts in which shareholders of companies have the right to vote on executive compensation.

But don’t storm the barricades just yet. A look beyond the headlines reveals stubborn complexities in the debates over how to fix runaway executive compensation, the minimum wage and the gender pay gap.

If CEO pay is too high, how can it be reined in without hurting companies’ ability to attract talent? If the government gets involved, would the cure be worse than the disease?

With the gap between what men and women earn, how much is outright sex discrimination and how much stems from other factors that don’t lend themselves to lawsuits and legislation?

When the minimum wage is raised, what is the tipping point where mandatory pay hikes mean fewer jobs? \$10? \$12? \$15?

“Salary and wage issues are increasingly salient in our understanding of the balance of free enterprise and regulation,” said Georgette Chapman Phillips, dean of the College of Business and Economics at Lehigh. “The choices that leaders will make on these provocative topics will reverberate for decades to come.”

Few statistics are as likely to rile up middle-class Americans as the gap between the multi-million dollar compensation packages awarded to top CEOs and the wages earned by average workers.

In July, the Economic Policy Institute, a labor-backed think tank, reported that in 2015, CEOs in the biggest American companies earned “an average of

\$15.5 million in compensation, which is 276 times the annual average pay of the typical worker.”

“While the CEO-to-worker compensation ratio is down from 302-to-1 in 2014, it is still light years beyond the 20-to-1 ratio in 1965,” the report said. The group attributed last year’s smaller gap to a dip in the stock market that affects the value of the stock options in CEO compensation packages.

But the gap doesn’t tell the whole story, nor is there an easy fix, said Andrew Ward, associate professor of management in Lehigh’s College of Business and Economics.

CEO pay has escalated in part because the job of running a company has changed dramatically since America’s economy went from largely domestic to one of global trade, he said. Fifty years ago, when an organization was rigidly structured, “it didn’t matter so much who the CEO was because the organization performed as it performed,” said Ward, who also serves as associate dean for graduate programs and holds the Charlot and Dennis E. Singleton ’66 chair.

Today, with the advent of the Internet, digital technologies and other advances, companies have become less hierarchical and more creative, with the need to adapt faster to a rapidly changing business landscape, he said. As a result, “boards have realized that who they have as a CEO is much more critical. Now there’s much more of a competitive marketplace for that CEO talent.”

Boards of directors look at hiring a top chief executive as an insurance policy, Ward said. If they hire someone with a stellar reputation and the company performs poorly, board members can argue that it’s not their fault because they chose

By  
MARGIE  
PETERSON

Illustrations  
by SONIA  
ROY

someone who everyone agreed was a great pick. The CEO becomes the scapegoat for the company's failure.

Companies that have tried to place structural limits on the compensation of their executives have discovered it can make it difficult to recruit talent.

Ben & Jerry's, the community-minded ice cream company famous for its funky flavors like Cherry Garcia and Chunky Monkey, started off limiting the pay of its CEO to no more than five times its lowest paid worker. Then it raised that ceiling to seven to one before dropping the cap on executive pay when it chose a leader from outside the company to replace co-founder Ben Cohen, who stepped down in 1994.

Salary caps like Ben & Jerry's don't just affect the CEO but also the entire executive team, according to Ward.

"They couldn't pay market wages or anything close to it for their financial officers and accountants and all sorts of people, and it caused problems in the organization because they just couldn't get executives in general," Ward said.

At the other extreme, CEO pay gets ratcheted up when boards of directors look at those executive salaries as a competitive race to the top with an "our CEO is better than your CEO" type of thinking.

## THE AMERICAN WAY

Top corporate executives in countries such as Germany and France don't make nearly the amount of compensation that America's highest-paid CEOs receive, but that's not surprising given cultural differences.

"European countries are generally much more focused on equality in society," Ward said. "They have much higher tax rates, much higher social security systems, public health care, which has the effect of equalizing society.

"That's been much less part of the culture in the United States," where taxes are lower but the social safety net isn't as strong. "We have a philosophy that it's more about the individual and less about the collective benefit. That translates into the way we structure compensation."

It's reflected too, he said, in the way that sports figures and celebrities are compensated.

Some critics of executive pay argue that the huge compensation packages aren't always tied to a company's performance. Public outrage hit a high in 2009 when it was reported that insurance giant AIG planned to pay its executives hundreds of millions of dollars in bonuses while accepting about \$170 billion in a government bailout.

There are drawbacks to tying CEO pay largely to stock prices, because it could lead a CEO to sacrifice long-term growth and stability to short-term profits. "If you do it wrong, you incentivize short-term thinking," Ward said.

As the Economic Policy Institute indicated, stock options impact CEO pay. "Back in the 1950s and '60s, the pay was smaller but almost none of that was tied to the performance of the company," he said. "Where that escalation occurs is where the bigger chunk of that CEO's pay is tied to performance. On the whole, U.S. companies have performed astoundingly well since the 1960s, so that has had the effect of escalating that pay differential."

Still, Ward said, "There's also the other argument that CEO pay has gotten too high and out of control. And I think there is validity to that." But he opposes any government effort to place limits on executive compensation, raising concerns about that type of marketplace interference.

"It's the job of the company to determine [compensation] rather than a cap being put on that by the government. Steve Jobs started Apple. Should there be a limit on how much Steve Jobs got paid from Apple? If he hadn't created it, it wouldn't have been around in the first place."

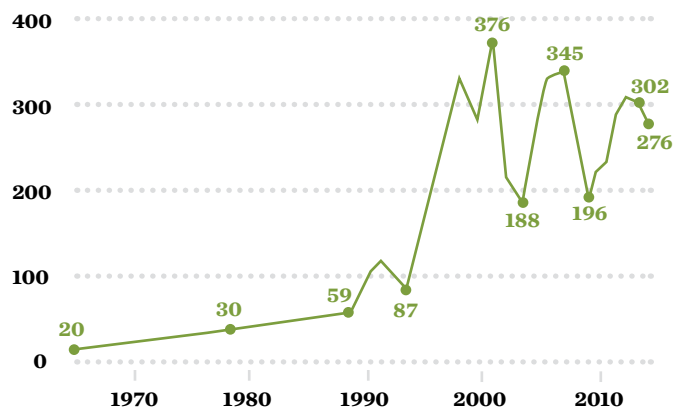
Last year, the Securities and Exchange Commission approved a rule mandating that large public companies calculate the difference between the compensation their top executives earn compared to the median pay of the rest of their workers. The regulation, which was part of the Dodd-Frank law, is slated to go into effect next year, with the first worker-to-CEO ratios expected in 2018. The rule has been widely seen as a way of publicly shaming companies into curbing runaway CEO pay.

"Say on Pay" campaigns—in which shareholders get to vote on CEOs' pay packages—may be having an effect on curbing over-the-top compensation, according to the Wall Street Journal/Hay Group. The WSJ/Hay Group CEO pay survey found in 2015 that for the second year in a row, pay increases for CEOs were "significantly lower than increases in shareholder value."

## A GENDER PAY GAP?

Of the 100 largest public companies in the United States, only eight are led by women, but those women earned more than their male counterparts in 2015, according to a report released in May by Equilar, an executive compensation research company. Those eight women earned an average of \$22.7 million compared to \$14.9 million for the male CEOs.

## CEO-TO-WORKER COMPENSATION RATIO



Few statistics are as likely to rile up middle-class Americans as the gap between CEOs' compensation packages and average workers' wages. While the

CEO-to-worker compensation is down, it is still far higher than the 20-to-1 ratio in 1965, as this chart from the Economic Policy Institute shows.

But that's a very small subset of chief executives and says as much about how few women are leading large companies as it does about advances in closing the gender pay gap. A broader look at the issue of a gender pay gap tells a more complicated story.

The pay gap debate moved front and center last spring when five stars of the U.S. Women's National Soccer Team filed a complaint against their employer, U.S. Soccer, over wage discrimination. They maintained they are paid almost four times less than players on the U.S. Men's Soccer Team, despite making nearly \$20 million more in revenue in 2015 and attracting more viewers—25.4 million—for last year's Women's World Cup Final than for any soccer match—men's or women's.

It's the latest chapter in a decades-long debate. When the movement for equal pay for women took off in the 1960s and 1970s, feminists wore buttons that said simply: "59 cents"—the amount that women were paid for every dollar men earned. And while that gap has closed considerably—it's now about 79 cents, according to the U.S. Census Bureau—the remaining disparity is not an easy fix.

Robert J. Thornton, who holds the Charles William MacFarlane Professorship of economics at Lehigh, and Judith A. McDonald, also a professor of economics at the university, studied the starting salaries of new college graduates from 2000 to 2010 and found that about 90 percent of the gap in starting salaries can be explained by the different majors that men and women congregated to and the types of job offers.

"Women are more likely than men to select majors commonly associated with lower earnings, such as education, health and psychology, whereas men are more likely to choose majors that lead to higher-paying jobs, such as engineering, mathematics and physical sciences," Thornton and McDonald wrote in a 2015 article for the journal *Research in Labor Economics*.

In an earlier study, they found that the same pattern has held since the mid-1970s.

"We think it's changing a little bit now," Thornton said. "There's a lot of interest in more women going into STEM fields."



Corinne Post, associate professor of management at Lehigh, has researched disparities in the workplace and career trajectories. She said some of the wage gap could be traced to more women than men taking time out for family purposes, such as raising children. But research also shows that men and women in the same position have different experiences at work.

So, for example, Post said a firm that was concerned about pay disparity found that its saleswomen were often given territory with traditionally poor sales.

"That would be consistent with a large body of research showing that men and women get different kinds of assignments and opportunities that then lead to these differences in salaries and wages," Post said. "So if I'm not given a good assignment with an opportunity to prove myself or a high growth client or industry, I'm not going to look as good to people as the others who have been given the opportunities."

Post said some of the skills that women frequently bring to the workplace tend to be invisible or undervalued.

"There was a really interesting study about science and engineering [research and development] and about how women on these teams—anticipating some of the issues that can arise—put a lot of effort into nurturing relationships that down the line proved to be very fruitful," Post said. "Now nurturing a relationship is not necessarily something that will come up on an evaluation of [research and development] project leaders or innovators. However, it will lead to greater success."

"What we know about the gender pay gap is it gets larger over time," she said. "So that initially at the start of a career, [pay] might look very similar."

A woman might graduate from college with an accounting degree, and her starting salary could be the same as her male counterparts, for example. But a wage gap develops as women take time off or seek more flexible schedules to care for children or aging parents.

"Because most of the disparities happen as a function of negotiation of assignments to projects, very quickly those disparities begin and of course they have a snowball effect," Post said.

Because the gender pay gap in many fields has a variety of causes, few of the solutions are clear-cut. Yet it's a mistake to believe today's employers are blind to gender.

Claudia Goldin, a Harvard University economics professor, studied the gender makeup of the best orchestras in America. In the 1990s, such orchestras started having musicians audition behind a screen so those judging could only hear the music they produced.

In their 2000 paper *Orchestrating Impartiality*, Goldin and Princeton economist Cecilia Rouse found that not only did the blind auditions result in more women being hired by orchestras but it also increased the number of women who were willing to audition.

## MINIMUM WAGE WARS

Given the overall gender pay gap, it isn't surprising that the minimum wage disproportionately affects women. According to the Pew Research Center, men in America make up 53 percent of the labor force, but among those people who earn the minimum wage or less, 62 percent are women.

Experiments in raising the minimum wage are playing out across the country. Some states such as New York and California aren't waiting for Congress to raise the \$7.25 federal minimum wage and are increasing their own dramatically over the next few years.

At the heart of the issue is whether such a hike costs jobs, especially for those on the lowest rung of the ladder, as employers hold off on hiring or even lay off workers because they have to pay higher wages that eat into their profits.

Lehigh's Thornton said for years most economists opposed raising the minimum wage, believing it was a job killer. Then Princeton University economists Alan Krueger and David Card did a study in 1992 in which they compared employment at fast food restaurants in New Jersey, which had just raised the minimum wage from \$4.25 to \$5.05 an hour, with the restaurants in Pennsylvania, which had not. They found the hike did not lead to a loss of jobs.

Krueger and Card revamped their study in 2000 and got the same results, which have been bolstered by other studies since then. The prime skeptics of their work have been economist David Neumark of the University of California at Irvine and Federal Reserve economist William Wascher, whose research has found that minimum wage increases have led to less employment.

