

*Dr. David A. Dubofsky*

#### PROFILE

Dr. David A. Dubofsky is the Chairman of the Department of Finance, Insurance and Real Estate. After teaching for 16 years at Texas A&M University in joined the VCU School of Business in 1997. He has published articles in the areas of investments and securities markets in academic journals such as *Journal of Finance*, *Journal of Financial and Quantitative Analysis* and *Journal of Money, Credit and Banking* all of which are considered premier research journals.

#### ACHIEVEMENTS

Dr. Dubofsky's research interests are in investments and securities, portfolio management, derivatives and risk management. He has written the book "Options and Financial Futures: Valuation and Uses," McGraw-Hill, 1991, and will have another book "Derivatives: Valuation and Risk Management" published in 2002 by Oxford University Press. He is a member of the Financial Management Association, the American Finance Association and the



Association for Investment Management and Research.

#### RESEARCH

"A Note on Fair Value Pricing of Mutual Funds" *Journal of Banking and Finance*, 25 (2001) 339-354. Co-authored with Dr. Rahul Bhargava.

Mutual Funds make the claim that they employ fair value pricing to prevent active investors from trading on their beliefs that the funds' net asset values are stale. Dr. Dubofsky and his colleague's results support the funds' assertions. They estimate the returns from the following active strategy: buy international open end mutual funds that do not employ fair value pricing on days that the S&P500 index rises by a large amount, and/or sell them on days that the S&P500 index declines by a large amount. These active strategies significantly outperform pure buy-and-hold strategies.

They conclude that international mutual funds should make greater use of fair value pricing.

# VCU School of Business

V i r g i n i a C o m m o n w e a l t h U n i v e r s i t y

## FOCUS ON RESEARCH

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*Focus on Research is our new series through which we are sharing the business related issues being researched by our faculty. Annually they participate in a variety of communications avenues ranging from expert editorial support in various media to lecturing and consulting. But, as a Carnegie Doctoral/Research-Extensive University, publishing research in refereed academic journals still remains a critical part of our mission. Sharing this research with our business friends and associates also is important to us.*

*This issue features the research of Dr. David A. Dubofsky, chairman of the Department of Finance, Insurance and Real Estate; Dr. Michael A. McDaniel, associate professor of management, and Dr. Gabriel G. Ramirez, professor of finance.*



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## Dr. Michael A. McDaniel

### PROFILE

Dr. Michael A. McDaniel, associate professor of management, has won numerous research and teaching awards over the past 15 years. He has published in *Academy of Management Journal*, *Journal of Applied Psychology*, *Personnel Psychology*, and *Applied Measurement Methods in Industrial Psychology*, all of which are considered premier research journals.

### ACHIEVEMENTS

Dr. McDaniel has received numerous awards recognizing his research from the Academy of Management, the International Personnel Management Association Assessment Council and the U.S. Office of Personnel Management. He does consulting, designing and testing through his own company, located in Richmond, VA.

### RESEARCH

"Predicting Job Performance Using Situational Judgment Tests: A Clarification of the Literature", *Journal of Applied Psychology*, 2001, Vol. 80, No. 4, 730-740. Co-authored with Elizabeth Bruhn Finnegan, Frederick P. Morgeson, Michael A. Campion and Eric P. Braverman.

Researchers who work in the area of psychological assessment have cultivated a major stream of research pertaining to the design of tests that measure judgements in work settings. Many published studies have examined the substantial

productivity gains and possible corporate earnings that result from good hiring decisions. Now, Dr. McDaniel and his colleagues have made the first summarization of "situational judgment tests", which are commonly used industry tools. His study presents the results of a meta-analysis. Despite the extensive use of such tests in industry, Dr. McDaniels' analysis is the first thorough summary of the research on such testing and is among the first expert studies to draw conclusions about the validity of these tests, what they actually measure, and what they actually predict.

Some of the practical ramifications of Dr. McDaniel's research:

- Represents first expert summary of "situational judgment tests"
- Addresses gaps in past research on situational judgment testing in the workplace.
- Identifies a variety of new, popular, and appealing tests
- Provides a quantitative cumulation of the value of these tests
- Draws implications for continued use of such tests

Dr. McDaniel's research concludes that regardless of the test's name, situational judgment tests are primarily measurement methods through which one can measure a variety of scientific constructs.



### PROFILE

Dr. Gabriel G. Ramirez, professor of finance, has published numerous articles in premier research journals such as *Journal of Finance*, *Financial Management*, *Journal of Banking and Finance*, *AREURA* and recently co-authored "Bond calls, credible commitment, and equity dilution..." published in the *Journal of Financial Economics*. He teaches financial management and advanced finance, and is recognized by media as a specialist in corporate bankruptcy and restructuring. He formerly was associate professor of finance at Binghamton University and a visiting associate professor at New York University.

### ACHIEVEMENTS

Dr. Ramirez was honored with the best paper awards at the Administrative Science Association of Canada 1994 and the Eastern Finance Association in 1989. He was a research scholar at Georgia State University, and a visiting professor at the Stern School of Business, New York University. He currently sits on the Board of Directors of the Latin American Company.

### RESEARCH

"Does Leadership Matter? CEO Leadership Attributes and Profitability Under Conditions of Perceived Environmental Uncertainty" *Academy of Management Journal*, February 2001, Vol.44, No. 1, 134-143. Co-authored with David A. Waldman, Robert J. House and Phanish Puranam.

Until Dr. Ramirez and his colleagues performed this study, the belief that leaders can have a substantive effect on the overall performance

## Dr. Gabriel G. Ramirez

of the organization was nothing more than a commonly held, untested assumption. In the first research paper ever published that investigates the association between high level managers and performance, Dr. Ramirez uses a scientific sample of data from the Fortune 500 firms to access—what he calls "transactional and charismatic CEO leadership" as a factor that can possibly predict the financial performance of a firm. Consistent with expectations, Dr. Ramirez's scientific sample was able to establish that charisma predict performance under conditions of uncertainty. This study, viewed together with prior studies, indicates that the charismatic leadership paradigm is generalizable across different organizations.

Some practical ramifications of Dr. Ramirez's research:

- Transactional leadership motivates the performance of low-level managers
- Charismatic managers can cause needed change to occur under uncertain conditions.
- Both transactional and charismatic styles are important leadership aspects and may operate in tandem

Dr. Ramirez concludes that there is no "one-best-way" of characterizing charisma and performance relationships. He proposes that the effect of CEO charismatic leadership will be moderated by the subordinates' perception of environmental uncertainty. Because uncertainty is stressful to followers, it makes organizations more receptive to charismatic effects, and allows leaders more latitude for discretion.