Thornton said he believes overall that hiking the minimum wage by incremental amounts won't hurt employment appreciably, but it's also not as effective in reducing poverty as, for example, expanding the earned income tax credit.

"A lot of people who get paid the minimum wage are not in poverty," Thornton said. "So it's a very blunt instrument for eliminating poverty."

Several states and some cities have raised their own minimum wage beyond the federal \$7.25 an hour, but New York and California are entering new territory in their plans to increase the minimum wage to \$15 over the next few years. For businesses in New York City with 11 employees or more, the minimum wage will hit \$15 an hour by the end of 2018, but elsewhere in the state, the increase to \$15 will take longer. In California, the minimum wage is expected to hit \$15 by 2022.

So the question is, what is the tipping point? Even Krueger, whose study changed the minimum wage debate, said in 2015 that a \$15-an-hour minimum wage could be counterproductive, costing the jobs of the people who can least afford it.

"This is uncharted territory for us because we've never seen increases in the minimum wage of this magnitude," Thornton said. "There is clearly going to be a tipping point, but I don't think anybody knows what that is. We've never been there before."



IN 1968,  
THE HIGH  
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THE FEDERAL  
MINIMUM  
WAGE IN  
INFLATION-  
ADJUSTED  
TERMS, THE  
**MINIMUM  
WAGE WAS  
EQUAL TO  
ROUGHLY  
\$10 AN HOUR  
IN TODAY'S  
DOLLARS.**

ECONOMIC POLICY INSTITUTE, APRIL 27, 2016

**LEHIGH  
BUSINESS**

# NEWS

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# Impact Symposium Focuses on Earnings Issues

BY MARY ELLEN ALU

**W**ho has the right to decide how much someone gets paid? Educators, community leaders and economists gathered at Lehigh Sept. 30 to explore that issue as the College of Business and Economics hosted its third annual impact symposium.

*Getting Paid: Earnings Issues in Today's Economy* explored four controversies—whether an increase in the minimum wage would lift people out of poverty, whether the growth of occupational licensing is good for workers and the economy, whether the gender pay gap is real and whether soaring CEO compensation packages are justified.

“One of the most important things that we can do as a business school is just this,” said Dean Georgette Chapman Phillips. “It’s important that we listen to the experts weigh in...There are few concerns that are more top-of-mind and pressing than earnings and wages.”

Among the speakers were William Wascher of the Federal Reserve System, who said there’s a preponderance of evidence that a wage hike would cost jobs and reduce employment opportunities; and Morris Kleiner, professor of public affairs and the AFL-CIO chair at the University of Minnesota, who said states’ occupational licensing raises the earnings of people who attain licensing by 10 to 18 percent but also makes it difficult for a person to enter a profession or work across states.

Danielle Lindemann, associate professor of sociology at Lehigh, moderated a panel discussion on gender wage inequality. In her opening, she pointed to some of the reasons given for the pay gaps: occupational sex segregation, which means that women are choosing to enter careers and occupations that pay substantially less than men’s; the cultural and institutional

mechanisms at play in occupational sorting; cultural differences in how men and women who advocate for themselves are viewed; women taking time off from their jobs for motherhood; and out-right discrimination.

Panelists, who agreed the wage gap is real, included Bryce Covert, economic policy editor at *ThinkProgress*; Paula England, Silver Professor of sociology at New York University; and Laurel Smith-Doerr, professor of sociology and director of the Institute for Social Science Research at the University of Massachusetts at Amherst.

A panel discussion on CEO pay rounded out the symposium. Panelists included Sydney Carlock, senior analyst on executive compensation at Institutional Shareholder Services; Donald F. Parsons, senior counsel at Morris, Nichols, Arsht & Tunnell in Delaware; and James F. Reda, managing director of executive compensation at Arthur J. Gallagher and Co.

A robust question-and-answer segment followed each presentation. To read more on the symposium, go to [lehigh.edu/lehighbusiness](http://lehigh.edu/lehighbusiness).



## SPOTLIGHTS

### Impact Symposium Speakers



**SYDNEY CARLOCK**  
senior analyst  
on executive  
compensation  
at Institutional  
Shareholder  
Services



**WILLIAM WASCHER**  
deputy director,  
Division of Research  
and Statistics at the  
Board of Governors,  
Federal Reserve  
System



**MORRIS KLEINER**  
professor of  
public affairs and  
the AFL-CIO chair  
at the University  
of Minnesota

## Accounting or Aristotle?

At Aspen Ideas Festival, Dean Georgette Chapman Phillips joins fellow educators in addressing the need for a holistic education.

BY MARY ELLEN ALU

**D**ean Georgette Chapman Phillips had the honor of being chosen as an Arthur Vining Davis Fellow at the 2016 Aspen Ideas Festival in Colorado, where she joined a panel of educators from across the country in advocating for the intersection of humanities and business in higher education.

Phillips presented on the panel, “Accounting or Aristotle: How Undergraduates View Their Future.”

The issue was a key topic at the Festival, which, since 2005, has been the nation’s premier convening of leaders from around the globe and across disciplines to engage in conversation about ideas and issues that shape people’s lives and challenge the times. Notable speakers included Vice President Joe Biden, U.S. Secretary of State John Kerry and U.S. Attorney General Loretta Lynch.

Phillips was chosen from a competitive field of national nominees as a fellow. She joined 26 other fellows selected by Aspen Institute leaders from among those representing the entrepreneurial spirit, intellectual curiosity and leadership qualities of Arthur Vining Davis, longtime CEO of Alcoa Corporation.

The fellows were able to network with other Festival attendees, including more than 350 thought leaders in science, health, business, politics, religion, technology, the arts, the environment and academia.



Their participation not only had been expected to enrich the Festival, but also to help inform the Arthur Vining Davis Foundations’ philanthropic plans and priorities.

The “Accounting or Aristotle” panel at the Festival explored how to retain the liberal arts in the face of demand for business credentials. It also explored how today’s students are thinking about their academic choices and future professional lives.

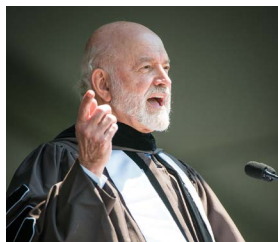
In a subsequent op-ed piece Phillips co-wrote with Donald E. Hall, the Herbert and Ann Siegel Dean of the College of Arts and Sciences at Lehigh, the two deans

voiced support for a holistic education—one that integrates business and liberal arts.

“As deans, we join together to challenge the false distinctions that place liberal arts on one side of the undergraduate educational fence and more pre-professional programs (such as business, engineering, nursing) on the other,” they wrote.

“We believe we do our students, and by extension ourselves, a disservice when we erect such barriers: Doing so creates the impression that there must be a choice. Either a student studies accounting or philosophy, marketing or literature. This is wrong.”

## ‘Know Yourself’



**W**all Street financier and philanthropist Joseph R. Perella ’64, ’06H delivered Lehigh’s 148th Commencement address, recalling his unlikely journey from “Newark to Now.” The son of Italian immigrants, Perella detailed his circuitous path to success, including a “wake-up call” from Lehigh that led him to return to the university to study business. He went on to receive his MBA from Harvard and became a founding partner and chairman of the global advisory and asset management firm Perella Weinberg Partners.

Perella shared the life lessons he learned along the way to becoming one of Lehigh’s most respected and accomplished alumni:

- Know yourself.
- Recognize that you can’t do it alone.
- Know how to manage setbacks and disappointments, and don’t make them permanent.
- Strive for excellence.
- Tell the truth, and don’t be afraid to admit when you don’t know something.

To watch of a video of Perella’s address, go to [lehigh.edu/commencement](http://lehigh.edu/commencement).

# Q & A

*A conversation  
with David E. Welsh,  
executive director  
of Lehigh University  
Executive Education*



## *Why has Executive Education become so increasingly important for organizations and corporations?*

**T**he pressure is on for organizations and individuals to stay competitive—the skills required for success in tomorrow’s economy are critical to build today. Executive Education is increasingly popular because it allows organizations and individuals the ability to tap into the latest concepts and ideas from some of the greatest minds in academia in a condensed and convenient format. Programs are suited for professionals who cannot afford to take long breaks from work but want to learn from the same professors and experts who are typically found in longer degree-seeking programs.

Part of my job is to stay on top of the latest content, see how it aligns to real business challenges and, working with faculty, deliver that content in a way that is relevant. We analyze the best content and deliver it in a practical, results-driven way, helping HR, talent professionals and individuals get ahead. If you’re a CEO or senior leader in your organization, and you have to move your people in a new strategic direction, or add skill capacity, the best and frankly most effective way to do that is to rely on us to quickly customize programs for you. Lehigh has the intellectual capacity across many disciplines, and

our ability to develop a program or series sessions specifically to meet your needs is expansive.

**Q. You came on board in February 2016. What's your vision for Lehigh's Executive Education program?**

Short-term, we are focused on the Northeast region, not just the Lehigh Valley in Pennsylvania, but the corridor from New York to Washington, D.C., and out to Chicago. The focus will be on expanding our short-term Certificate programs—management-level, leadership-level open enrollment programs—and on working with corporations on customized programming—what's their need, what can we do to help them, how can we become their partner and help design something specifically for them, following the client-driven boutique model I described earlier. We will also be creating new opportunities to expand our reach with a video series focused specifically on challenges that leaders face in a constantly changing business environment, and industry and role-related forums—for example, forums on the new business of health care and one designed specifically

for talent management and HR professionals.

Longer term, we will be focused on creating a Center of Excellence—around Executive Education. Lehigh becomes a “learning and development destination” for executives, a place where we can create an opportunity for global professionals and organizations to come and develop, explore and create the future of business. You know, we're an hour and 25 minutes from New York, and we're an hour and a half to Philadelphia. We're really in a good location, and it is beautiful here, not to mention the historical aspect of the city [of Bethlehem].

Look, at one point in history we exported the world's steel. We literally help build this country—right here in Bethlehem, Pennsylvania. That energy is still here. My thought, we can do that again for collaborative knowledge by exporting our thought leadership, business research—the overall intellectual capital of the entire university and others—a direct conduit to the business community and the world. Who knows? Maybe there are partnerships with other institutions, both here and abroad, centers of excellence with companies large and small. The point is, as education and development become more collaborative and collective, we are in a great place to lead—[as an institution]—powerful enough to start and agile enough to get things done!

**Q. What are some of the new programs planned?**

We have a lot of new programs lined up for this year—everything from Negotiations, Innovation, and Finance to Project Management. One, our new Certificate program, the Lehigh Management Acceleration Program (MAP) is designed for mid-level managers and functional experts to help round out their business skill set—really a great series of programs led by really outstanding faculty, very exciting. We also have a new Certificate in Project Management designed for project

sponsors or supporters, those professionals responsible for project outcomes. Both programs are delivered in a convenient format that is experiential and focused on real-world application. The Management Acceleration Program (MAP) will also have a unique team-based simulation capstone, which is designed to test the application of learned skills. Of course, we will have the popular two-day programming in areas like negotiations, finance and innovation, and marketing again. Some of these programs are so popular, especially for engineers and technical professionals, we may be offering them twice this year.

**Q. How are you going to identify topics?**

There are two parts to that—what we, as academics, think is relevant, but also importantly what we learn in talking to the companies. Business moves fast, so I want to focus on topics that are useful to companies and leaders and align the latest ideas and solutions from academia to that need, present it in a way that is quick and to the point—like everything we do in Executive Education—helping to create that conduit that I mentioned earlier, a direct line for the business school to get some of that ground-breaking work out to the professionals who need it today. That's our job—to be the “outstretched arm” to the business community, staying out front of the talent development side of things—so companies can come to us, and we have relevant, aligned solutions for them.

**Q. Executive Education is competitive. What differentiates Lehigh's program?**

Its value and prestige. I think people forget to mention that Lehigh University has been referred to as one of the 24 “Hidden Ivies,” known specifically for its teaching excellence, which translates into outstanding Executive Education programming. Not many other business schools in this region can deliver both: the boutique level of service and prestige that Lehigh Executive Education can. The value that we can deliver to help executives and businesses succeed is really amazing, and this is just the start!





## LEAD Summer Business Institute

A diverse group of high-achieving teenagers were introduced to Lehigh in summer 2016 as part of the national LEAD (LEADership, Education and Development) program. The 27 teens—rising high school seniors—attended business classes, toured companies and pitched product ideas that can “make a difference.”

Though LEAD is in its 35th year, Lehigh joined for the first time with other top-tiered business schools in hosting students. Dean Georgette Chapman Phillips spearheaded Lehigh’s involvement.

The three-week program strives to prepare students for college, expose them to career options and develop them into responsible leaders. It also introduces them to campus.

“It’s going to bring more people of underrepresented populations to Lehigh,” said Twana Walker, director of advising for the College’s undergraduate programs and operations director for the LEAD Summer Business Institute with Lehigh.

**Several assistant professors and professors of practice have joined the College faculty.**

- Rebecca Wang  
*assistant professor,  
Department of Marketing*
- Haibei Zhao  
*assistant professor,  
Department of Finance*
- Ozias A. Moore  
*assistant professor,  
Department of  
Management*
- Robert Duquette  
*professor of practice,  
Department of Accounting*
- Leo Tang, *assistant  
professor, Department  
of Accounting*
- Marija Baltrusaitiene  
*professor of practice,  
Department of Economics*

## WHAT’S NEW?

### 1-YEAR MBA

A new one-year Master’s in Business Administration program aims to help students from diverse employment backgrounds transform themselves into future business leaders. 1-MBA is geared toward career changers—those with non-business undergraduate degrees and at least three years of work experience who want to pivot into a business-related field—and those who want to accelerate their business careers or shift focus into another industry sector. Classes start in January 2017.

### UNDERGRADUATE CERTIFICATES

An International Business Certificate aims to broaden students’ understanding of international business and develop their global mindset. The 12-credit program includes courses related to international business and a study-abroad experience.

A Business Analytics Certificate is designed to give students exposure to computer programming, business intelligence, computer models and data management. The 12-credit program aims to foster decision-making in the business environment.

## HONORED

Parveen Gupta, the William L. Clayton Distinguished Professor of Accounting and former chair of the accounting department, has received the Pennsylvania Institute of Certified Public Accountants Outstanding Educator Award.



The award is given to educators who have distinguished themselves in the classroom through “instructional innovations, student and peer evaluations and active engagement in practical learning opportunities for students.”

Gupta is a nationally recognized expert in Sarbanes-Oxley, corporate governance, financial disclosure and internal control, audit committee effectiveness and enterprise risk management. Since starting at Lehigh in 1987, he has taught a variety of courses in accounting and corporate governance, risk and controls.

## **Exhausted? After-Hours Emails May Be to Blame**

New study suggests that workplace technologies may hurt the very employees they were designed to help.

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There may be unforeseen consequences when retailers expand mobile strategies.

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**CONTAGION AS A  
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An assistant professor examines networks in health and finance.

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# Daily Fantasy Sports: Games of Skill or Gambling?

BY BILL DOHERTY

**L**ike most Americans, Lehigh business law professor Matthew Melone couldn't help but notice the avalanche of DraftKings.com and FanDuel.com TV ads whenever he would watch an NFL game.

"Their TV commercials were inescapable," said Melone, a self-professed sports fan. "And while sports and gambling have been around in various forms for years, this was different because the sports leagues themselves were investing in, not fighting against, these daily fantasy companies in an effort to get more eyes on their sport."

The approach has worked.

Over the past few years, there has been an explosion in the popularity of daily fantasy sports in North America. Industry studies indicate there are an estimated 57 million daily fantasy players across the United States and Canada. And thanks to some hefty investments from top sports franchises, and even sports media outlets such as *ESPN*, daily fantasy industry leaders FanDuel and DraftKings have been valued at over \$1 billion each. As daily fantasy sports have grown in popularity, so has the number of state attorneys general questioning whether the contests run afoul of state gambling laws.

The rapid growth of the industry and the growing number of states challenging daily fantasy's legality piqued Melone's interest. He started researching the history of fantasy sports, which he says began in the 1950s with fantasy golf, and today's legal challenges to daily fantasy sports. The results of his research, titled *Fantasy Sports Contests: Does the Fun Justify the Fantasy that these Contests are not Gambling?*, will be published in the *University of Virginia Sports & Entertainment Law Journal*.

Melone takes no position on whether states should allow these contests. Instead, he takes the position that states should be transparent, treat these activities as gambling, and then make a reasoned policy choice as to whether the entertainment and economic value of these contests justify the attendant social costs.

"I believe the federal government should stay out of this fight and let the individual states decide," he says.

Daily fantasy sports is a new development, an offshoot of the much older season-long fantasy sports contests. The advent and growth of daily contests are attributable to both technological developments—for example, cloud-based technology on mobile phones—and the ingenuity of industry participants who recognized the appeal of the immediacy of daily contests in contrast to the delayed gratification of season-long contests.

**WHY IT MATTERS:** Technology and industry ingenuity have caused tremendous growth in fantasy participation. Acknowledgment that these games are a form of gambling will enable states to reap the benefits of the games and mitigate their attendant social costs.

FanDuel and DraftKings let people use an app to pick a fantasy team on a Sunday morning for a one-day league. By Sunday night, you know if you won. Similar one-day leagues are offered for almost every major sport. This quick-and-easy game is luring millions of new players each year. FanDuel's revenue was \$14 million in 2013, \$57 million in 2014 and over \$100 million in 2015.

The growth of daily fantasy sports has not gone unnoticed by legal authorities. Attorneys general in a number of states, including New York and Texas, have begun to question the legality of these games. Although state gambling laws vary and very few directly address fantasy sports, a majority of state gambling laws apply a "predominantly chance" test to determine whether an activity constitutes gambling. State authorities have asserted that daily fantasy sports contests are predominantly games of chance and have drawn a distinction between daily and season-long contests by not challenging the legality of season-long contests.

Fantasy sports industry executives assert that daily fantasy games are predominantly skill-based. Moreover, they posit that a fantasy sports carve-out in a 2006 federal law, the Unlawful Internet Gambling Enforcement Act, supports their position. That law, aimed at preventing payment processors such as credit card companies from funding online gambling activities, contains a specific exemption for fantasy sports contests that meet certain standards.

Melone believes that the focus on the skill-chance dichotomy is misplaced in part because of the practical difficulties in determining whether success is mostly due to skill or chance.



Melone used an example to illustrate the futility of the skill-chance test. Mastery of calculus is a skill-based pursuit. Imagine the uproar if a professor established a system whereby students could wager significant sums of money against each other based on exam results. Is there any doubt such wagers are gambling despite the fact that what is being wagered upon is a skill-based activity? he asks.

An open question is whether states can authorize fantasy sports. The Professional and Amateur Sports Protection Act, a 1992 federal law that prohibits states from authorizing sports betting except for grandfathered activities in certain states (such as Nevada), may hamper states. (The law prevented New Jersey Gov. Chris Christie from instituting sports betting at New Jersey casinos.)

It is not clear whether fantasy sports are covered under this law, and it has never been tested. The law was passed well before daily fantasy sports contests came into being, and its purpose was to prevent “fixing” of games. Fantasy sports offer little possibility in this respect. Melone believes the law should not prevent states from authorizing fantasy sports.

While the “Is daily fantasy sports a game of skill or gambling?” debate will rage on, Melone firmly believes it is gambling, but that daily fantasy-sports sites will continue to flourish, racking up hundreds of millions of dollars in revenue.

“In the end, I believe that most states will allow daily sports fantasy to continue, but with age restrictions, wager limitations, and other safeguards to minimize abuse,” says Melone.

#### FANTASY SPORTS PLAYER STATS

66% MALE 34% WOMEN

39 | 75K  
AVERAGE AGE | AVERAGE HOUSEHOLD INCOME

\$556  
AVERAGE ANNUAL SPENDING PER FANTASY PLAYER

FANTASY SPORTS TRADE ASSOCIATION

## The Enduring Value of Emotional Ambivalence

BY TIM HYLAND

Everyone likes to think they have all the answers. Naomi Rothman’s work continues to prove that, in the end, people are all much better off when they can admit they *don’t* have all the answers—and that others actually might.

Rothman, an assistant professor of management, has spent the past few years developing a line of research focused on the importance of emotional ambivalence, as well as the value that ambivalence has in the executive suite, the workplace and even in day-to-day lives. At the core of the work is the idea that people are often better served if they are *less* certain about the best way forward, *less* decisive when facing important decisions, and *less* prone to thinking that they are capable of finding the “right” answers on their own. Because as Rothman’s work has shown, the



perspectives of others (even those of our adversaries) can help inform not only better decision-making, but more positive outcomes as well.

In one recent study, Rothman and co-authors from the University of Michigan found that when individuals were feeling emotionally ambivalent (rather than purely positive or purely negative) about a problem or situation, they were more likely to be open to others’ perspectives on that same issue. And

specifically because of that openness—and the resulting decisions made, which were based on multiple perspectives, rather than just one—these individuals made fewer errors; indeed the process of taking in varied views helped improve overall cognitive performance.

More recently, Rothman has looked at the value of ambivalence specifically in the realm of office relationships. In ongoing work conducted with a colleague from the University of North Carolina, Rothman has found that workers can gain real benefits, both for the bottom line and for themselves, from the hot-and-cool sentiments that typify relationships with so-called “frenemies.”

Because these relationships are less predictable—comfortable some days, difficult on others—they can force individuals to make a greater effort to see issues from another’s point of view. And again, Rothman has found that such behaviors can produce positive results. “These relationships can actually result in enhanced perspective-taking,” Rothman explains. “That’s important because in a variety of organizational contexts, such as negotiations, there are significant benefits from being able to understand and analyze a problem from multiple perspectives.”

“These relationships may not always be comfortable,” she said. “But we find they have real value.”



**WHY IT MATTERS:** Leaders are often looked upon as “weak” if they don’t act decisively. But Rothman’s work shows the importance of the psychological state of ambivalence because it encourages people to seek out alternative perspectives and thus stronger outcomes.

## Going Mobile, the Dark Side

When retailers expand their mobile strategies, there may be unforeseen consequences.

BY BRYAN HAY

**M**any companies have invested significantly in online marketing and e-commerce, but while the easy-to-use apps on smartphones and tablets may be tempting, they're not enough to motivate shoppers to make high-ticket purchases, according to new research by an assistant professor of marketing at Lehigh.

Why consumers tend to click and browse rather than place orders on their mobile devices had attracted Ju-Yeon Lee's attention, and she began research in collaboration with colleagues at the University of Illinois at Urbana-Champaign and Michigan State University. Their work concluded that consumers are more hesitant to make purchases for expensive items on their smartphones than on a desktop computer.

"Retailers and firms are transitioning their marketing channels to mobile interface instead of desktops, but they don't necessarily have clear guidance on the effects of these changes," she said. "They may have unforeseen and negative consequences."

Lee remembers killing time in an airport on many occasions and perusing a mobile app from a large retailer. When it came time to confirm a purchase, she'd hesitate: "Wait, this order exceeds \$300—do I feel safe making this transaction at the airport?"

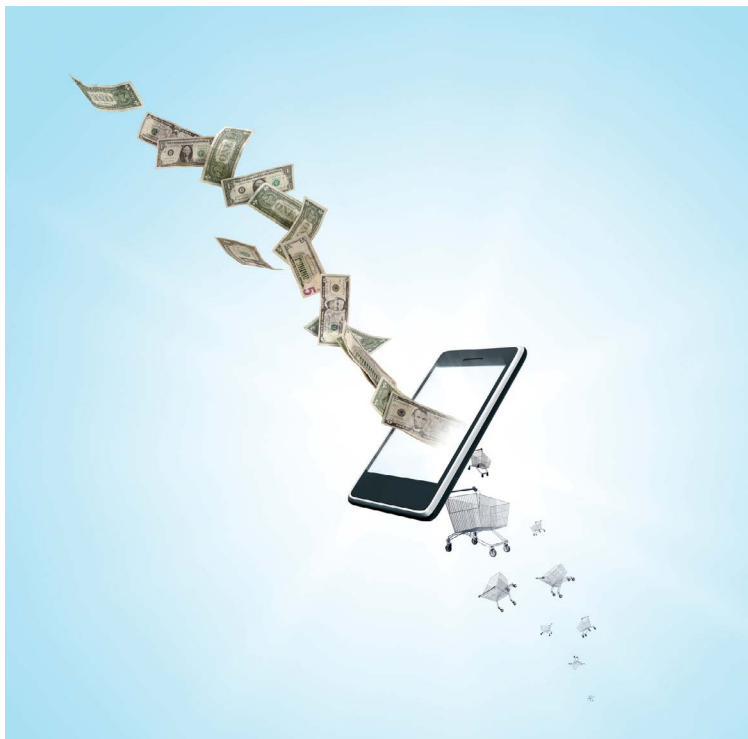
Consumers generally don't worry about buying items online such as diapers or hand lotion, but beyond a certain level they become wary of making the final click out of concerns about security and theft of personal information, Lee said.

"So in that sense my research is showing consumers may be buying more frequently on mobile devices but not big purchases. They think twice," she said.

Lee conducted two studies as part of her research—*The Dark Side of Mobile Channel Expansion Strategies*—that stressed the importance for companies to strive for a balance across their online platforms instead of relying primarily on mobile channels.



**WHY IT MATTERS:** Easy-to-use apps on smartphones are often not enough to motivate shoppers to make large purchases online. To overcome consumer bias, companies have to find a balance across multiple online shopping platforms instead of overextending into mobile channels.



Her first study, which used data from a leading online shopping platform, showed that expanding to a mobile channel increases customer sales up to a critical point of 38 percent. Beyond that threshold, the use of a mobile channel reduces revenue because active mobile shoppers buy more often but spend less per order. Further analysis revealed that orders made through mobile devices contain 20 percent cheaper and 7 percent fewer products than orders from other online devices.

These negative effects are mitigated when customers buy from high-quality sellers. Companies could prominently display consumer reviews to help the decision-making, especially for risky products, she said.

"When the product ratings are high, people tend to buy more frequently and suppress negative feelings toward mobile shopping and spend more," she said. "We looked into more than 14,000 customers who made more than 218,000 transactions, and over time, customers began feeling more comfortable in making high-price purchases."

In the second study, which analyzed data from about 200 publicly traded U.S. firms, Lee found that mobile channel expansion improves stock returns when about half of a firm's online visitors enter through smartphones. Websites or apps that are not developed specifically for a mobile interface do not address the limitations of mobile channels, such as small screens. Restrictions limit a customer's confidence in making a large purchase, she said.

"This negative effect is suppressed in firms with high operating efficiency that have accessible, intuitive websites," Lee noted. "The study showed that improving operating efficiency is an advisable strategy for firms, as it not only directly contributes to the bottom line, but it also increases the returns from mobile traffic."

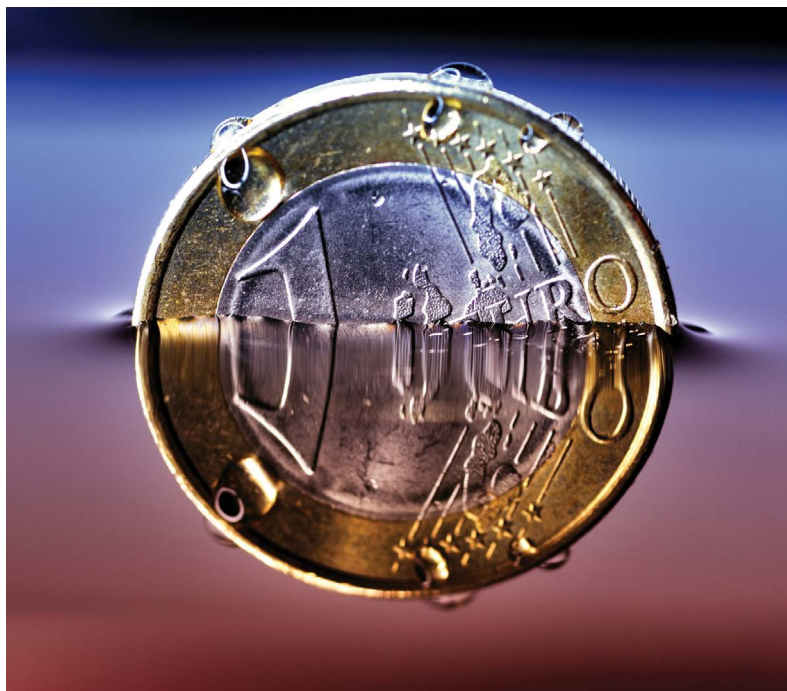
Additionally, firms could develop websites that do not demand much cognitive effort from consumers to navigate.

"They could experiment with alternative website versions and closely monitor consumers' cognitive load by measuring the statistics on the length of time spent per page before finalizing website design and functionality," she said.

"In the end, we are all consumers, so this is a very big topic."



**WHY IT MATTERS:** Understanding "contagion" in economic activities can be crucial for predicting the spread of beneficial or harmful outcomes, and for evaluating possible interventions.



## Contagion as a Common Thread

An assistant professor of economics examines networks in health and finance.

BY JANICE PICCOTTI

**S**eth Richards-Shubik finds connections where others might see random topics.

Take, for example, adolescent sexual behavior, the European debt crisis and how physicians prescribe a new drug.

Richards-Shubik, an assistant professor of economics who studies economic networks in both health and finance, has examined "contagion" in all three areas.

In economics, contagion occurs when a shock in a particular area spreads out and affects others. Contagion can create positive or negative reverberations. Think economic crisis. Or economic boom.

For his thesis, Richards-Shubik studied contagion in adolescent sexual behavior. That led him to want to study contagion in other important areas such as the European debt crisis and new drugs.

"These are disparate topics, but the common thread is the methodology," says Richards-Shubik. "Contagion is the common thread."

In his research on physicians and a new drug for patients with atrial fibrillation, he and his colleagues found contagion strongly at play. But in his research on the European debt crisis, he and his collaborators found very little contagion.

His health care research focused on physicians in Pennsylvania and dabigatran, a blood thinner introduced in October 2010 that helps reduce patients' risk of stroke. It is sold under the brand name Pradaxa. Working with primary investigator Julie Donohue from the University of Pittsburgh, Richards-Shubik and several co-investigators discovered in preliminary results that physicians who treat the same patients are strongly influenced by their peers when prescribing a new drug. Their research is funded by the National Heart, Lung and Blood Institute of the National Institutes of Health.

"A common thread of the work is: Why do we see such disparity in treatment decisions in the same area? One potential

reason is contagion among physicians," Richards-Shubik says. "First, you need to remember that medicine is not easy. Also, you need to realize that physicians learn from each other. There is this local transmission of knowledge. Idiosyncrasies can spread."

There are beneficial and harmful forms of contagion, he says. An influential doctor might choose to prescribe a cheaper, effective new drug, leading his colleagues to follow suit. Or he could decide to stay with a costlier, brand name drug even though a new, viable generic is available.

On the financial front, Richards-Shubik collaborated with Brent Glover, an assistant professor of finance at Carnegie Mellon University, to study contagion in the European sovereign debt crisis.

They examined 13 European countries and their financial ties with each other from 2005 to 2011. They wanted to see whether the economic collapse of one country, such as the one in Greece, would have a ripple effect in countries with financial ties to that country.

"Think about it in terms of banks," Richards-Shubik explains. "Banks loan money to each other all of the time. When a bank goes under, other banks are affected. It's a very clear and direct kind of contagion. It's a contagion based on asset values."

So is the same true when sovereign countries have financial ties with other countries?

"We actually found very little spillovers, very little contagion," Richards-Shubik says. "If I don't pay you back, are you hurt in your ability to pay other people back? The research suggests it does not. I was surprised at how weak contagion was from this mechanism. Other factors may be at play."

Richards-Shubik says one factor that may have a strong impact is investors' beliefs.

"Do they actually believe in the possibility of a sovereign defaulting?" he asks.

In the case of the new drug and physicians' peers, "What surprised me in a sort of gratifying fashion was that the empirical results have actually met what you'd expect from economic theory," Richards-Shubik says.



## Exhausted? After-Hours Emails May Be to Blame

Study suggests workplace technologies may hurt the very employees they were designed to help.

BY LORI FRIEDMAN

**A** new study co-authored by Liuba Belkin, associate professor of management at Lehigh, suggests that companies should refrain from sending emails to their employees after hours—for the sake of their employees' health and productivity.

The study—also authored by William Becker of Virginia Tech and Samantha A. Conroy of Colorado State University—finds a link between organizational after-hours email expectations and employees' emotional exhaustion. The results suggest that modern workplace technologies may be hurting the very employees those technologies were designed to help.

Using data collected from 297 working adults, Belkin and her colleagues looked at the role of organizational expectation regarding off-hour emailing and found it hurts employee emotional states, leading to “burnout” and diminished work-family balance.

The study—described in the article *Exhausted, but Unable to Disconnect: The Impact of Email-related Organizational Expectations on Work-Family Balance*—is the first to identify email-related expectations as a job stressor along with already established factors such as high workload, interpersonal conflicts, physical environment or time pressure. Previous research has shown that in order to restore resources used during the day at work, employees must be able to detach both mentally and physically from work.

“Email is notoriously known to be the impediment of the recovery process. Its accessibility contributes to experience of work overload since

it allows employees to engage in work as if they never left the workspace, and at the same time, inhibits their ability to psychologically detach from work-related issues via continuous connectivity,” write the authors.

They found that it is not the amount of time spent on work emails, but the expectation which drives the resulting sense of exhaustion. Due to anticipatory stress—a constant state of anxiety and uncertainty as a result of perceived or anticipated threats, according to research cited in the article—employees are unable to detach and feel exhausted regardless of how much time they spend on the after-hours emails.

“This suggests that organizational expectations can steal employee resources even when actual time is not required because employees cannot fully separate from work,” state the authors.

The researchers also found that people who prefer a strict separation of work and family time have an even more difficult time detaching from work than those who are OK with blending work and home time.

“The anticipatory stress caused by organizational email-related norms is more dangerous for people who prefer highly segmented schedules,” says Belkin.

The study gives insight into what managers can do to mitigate the stress and emotional exhaustion employees may feel over expectations related to email.

“We believe our findings have implications for organizations, as even though in the short run being ‘always on’ may seem like a good idea because it increases productivity, it can be dangerous in the long-run,” said Belkin.

The authors suggest that if completely banning email after work is not an option, managers could implement weekly “email free days.” Another idea is to offer rotating after-hours email schedules to help employees manage their work and family time more efficiently.

The benefits may go beyond employee well-being. The study says, “Such policies may not only reduce employee pressure to reply to emails after-hours and relieve the exhaustion from stress, but will also serve as a signal of organizational caring and support, potentially increasing trust in management, work identification, job commitment and extra-role behaviors.”

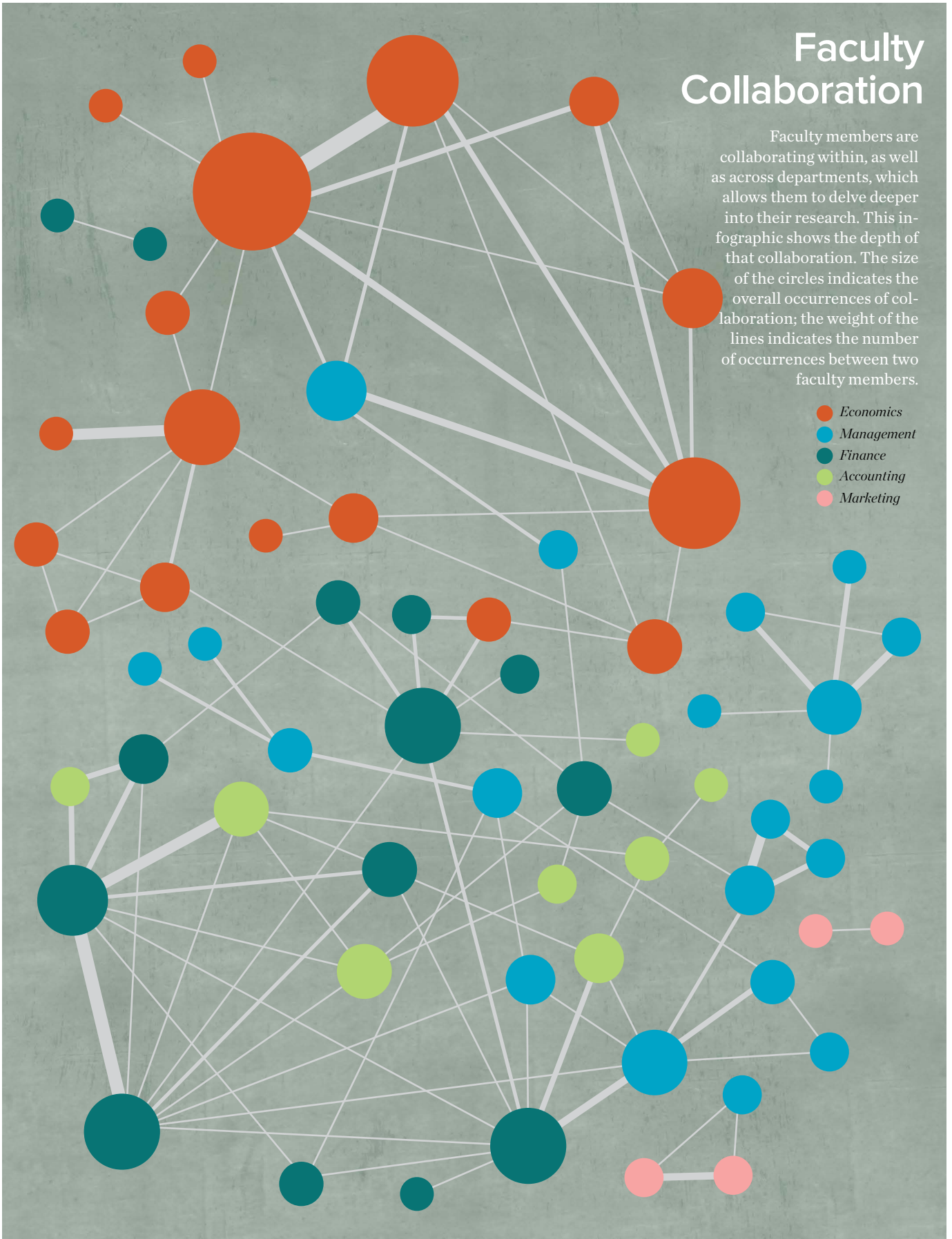


**WHY IT MATTERS:**  
The study gives insight into what managers can do to mitigate the chronic stress and emotional exhaustion that employees may feel over organizational expectations related to email.

# Faculty Collaboration

Faculty members are collaborating within, as well as across departments, which allows them to delve deeper into their research. This infographic shows the depth of that collaboration. The size of the circles indicates the overall occurrences of collaboration; the weight of the lines indicates the number of occurrences between two faculty members.

- *Economics*
- *Management*
- *Finance*
- *Accounting*
- *Marketing*



# Can Sanctioned CPA Firms Rebuild Their Reputations?

Study could help regulators set policies that improve audit quality.

BY BRYAN HAY

**I**n the first study of its kind, researchers have found that certified public accounting firms sanctioned for failing to properly audit an individual client had been performing low quality audits in general. However, the study also showed that the firms, despite the scandals, were able to rebuild their reputations by taking remedial actions and significantly improving the overall quality of their audits.

The multiyear study was conducted by Heibatollah Sami, professor of accounting at Lehigh, and colleagues Junxiong Fang, professor of accounting at Fudan University in Shanghai, China, and Haiyan Zhou, professor of accounting at the University of Texas-Rio Grande Valley.

Their research—*Do Auditors Strive to Improve Audit Quality after Sanctions? Evidence from an Emerging Market*—focused on CPA firms in China that had been sanctioned by China’s regulatory agencies for their audit failures during the period of 1999 to 2011.

“Much like the Enron collapse [in the United States], these scandals usually lead to a loss of billions of dollars of stock value and deep concerns about the quality of financial reporting in China,” Sami said.

The scandals hammered China’s stock markets and motivated the Chinese government to enact the CPA Act of 1994, which holds certified public accountants liable to their clients and others for losses associated with audit failures.

“The results showed that when a firm in China is sanctioned, it had lower audit quality before the publicized accounting

scandals and disciplinary action,” said Sami. “And they had higher client turnover due to the scandal and subsequent sanction.”

Enforcement actions taken by the China Securities Regulatory Commission reached their peak in 2001, with 71 cases, compared to 16 in 2000. In 2002, the nation’s high court allowed intermediate courts to accept lawsuits involving

devoting more resources to the accuracy of their audits and accounting information,” he said.

The research was presented in Spring 2016 at the annual Congress of the European Accounting Association in the Netherlands and at Deakin University in Australia.

“Our research tries to help regulators in setting their policies and standards in emerging markets, which should be aimed at increasing disclosures and improving the quality of audits,” Sami said. “We also hope it provides strategic implications for regulators by showing that professional reputations may be used as a mechanism to motivate auditors to improve audit quality.”

Over the past several decades, accounting and auditing practices in China have

experienced a dramatic transformation as a result of phenomenal growth in China’s stock markets.

Sami said new accounting and auditing standards and the professional development of accountants and auditors were mainly driven by the establishment and growth of the two major Chinese security exchanges, the Shanghai Stock Exchange and Shenzhen Stock Exchange.

“The bottom line is that accounting firms emerging from lawsuits and regulatory penalties must do everything in their power to improve

their audit quality and support that by providing accurate audits that get noticed by clients,” he added.

“It requires work and dedication, but building back the trust among their clients and investors is a necessity to maintain a client base and build on it,” Sami added. “These firms with shredded reputations must be aggressive and perform and produce accurate results at an even higher level than their competitors without damaged reputations.”



**WHY IT MATTERS:** When CPA firms with damaged reputations take actions to improve the quality of their audits, clients value the efforts. The research could help regulators set policies and standards that improve audit quality.

fraudulent financial statements, resulting in 893 civil cases against listed companies or their auditors.

Sami said it takes time to improve the quality of audits at firms with shredded reputations, but that efforts can pay off. When the firms took steps to improve the accuracy and quality of their work, their clients, in turn, placed a value on those efforts to gain back lost reputations.

“In the course of the research, we found that CPA firms may charge higher fees by

LEHIGH  
ALUMNI

# UPDATES

## Sanjay Shah '89 MBA

Vistex Inc.'s founder and CEO has a passion for technology—and solving problems.

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Kim Rogoff '94 shares her thoughts on building a personal brand.

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Lea Giménez '12 Ph.D. is Paraguay's first female Vice Minister of Economy.

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### CHANGING LEADS

Erika McEneny Hanauer '09 combines her passions to help at-risk youth.

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### FACES OF LEHIGH

Alumni experience milestone moments.

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# Reaching New Heights

Entrepreneur Sanjay Shah '89MBA has a passion for technology.

BY MARY ELLEN ALU

**B**y his own account, Sanjay Shah '89MBA is an accidental entrepreneur. "I was a corporate person," says Shah, 48. But while working for giant software provider SAP, he says, the entrepreneurial bug bit him. He approached his bosses with ideas of where they should invest more resources. "They said, 'No, that's not where we want to go.' So I said, 'Maybe I should go try this myself.'"

He did. In 1999, Shah founded global software company Vistex Inc., which helps companies with automating their go-to-market programs, complex pricing and rebate contracts. As its CEO, he has guided the company's growth to 1,100 employees and 20 offices



worldwide and annual revenues approaching \$200 million.

What does it take to be an entrepreneur? "Persistence," he says, "an unrelenting belief in your ideas, an unrelenting conviction in your vision." And, "You also need good fortune. ... The reason I say that is, it helps keep you grounded. I like to stay grounded."

Shah, who came to the United States from India in the late 1980s to attend Lehigh, grew up in a close-knit family in South Mumbai, where his parents still live. Shah studied commerce and languages as part of his undergraduate studies in India, but when it came time for graduate study, he set his sights on Lehigh, the alma mater of a business icon he deeply admires, Lee Iacocca '45.

"Our entire family lived within a one-mile radius," says Shah. "So when I mentioned to them that I really wanted to go to graduate school in the U.S., they were like, 'Why? Find something to do here. Why would you want to go 10,000 miles away?'"

"I felt I needed to broaden my perspective," says Shah. He headed

to Lehigh. "I felt that this would give me the opportunity to do that."

After getting his MBA from Lehigh's College of Business and Economics, Shah worked in audit at PricewaterhouseCoopers in Easton, Pennsylvania, but within six months knew it wasn't the right job for him. He took a job in operations and logistics with General Motors in Canada, where, he says, he came to realize his passion for technology, as applied to business.

"If you ask—what is the one thing you like doing the most?—it's problem-solving," says Shah. "Technology helps me solve business problems. Technology is a means to an end. If you are confronted with [business] issues, there is technology out there to address them."

After General Motors, Shah joined SAP as it expanded into Chicago, then relocated to Germany with the company for about two years. Back in Chicago, he approached SAP with his niche ideas. Though company officials did not want to invest in those areas at the time, he says, they told him that if he ever became successful, they'd consider working with him.

"I went off and built software and a software company to execute my vision," says Shah.

The name "Vistex" comes from a fusion of "vision" and "execution." Customers—retailers, manufacturers and distributors—include some of the world's biggest companies. (SAP is a minority investor and sells the company's software through its network.)

"People talk about a work-life balance. For me, it's more a work-life integration," says Shah, who is married and the father of two daughters. "I'm always working. I may not always physically be in the office working, but I'm always mentally working. That's how I am. I'm 24/7 thinking."

Lori Lea, the company's vice president of finance and human relations, said Shah "has boundless energy and brings a level of insight and analysis across all business functions that makes him truly unique and inspirational."

In December 2014, the tech pioneer made news headlines when he bought the 89th floor penthouse at the Trump International Hotel & Tower in Chicago—one of the tallest residences in the world and, with a purchase price of \$17 million, the most expensive real estate transaction in Chicago history. Now more people know about Shah—and Vistex.

"I knew it was going to attract some amount of attention," says Shah, who, until the purchase, had lived a very private life. "But it was a little overwhelming—all in a positive way."

On a recent visit to Lehigh, Shah visited old haunts, met with students and reconnected with professors who had helped shape his future. In reminiscing about his Lehigh days, the studious Shah remembers finding "some nook and cranny" in Linderman Library or a spot in front of the University Center's expansive lawn to study.

"It was very invigorating," he says. "This is one of the prettiest campuses, and there's something to be said for that, especially for someone who would never even have dreamt of being in a place like this, a learning environment like this. It provides additional motivation to learn."

*"If you discover the entrepreneur in you, if this is what you really want to do, I believe the drive and the passion will be so high that you will not treat [obstacles] as setbacks. They will be just bumps along the way."*



## SPOTLIGHT

### Kim Rogoff '94

Senior Vice President for Global  
Corporate Financial Planning  
and Analysis, Coach, Inc.  
Keynote speaker at 2016  
Women in Business  
conference

**Kim Rogoff '94** has worked hard to evolve and stay relevant in a rapidly changing world. Here are excerpts from her keynote on branding.

› **YOU HAVE A PERSONAL BRAND**, whether or not you've deliberately focused on it. It's the impact you make on others. It's part of your legacy. And it's worth cultivating, because only you can own it.

› **THERE ARE ASPECTS OF MY PERSONAL BRAND** that were formed during my childhood and are clearly a reflection of how my parents raised me. They instilled their values and ethics in my sister and me. We were expected to work as soon as we could, so it started with babysitting. And, as soon as we could drive, we were expected to have a "real" job. If we wanted something special—like those really cool shoes—we had to save up for them.

› **I STARTED MY CAREER IN PUBLIC ACCOUNTING** at one of the Big 6, which are now the Big 4, and where I earned my CPA ... Had anyone ever told me I would be in the position I am in today 22 years ago, I would have told them they were delusional.

› **I HAVE BEEN WITH COACH FOR** nearly 13 years, all in finance, in sequentially more senior roles as the company grew from under \$1 billion to \$5 billion in sales and most recently became a multi-brand company with the acquisition of Stuart Weitzman. During my career at Coach, I have held three other positions, all CFO roles in different business units.

› **I HAVE ALWAYS BEEN AUTHENTIC**—true to who I am. I have always been aware of my strengths and honest about my weaknesses, which we now, of course, call "areas for development," both personally and professionally. I have worked hard to evolve and stay relevant in a rapidly changing world and, above all, I have kept my priorities straight—although I've had to be nimble in juggling them over the years.

› **HAD YOU ASKED ME THE QUESTION** "what is your personal brand?" 10 years ago, my personal brand was my job. My job defined me. I didn't have the best work/life balance. I was on a straight upwards trajectory in my career, and I was enjoying my success.

› **I HAVE BEEN MARRIED** to my husband and partner, Michael, for 11 years. I am a mother, to three amazing children: my daughter, Layla, who is 9 years old (going on 16) and my twin sons, Noah and Blake, who are 4 years old. One of my sons is a special needs child.

› **WHEN I FIRST FOUND OUT I WAS PREGNANT** with my daughter, I remember saying to my husband—now what happens? Do I come off the career track? How will I manage? Then I had my daughter and my world changed! I know that sounds cliché, but it's true ... I didn't have to come off the track, but I was no longer simply defined by my job.

› **I AM PROUD TO SAY I AM A WORKING MOM.** I am also proud to say that it isn't easy. ... I am honest with myself and share my experiences, in both life and work, with those that come up behind me, so that they realize things aren't always easy, that growth is both painful and necessary.

› **YOUR BRAND AND WHAT YOU DO** with it needs to develop in tandem with where you are in your life.





## Making History in Paraguay

Lea Giménez '12 Ph.D. is the country's first female Vice Minister of Economy.

BY JENNIFER MARANGOS

**F**our years after receiving her Ph.D. from Lehigh's College of Business and Economics, Lea Giménez '12 Ph.D. finds herself far from South Mountain serving her native country of Paraguay in a critical and unprecedented way—as Vice Minister of Economy in the country's prestigious Ministry of Finance.

In a country where women usually do not hold public decision-making and leadership roles, Giménez, who is married with two children, has made history as the first woman in Paraguay to hold the important position. “Most of the decision-making of the executive branch involves, in one way or another, the Ministry of Finance,” the 35-year-old said.

Giménez is from Paraguay's capital city of Asunción. She said she always knew she would one day return to Paraguay from the United States.

“I have always wanted to contribute, but I knew that in order to do that I had to prepare well and learn a great deal,” she said. “The decision to return last year was the result of a combination of two things. On the one hand, the fact that, like never before, positive things are happening in Paraguay; things that allow many people like myself, armed only with education, experience, and a great desire to work for the betterment of Paraguay, to have the opportunity to contribute.

“On the other hand, the fact that I have two small children and wanted them to have a chance to experience childhood with the extended family nearby played an important role in my decision.”

About a year before returning to Paraguay, Giménez had introduced herself to the Minister of Finance via email and congratulated him on his appointment.

“It was a bold move, as I did not know him,” Giménez said, “but I was truly excited to see that the government appointed a well-qualified person that had studied in the United States, worked in Washington, D.C., and was at the time of his appointment, like 70 percent of Paraguayans, younger than 35. He replied to my email and told me that Paraguay needed people like me.”

The experience that Giménez brought with her included a four-year stint at the World Bank, first as a consultant and then as a staff economist. Associate professor of economics Chad Meyerhoefer, who co-advised Giménez's dissertation with professor of economics Shin-Yi Chou, said that competition for a job at the World Bank is fierce and that it's rare for a consultant to be hired into a staff position. That it happened to Giménez is a “testament to her tenacity,” he said.

At Lehigh, Giménez's dissertation, *Shocks and the Opportunities of Children*, received the Elizabeth B. Stout Dissertation Award, which is given to doctoral dissertations judged to make unusually significant and original contributions to their field. Her research interests included development, poverty, health and human capital.

Upon returning to Paraguay, Giménez started working as an international consultant for the World Bank, supporting the Ministry of Finance and the Ministry of Planning to undertake an analysis of the fiscal system and its impact on poverty and inequality.

“After a few months, the then-Vice Minister of Economy had decided to leave the job for personal reasons, and I was at the right place in the right moment,” she recalled.

Giménez said her time at Lehigh helped her to become a well-rounded economist and provided a solid foundation for everything she has done since graduation.

“My dissertation and the applied econometrics courses I took at Lehigh prepared me well to work at the World Bank side-by-side with economists from the best economic programs from around the world,” she said. “I can't say that getting a Ph.D. from Lehigh was easy, but the hard work was definitely worth it.”



## Changing Leads

Erika McEneny Hanauer '09 combines her passions to help at-risk youth.

BY KELLY HOCHBEIN

**E**rika McEneny Hanauer '09 was terrified of horses as a small child. That fear subsided over time, and at age 10, she started taking a weekly riding lesson. As her confidence grew, so did her love of horses. In high school, she qualified for the prestigious National Horse Show with her favorite horse, The General.

"The barn gave me a sense of belonging and a sense of community that the other sports I was in didn't give me," says Hanauer, a New Jersey native who now works in investor relations at Mudrick Capital Management, L.P. in New York City.

Hanauer hopes to provide that same sense of belonging to underprivileged youth through the Changing Leads Foundation, a 501(c)(3) non-profit organization she founded in 2014. Changing Leads partners with youth groups to identify at-risk children and connect them with therapeutic riding facilities in New York, New Jersey and Connecticut.

It's the perfect marriage, she says, of her three passions—horses, business and children.

In her first year at Lehigh, Hanauer rode on the university equestrian team. Then she discovered her love of business.

Her mother, Laurene, and her father, Tim McEneny '70, are both entrepreneurs, and Hanauer knew she wanted to pursue business herself. After earning a degree in finance with an accounting concentration, she accepted a full-time position as an analyst with Merrill Lynch in New York.

At that point, says Hanauer, "I kind of shifted all that passion I had for horses into finance." She eventually moved to the investment management corporation BlackRock, working first in their hedge fund solutions business and then moving into the institutional client business division, where she focused on endowments and foundation clients.

That's when her wheels started turning.

"I was thinking back to what made me really happy and grounded, and it was horses," Hanauer explains. "I love horses, I love business [and I wondered if] maybe I could marry those two with my love of children. I thought it would be such a great thing to give kids who maybe would not otherwise experience a horse the opportunity to feel that community and belonging that I felt when I was younger."

But she had no idea where to start.

Hanauer spoke with her clients about how to set up a 501(c)(3), and they told her to seek legal help. Hanauer found that help in a high school classmate, fellow rider and Lehigh alumna Jessica Herlihy '09,

now an associate at Willkie Farr & Gallagher LLP in New York.

"To be able to use my legal skills for something that has been a lifelong passion of mine was exciting," says Herlihy, who joined the foundation's board and brought it on as a pro bono client for her law firm.

Joined by Hanauer's husband, Keith, they launched Changing Leads with a pilot program through Special People United to Ride (SPUR), a therapeutic riding center in New Jersey where Hanauer and Herlihy volunteered as high school students.

Social workers identify children in community groups who might benefit most from horse interaction. A typical program brings children to a barn once a week for eight weeks. Participants learn basic horse care and riding skills, and programs also utilize horse interaction as a way to discuss topics like nutrition, emotions and how individuals interact.

"We turn the horses out loose in a field and we see their individual personalities," explains Hanauer. "Just by nature, some are leaders and some are followers, some are bullies and some will be bullied. We use that to talk about how [the children] may feel at school. ... We ask them to identify what the horse's emotion is. This is something that's difficult for them to do oftentimes themselves, so the fact that they're observing and talking about it in a different way is kind of a cool thing."

Participants also develop empathy, responsibility and confidence, says Hanauer.

"You see [them] hesitant in the beginning," says Sara Tucker, executive director of New Canaan Mounted Troop, a participating barn. "They're taught how to approach a horse. [They learn to be] mindful of their personality and their approach and their presence with the horse. They start out timid, and by the end ... they're much more confident. They're leading horses in the stalls."

"Changing leads" refers to a horse's natural tendency to change its leading leg to keep balanced as it changes direction. Hanauer drew inspiration from this concept, and she hopes the Changing Leads experience might provide children with some balance and help them put their best foot forward. To learn more or get involved with the organization, visit [changingleadsfoundation.org](http://changingleadsfoundation.org).

# FINDING A NEW PATH

Two marketing graduates follow their passions and pursue creative fields.



**SEDALE  
THREATT JR. '08**

*After Lehigh, Threatt studied at the University of Southern California's School of Dramatic Arts.*

## A ROLE IN ROOTS RETELLING

The History Channel's remaking of Alex Haley's *Roots* starred Sedale Threatt Jr. '08 in a featured role.

Threatt, who graduated with a degree in marketing and who was known for his prowess on the football field here, played the role of Tom, the great-grandson of Kunta Kinte, around whom the story of slavery is told.

"I'm just so fortunate, so appreciative really, being in *Roots*, being in something that's as historical as this is," said Threatt. He said he also appreciated being on the set and around established actors, such as Laurence Fishburne, who plays Haley.

"I wouldn't have thought this," Threatt said. "I couldn't have dreamt it."

In 2007, as a senior at Lehigh, Threatt caught the attention of scouts with his athletic abilities. Three credits short of his degree, he pursued professional football opportunities and later entertained playing basketball in Europe.

But Threatt said he decided to come back to Lehigh to finish his degree. He took a three-credit tax accounting course he needed and enrolled in some theatre courses. The latter, he said, "opened up something that was different in me."

## A CHOPPED CHAMPION

Matthew Arlington '06 has always loved cooking. Even when he was at Lehigh studying marketing, he would read cookbooks in his free time.

His passion for cooking led him to win the \$10,000 prize on *Chopped*, a popular cooking competition show on the Food Network.

"I joke with my friends from Lehigh that I got my start cooking in the kitchen at Chi Psi," said Arlington. "All the guys in the fraternity would line up outside my door when they got hungry."

In the final round on *Chopped*, Arlington opened his basket to find jalebi, sweet and spicy cocktail sugar, habichuelas con dulce and roasted red peppers. He created a chocolate chili rice pudding that propelled him to victory.

After graduating from Lehigh, Arlington worked in advertising for two and a half years until he decided his true passion was cooking. He left advertising to study at the Culinary Institute of America.

Arlington has worked as a chef at two restaurants in New York and plans to open Union Hall, a funky gastropub, in Hoboken, N.J.

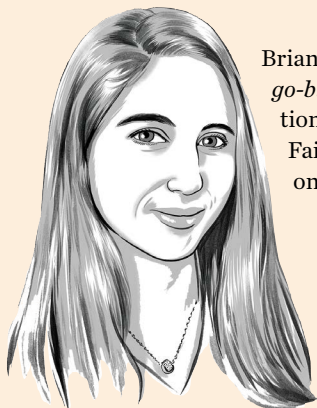


**MATT  
ARLINGTON '06**

*Arlington said Chopped was his opportunity to compete against more experienced chefs and prove that he knows what he's doing.*

## Faces of Lehigh

Tell us about the milestones in your life. Share your update at [lehigh.edu/facesoflehigh](http://lehigh.edu/facesoflehigh).



Briana Gardell, creator of Goblies (pronounced *go-bleez*) throw-able paint balls, exhibited her invention at the 2016 North American International Toy Fair in New York. A CNBC reporter named Goblies one of the hottest toys at the fair.

*“It’s really great that I can utilize the toy to teach kids about science.”*

**BRIANA GARDELL '14, '15G**



**TARA STACOM '80**



**DAVE PETRILLO '08**

Entrepreneur Dave Petrillo and his childhood friend, Dave Jackson, started Coffee Joulies, which is named after the stainless steel capsules they produce to keep coffee at the perfect drinking temperature. They recently released a new product, Booze Joulies, for alcoholic beverages. Coffee Joulies landed them a spot on ABC's investment reality series *Shark Tank*.



**MARTY BARON '76, '76MBA, '14H**

Journalist Marty Baron is portrayed by actor Liev Schreiber in the Academy-Award-winning *Spotlight*, which chronicles *The Boston Globe's* probe into the Catholic Church's cover-up of clergy sex abuse. Baron launched the probe as the *Globe's* then-editor. He is currently executive editor of *The Washington Post*.



**STEPHEN T. TWILLIGER '99G**

Stephen Twilliger joined Rodale Inc. in August 2016 as executive vice president and chief financial officer. He previously served as CFO for Dorling Kindersley (DK), part of Penguin Random House. In that position, he led DK's global finance team for over five years. In addition to being CFO, he became vice president of DK U.S., relocating from London to the company's New York office.

For the second time, Cushman & Wakefield (C&W) Executive Vice Chairman Tara Stacom was named the company's top producer globally. She was the first woman in the firm's history to accomplish that honor.

In 2015, she closed transactions valued at more than \$1.6 billion, working with high-profile tenant clients and agency assignments.

“Success in our industry requires unparalleled dedication and perseverance, combined with the ability to always put the needs of the client first,” said Brett White, chairman and chief executive officer of Cushman & Wakefield. “Tara Stacom brings these attributes to her job every single day. Through a combination of poise, professionalism, and market knowledge, she stands as a role model for brokers throughout our company.”

During her 35-year career, Stacom has received prestigious awards, including the 2016 Bernard H. Mendik Lifetime Leadership in Real Estate Award. She is highly committed to Lehigh, serving on its Board of Trustees and founding ire@l, a real estate program in the College of Business and Economics. She earned a B.S. degree in business and finance from Lehigh in 1980.

LEHIGH  
STUDENT

# STORIES

## Lehigh in Shanghai

A dozen students experience how  
business operates in China.

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## INSIDE

### THESE BOW TIES ARE REALLY COOL

MBA student Caleb  
Conradi crafts bow ties  
out of industrial materials.  
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### STUDYING ABROAD

Olya Voronetskaya '17  
soaks 'everything up' in  
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### SWIMMING, OLYMPIC STYLE

For the first time in 40  
years, Lehigh swimmers  
compete in Olympic trials.  
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### REAL-WORLD PROJECTS

Six teams compete  
in Collins Family Real  
Estate Competition.  
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## These Bow Ties Really are Cool—and Refined

BY DARYL NERL

**C**aleb Conradi admits he is not a flashy dresser. He would much rather dress comfortably for a hike in the woods than dress up for a night on the town. But Conradi, an MBA student in Lehigh's College of Business and Economics, may one day be known for revolutionizing men's neckwear.

As founder of the Refined Bowties Co., Conradi has taken industrial materials—metals, concrete, wood and marble—and

crafted them into bow ties that he now sells via a website and through a few local boutiques.

The idea proved novel enough to win Conradi a \$1,000 prize in the Baker Institute for Entrepreneurship, Creativity and Innovation's annual Thalheimer Student Entrepreneurs Competition. But bow ties?

"It is a conversation starter because neckties are more traditional," says Con-

radi. "It's a good way to meet new people."

Bow ties have enjoyed resurgence in relevance as a fashion accessory for hip, young athletes and other celebrities. The NBA's Dwyane Wade has his own line of bow ties. Fox Major League Baseball reporter Ken Rosenthal is never on camera without one. And a headline in *GQ* proclaimed: "Idris Elba Really, Really Loves Bow Ties (And So Should You)."

Admitted science fiction nerd Conradi speculates—and a 2010 article in *The Daily Telegraph* in London agreed—that part of the resurgence might be owed to British television series *Dr. Who*. The Eleventh Doctor, played by Matt Smith, declared on many shows, "Bow Ties Are Cool," a phrase that became an Internet meme.

It is for these reasons that Conradi has paid special attention to marketing his wears around college campuses, where he is more likely to find younger customers. He markets to wedding planners and photographers who want to give a unique look to the wedding party.

Conradi will also custom design and make bow ties for special occasions for a little extra cost. Most of the stock designs sell in the \$55 to \$60 price range, which Conradi says is an inexpensive way to give yourself a distinctive look.

As he was being interviewed for this story, he was preparing for a Comic Book/Steampunk Convention, which is fitting. What could be more steampunk—a sci-fi and fashion aesthetic inspired by 19th century industrial technology—than a metal bow tie?

It was Conradi's own sense of aesthetics, along with pragmatic concerns, that set him on the path to making his own bow ties. A full-time packaging engineer with local manufacturer Victaulic, Conradi is required to wear a tie for work. But neckties can be impractical or even dangerous to wear on a machine-filled manufacturing floor.

"So I was thinking, I always liked the industrial engineering, industrial design style. Being an engineer, I decided I could make my own," Conradi says. "It starts conversations. A lot of people grab it and



"It's one of those things where you could have a great product, but if no one sees it, you're not going to sell it. It's been a crash course in the marketing department. It's gotten better and we're starting to get more traction. It's been an interesting journey."

go, 'Is that made out of metal?' It turned out really well, so I thought maybe I could start selling them and make it a business." The company name, Refined Bowties, is a play on words reflecting both the process of refining—to create new from raw materials—and to be refined, a word describing someone who is "elegant in appearance."

But marketing bow ties made from materials associated with heavy industry can sometimes be a challenge, he says.

"If you hear a metal tie or a concrete tie, the first thing people think is, 'Oh, it's going to break my neck.' We worked very hard to make sure it wasn't like that," Conradi says. "Most of these are within an ounce weight of a standard necktie, if not less."

At the same time, the materials used to make the bow ties are part of what makes them unique.

"We don't want to hide the fact that these are typically an industrial product," he says. "We wanted to do it so that it would have enough thickness and girth to it, you could feel that this is something that is built to last. We want the tactile feel."

But for a few contractors who mold some of the raw materials, Refined Bowties is a one-man show, starring Conradi, who is responsible for sewing, marketing, customer service and all other business operations.



For an MBA student, he says, it has been an eye-opening experience that is quite different from the classroom.

"One of the things I underestimated when starting it was how much is actually involved in running a business, and coming from the engineering side, the impact of marketing and sales," Conradi says.

"It's one of those things where you could have a great product, but if no one sees it, you're not going to sell it. It's been a crash course in the marketing department. It's gotten better and we're starting to get more traction. It's been an interesting journey."



## Studying Abroad

Olya Voronetskaya '17 soaks 'everything up' in London.

BY ELIZABETH GROSS

**O**lya Voronetskaya '17 always wanted to go to London. As a junior, the Integrated Business and Engineering (IBE) student got her chance when she decided to study abroad at the renowned London School of Economics for a year.

In fact, Voronetskaya was the first IBE student to study abroad for a full year, and she had a lot of assistance through the planning process and course selection. She said it was a fuller experience and that she "really wanted to soak everything up."

Having completed much of the math-heavy coursework for her IBE degree in her first two years at Lehigh, she was able to enjoy courses in London that offered her a broad perspective, such as international relations and an advanced economics course. Another course in international political theory, in particular, she said, taught her to think differently and to see connections among stories in the news.

Overall, Voronetskaya said, the London School of Economics required an independent approach to her studies, "which I think is critical for a transition between university and the workforce."

A highlight of her time in London had been to help organize a two-day Alternative Investments Conference, which allowed students to hear from world-class speakers such as David Bonderman, founding partner of TPG Capital, and David Rubenstein, co-founder of The Carlyle Group. With about 300 spots and 7,700 total applications to attend, she said the conference drew "stellar students," three of whom came from Lehigh.

Another activity she enjoyed was the London School of Economics' Student Union Fashion Show, where startup designers showcased their clothing.

She said she made some good memories traveling around England, to places such as Stonehenge, Oxford, Cambridge and Canterbury Cathedral Windsor. She also visited Scotland.

She said many of the 300 (mostly American) exchange students at the school tended to group together, missing the opportunity to interact with other students there. She said she attempted to upend that by purposely trying to meet as many people as possible.

Now back at Lehigh, Voronetskaya is sure her study-abroad experience will give her "something to talk about in a [job] interview." She said she's pleased to put her year at the London School of Economics and her involvement with the Alternative Investments Conference on her résumé—memories she'll likely recount for a long time to come.

## Swimming, Olympic Style

For the first time in 40 years, Lehigh swimmers head to the U.S. Olympic Trials.

BY DARYL NERL

**T**wo seniors in the College of Business and Economics were among four Lehigh students who had the history-making honor of representing the university at the 2016 U.S. Olympic Trials in Nebraska. It had been more than 40 years since a Lehigh swimmer had qualified for the trials.

Justin White '17 and Jamal Willis '17 both qualified for the trials in the 50-meter freestyle—the swim sprint—based on their performances in the U.S. Winter championships in December.

White, an accounting major from suburban Chicago who thinks nothing of spending hours at a time in the pool, had posted a time of 23.16 seconds to make the trials. Willis, a finance major from Philadelphia who likes to vary his training regimen to avoid the tedium of the pool, hit the exact Olympic trial cut time of 23.29 seconds, though he holds Lehigh's sprint racing record with a time of 20.07 seconds for a shorter 50 yards. The two did not make the cut to go to Rio de Janeiro, however.

White said he had been “a little overwhelmed” at the thought of competing in the trials. “It kind of gets to you occasionally that you have the chance to represent the United States at the Olympic games,” he said prior to the trials. “But at the same time, it’s just incredible to reach, really, the peak of a lot of people’s swimming careers.”

Two other Lehigh students—Kaitlyn Ruffing '17 and Jacob Moyer '17—also qualified for the trials, but also did not make the team.

For White, swimming has been his main outlet since he was 5. “I was your definition pool rat,” he said. “Mom would drop me off at the pool at 9 a.m., and she would pick me up at 9 p.m., and I would just be in the pool for literally 12 hours a day on my own. And so I just grew with the water in that sense.

“It can drive some people crazy being in the water for two hours staring at the bottom of the pool, not talking to anybody,” he continued. “But for me it was really a time, whether I knew it or not, to meditate and to really get

my mind right. That was kind of my outlet both physically and mentally.”

White, who is carrying a 3.2 GPA, wants to be an accountant. He interned over the summer at Deloitte, a “Big Four” audit and consulting firm, in Chicago. “My dad’s been an accountant his whole life, and it’s just kind of in my blood,” he said.

Family is important to White, who said that the sense of family and community at Lehigh is “unmatched by any other program and any other school” he visited.

Willis started swimming in elementary school in Philadelphia, where he joined the legendary PDR (Philadelphia Department of Recreation) Swim Club. It was there that Jim Ellis began coaching young, mostly African-American children to compete with the world’s best in the 1970s. Ellis’s story was the subject of the 2007 feature film, *Pride*.

Willis said his focus on swimming intensified when he competed for William Penn Charter School at the high school level and subsequently decided he would aim to become a Division I NCAA swimmer.

Willis said his mother, who spent more than two years as a student at Lehigh, helped him to make the decision. Though she did not complete her schooling here, she always spoke very highly of Lehigh, he said.

“I stepped on campus a few times. I loved it, every time I visited, so it all worked out. Swimming fit perfectly with what I was trying to do,” he said.

Willis, who has a 3.0 GPA, spent his summer as an intern for Fifth Street Capital Partners, a Bethlehem company that works in real estate.

“I always found finance to be interesting. It’s like a puzzle, and you kind of just have to learn how to solve it,” Willis said. “I’m taking a marketing track because I feel that in marketing you can express your opinion more than most business classes.”



From left, Justin White '17 and Jamal Willis '17



## Students Tackle Real-World Projects

Six teams compete in 2016 Collins Family Real Estate Competition.

BY MARY ELLEN ALU

**S**ix teams of Lehigh students analyzed real-world projects as part of the 2016 Collins Family Real Estate Competition, a hallmark of Lehigh's real estate practicum/integrated real estate program (ire@l).

The teams analyzed proposals to build a six-story retail/office building, student housing tower and seven-story apartment complex on Bethlehem's South Side, near the Lehigh campus, offered by developer Dennis Benner '76 and his sons, Brandon '07 and Garrett '04. The retail/office building at Third and New Streets is now under construction; Lehigh has signed on as a tenant.

The teams also examined a portfolio from Peron Development, which consisted of an office building and two apartment houses to be constructed on Third Street, between Fillmore and Buchanan streets.

"It was definitely challenging at times, especially working with ongoing projects, because information kept changing," said Austin Devine '16, who, along with Steve Camasta '16, Matthew Laub '16, Gregory Palma '16 and Stefan Sansone '16, won the competition as AFGM Realty Inc. (The five also were teammates on Lehigh's football team, where they were starters or key contributors.)

Laub said the projects' potential impact was not lost on the teams. "The South Side is long overdue for new developments that will bring life and rejuvenation along with them," he said. "There is no perfect way to do this, but the developments we analyzed are an amazing start. They just need to be done in the best way possible."

In fall 2015, the teams studied the physical characteristics of the properties as they related to value: property history, architecture, tenant mix, neighborhood environment and other considerations. They worked in commercial real estate software and submitted a market analysis and property description. Then in spring 2016, the teams performed the analysis needed to complete a full estimate of the properties' market value.

The program culminated in the bracket-style competition, in which the teams presented their analyses to a panel of academic and practitioner judges, many of whom are Lehigh alumni.

"Since the founding of the Goodman Center, our goal has been to bridge the gap between real estate education and the real world of real estate," said Stephen F. Thode, director of the ire@l program. The practicum and the competition provide students with hands-on learning, he said.

The ire@l program is part of the Goodman Center for Real Estate Studies, which offers a real estate minor that is open to students in any major as well as a track in finance for finance majors. Students complete the practicum and the Collins competition, which is part of a generous endowment from Webster A. Collins '57 and his son, Harris '91.

### SPOTLIGHT

#### Brandon Bok '16

*A President's Scholar, he was among three students selected to speak at 2016 Honors Convocation.*



As a Martindale Student Associate, Brandon Bok '16 traveled to Portugal to learn about its economy in meetings with industry leaders and to work with policy experts to publish a research paper on immigration in that country.

For his Integrated Business and Engineering capstone project, Bok was part of a team that worked with the Boeing Co. and the

American Helicopter Museum to design a flight simulator for the museum and to create a business plan for it.

And as a managing fellow for the TRAC writing program, he helped business students to become better writers in a move toward a more collaborative student culture.

"These are some of my defining moments here that would not have been possible

anywhere else," said Bok at Lehigh's 2016 Honors Convocation. "Amidst both trials and triumphs, it's been a truly fun and humbling ride."

Bok, who received dual degrees in IBE and mechanical engineering, accepted a position as a research analyst with the Federal Reserve Bank of New York. He said he eventually wants to pursue a doctorate in economics.

# Lehigh in Shanghai

BY JENNIFER MARANGOS

**J**ohn Larson '17 knew the professional experience he'd gain in Shanghai, a global financial hub on China's central coast, would be invaluable, especially since he is a supply chain major.

"As a business student, it's impossible to ignore this city and country," says Larson, who was among 12 students who participated in the Lehigh in Shanghai program over six weeks in summer. "Shanghai is the world's busiest port, and China presents one of the largest consumer markets in the world."

His interest in participating in the program was personal too.

"I thought it was important to expose myself to an entirely new culture and people," he says. "Traveling in Europe is one thing, but traveling in East Asia is a unique and challenging adventure. I wanted to gain a greater understanding about the country that one-fifth of the world's population calls home."

Founded about a decade ago, the Lehigh in Shanghai program has two

distinct segments, according to program director Oliver Yao, chair of the Department of Management at Lehigh.

"The first part is language and immersion," he says. "When we arrived in Shanghai, the students spent time in the classroom to get trained in Chinese and then went out in the surrounding city to be immersed in the culture."

After the first two weeks, the students were matched with companies, based on their major or interest, and worked as interns for the remaining four weeks.

"It's a very, very rare opportunity for American students to be exposed to such a different culture and to be able to work in that culture," Yao says. "And China is a very significant part of the whole global economy right now. China is the number two economic power. To be able to experience how business operates in China, that is really something valuable."

Larson interned at Shanghai Cheng Shang Cheng Textile Company Ltd., a small but growing private textile manu-



From left Oliver Yao and John Larson '17

facturer that produces woolen fabrics for customers such as fashion retailers Zara and Gap. Larson worked with the general manager of the textile company as a quality control assistant.

"This meant going on visits to factories in the nearby cities of Jiangsu and Ningbo to conduct quality inspections with representatives from major customers. Quality is key in fashion, so these meetings were especially important," said Larson, who also is majoring in marketing and minoring in philosophy. "We would review select samples of fabrics and take note of any defects to see what changes were necessary."

Yao says the Shanghai experience is "eye-opening" for students participating in the program.

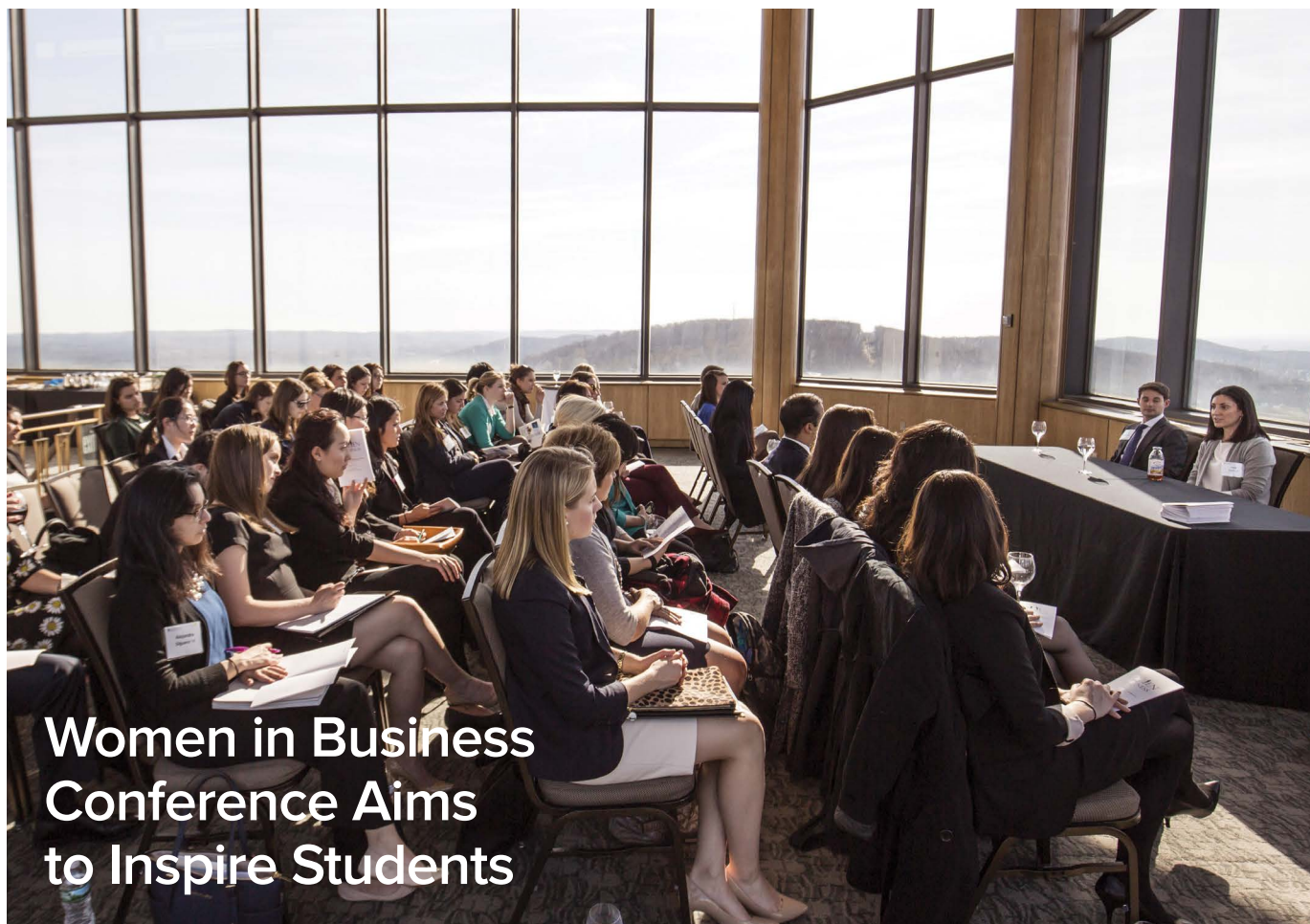
"It is not a professional-type internship where students apply what they are learning at Lehigh to a job," he says. "Some of the students have never been abroad. ... In Shanghai they say, 'Wow.' It's a different world, a different culture. The daily norm is different."

Through the Shanghai program, Larson says he learned plenty about himself and business.

"I learned that open-mindedness and risk-taking are essential when you travel abroad," he says. "I also found that most of the people I interacted with spoke two, if not more, languages," and so he's determined to learn more Chinese and other languages.

"It's really important to be aware of cultural differences when you work and travel abroad," he says, "because the last thing you want to do is disrespect the people who have shown you such incredible hospitality and generosity."





## Women in Business Conference Aims to Inspire Students

**T**he student group Women in Business (WIB) hosted its second annual conference in the Spring 2016 semester. Titled “Building Your Personal Brand,” the conference leaders hoped to inspire fellow students as they prepared to launch their careers and to promote awareness of important issues that leaders face.

Panel discussions focused on the power of networking and entrepreneurship, with successful alums sharing their work experiences and providing career advice.

Led by Steven L. Savino, who holds the John C. Swartley Jr. '24 Professorship in the department of marketing at Lehigh, the networking panel featured Ellen Stone '87, executive vice president of marketing for *Bravo* and *Oxygen Media*; and David Highhill '06 '08G, director of club business development for the National Football League.

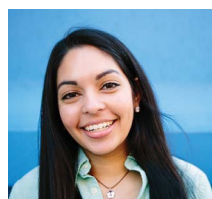
The session on “Starting from Scratch: An Entrepreneurship Panel” featured four entrepreneurs who are also Lehigh grads: Alita Friedman '87, CEO of Alita's Brand Bar; Susan Yee '82, CEO of Active Data; and Amy Mazius '13 and Randi Tutelman '12 '13G, co-founders of the jewelry brand Eleanor Kalle LLC. The panel was moderated by Lisa Getzler, co-executive director of the Baker Institute for Entrepreneurship, Creativity and Innovation.

Kim Rogoff '94 was keynote speaker.



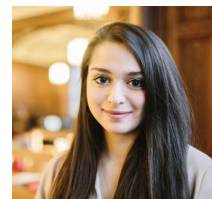
### **KELLY MAYID '17**

The finance and management double major was president of WIB in the 2015-16 school year. She said she was drawn to the group for the professional development it offers. As the lone woman in some classes, Mayid said, “I never want to feel intimidated for being the minority in the room.”



### **KIRAN SINGH '18**

As the current WIB president, Singh loves how the annual conference allows for strong student and alumni interactions. The purpose of the organization, which welcomes men, “is to build a strong community of business students,” she said. Singh is a finance and management double major.



### **YASEMIN GULERMAN '18**

The economics major manages the social media for the organization. She became interested in the organization after talking about the glass ceiling for women in one of her courses. She is minoring in marketing and entrepreneurship.



For more information on the group's student leadership, go to [lehighu.tumblr.com/search/women+in+business](http://lehighu.tumblr.com/search/women+in+business).

# B I Z quiz

*We'll test your business knowledge in each issue of Lehigh Business, and give you an opportunity to win bragging rights and Lehigh swag. This Biz Quiz comes courtesy of Kenneth P. Sinclair, professor of accounting.*



## QUESTION:

The Lehigh Corporation produces gas grills. Last year, it produced and sold 20,000 of them. It also has made side burners for its grills, with each grill requiring two side burners. Costs last year for the side burners were as follows:

Direct materials (variable cost)	\$ 200,000
Direct labor (variable cost)	100,000
Variable overhead	50,000
Inspection, setup, material handling*	4,000
Machine rent	8,000
Allocated fixed costs of plant administration, taxes, and insurance	<u>50,000</u>
	\$ 412,000

\*Inspection, setup, and material handling costs vary with the number of batches in which the burners are produced. Lehigh Corporation produces burners in batch sizes of 1,000 units.

For the upcoming year, Lehigh Corporation has received an offer from an outside vendor to supply any number of side burners the company requires at \$9.25 per burner. The chief financial officer at Lehigh Corporation (that's you) believes that only 16,000 gas grills will be sold during the upcoming year. Accordingly, production will be cut back. At this lower output, it will still produce the burners in batches of 1,000 units each. The company currently rents the machine used to make the side burners. If Lehigh Corporation buys all its burners from the outside vendor, it does not need to pay rent on this machine.

In the upcoming year, what increase or decrease, if any, would purchasing the burners from the outside vendor have on the company's net operating income rather than making the burners?



## Think you know the answer?

You can win bragging rights—and some cool Lehigh swag. Submit your answer to [bizquiz@lehigh.edu](mailto:bizquiz@lehigh.edu) by Jan. 1, 2017. We'll post the correct answer on [lehigh.edu/lehighbusiness](http://lehigh.edu/lehighbusiness) by Jan. 15, 2017. One winner will be randomly selected from all the correct submissions.

*Our random winner in our inaugural issue was Lew Chasalow '78, '79G, '82G. Congratulations!*



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*Students in Lehigh's Masters in Management program get a lesson in the complex supply chain of America's premier guitar manufacturer, C.F. Martin & Co., during a tour of the company's headquarters in Nazareth, Pa.*