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MESSAGE from the Dean

We are pleased to introduce you to the newly enhanced Research Review, previously titled Research Quarterly. This publication, which will be distributed every four months and annually, provides a thorough review of faculty research productivity at Washington University’s Olin Business School, including journal acceptances, presentations, conferences, workshops, book chapters, events and honors. It outlines a remarkable listing of accomplishments from each faculty area: accounting, economics, finance, marketing, operations and manufacturing management, organizational behavior and strategy. This inaugural issue highlights our recent research contributions and is a testament to the impressive faculty team here at Olin.

As faculty members, we have a longstanding and active commitment to scholarly work, which keeps us on the leading edge of our fields. Together, we foster a dynamic, collaborative atmosphere for undertaking world-class research that helps advance today’s rapidly changing business world. The Research Review is designed to facilitate that collaboration. Spend some time reading through this impressive body of work and learning about the issues and ideas Olin colleagues are pursuing.

My thanks and congratulations to all Olin faculty members for their ongoing exceptional contributions to scholarly research, and fulfilling Olin’s mission to:

Create knowledge…Inspire individuals…Transform business.

Respectfully,

Mahendra R. Gupta, Dean
Geraldine J. and Robert L. Virgil Professor of Accounting and Management

Abstract: We extend Fisher, Peffer, and Sprinkle (2003) to investigate the effectiveness of a budget-based incentive contract to settings with alternate task characteristics. We first replicate their finding: when groups perform a task with an additive production function, a budget-based contract leads to higher levels of performance than a piece-rate contract. However, we do not find higher performance when we modify the task to be interdependent, arguably a key feature of group tasks. We also show that goal commitment mediates the incentive contract-performance relation for tasks with an additive production function. Collectively, these results suggest that variations in production technology influence the relative motivational effectiveness of different incentive plans.


Abstract: Explore the predictive power of current special items for future profit margins over various forecast horizons. They also provide evidence on how this predictive power varies with current core profit margins. I discuss the motivation for this research and conclude that I am unable to attach a coherent economic story to these results.


Abstract: Anecdotal and survey evidence suggest that managers take actions to avoid small negative earnings surprises because they fear disproportionate, negative stock-price effects. However, empirical research has failed to document an asymmetric pricing effect. We investigate investor relations costs as an alternative incentive for managers to avoid small negative earnings surprises. Guided by CFO survey evidence from Graham et al. (J Account Econ 40:3–73, 2005), we operationalize investor relations costs using conference call characteristics—call length, call tone, and earnings forecasting propensity around the conference call. We find an asymmetric increase (decrease) in call length (forecasting propensity) for firms that miss analyst expectations by 1 cent compared with changes in adjacent 1-cent intervals. We find no statistically significant evidence that call tone is asymmetrically more negative for firms that miss expectations by a penny. While these results provide some statistical evidence to confirm managerial claims documented in Graham et al. (J Account Econ 40:3–73, 2005) regarding the asymmetrically negative effects of missing expectations, our tests do not suggest severe economic effects.
Xiumin Martin: “Timely loss recognition and acquisition profitability,” with Jere Francis, forthcoming at the *Journal of Accounting and Economics*.

Abstract: We investigate if timely loss recognition is associated with acquisition-investment decisions. Using a Basu (1997) piece-wise linear regression model, we find that firms with more timely incorporation of economic losses into earnings make more profitable acquisitions, measured by the bidder's announcement returns and by changes in post-acquisition operating performance. These firms are also less likely to make post-acquisition divestitures (consistent with better ex ante investment decisions), but act more quickly when they do make divestitures. We also find that the positive association between timely loss recognition and acquisition profitability is more pronounced for firms with higher ex ante agency costs.

Xiumin Martin: “Private Audits in Developing and Developed Countries,” with Jere Francis, Inver Khurana and Raynolde Pereira, forthcoming at *Contemporary Accounting Research*.

Abstract: We evaluate the role of firm-specific incentives in explaining the unregulated demand for audits by private entities in developed and developing countries. Recent research suggests that country-level institutional factors shape the contracting environment and may actually be more important than firm characteristics in explaining differences in accounting and governance practices across countries. For a sample of 5,977 private entities in 61 countries from a World Bank database, our results confirm that this is the case except for transitional socialist countries, mainly in Eastern Europe, where firm incentives dominate country factors, although overall audit rates are quite low in these countries which indicate a weak contracting environment. However, we also document that firm incentives are important, over and above country-level effects, and firm size, ownership structure and export activities are the drivers of audits in both developing and developed countries.
ECONOMICS

Abstract: In finance and economics, there is a great deal of work on the theoretical modeling and statistical estimation of the yield curve (defined as the relation between \(-\log(pt(t))/t\) and \(t\), where \(pt(t)\) is the time price of the zero-coupon bond with payoff 1 at maturity date \(t + t\)). Of much current interest are models in which the bond prices are derived from a stochastic discount factor (SDF) approach that enforces an important no-arbitrage condition. The log of the SDF is assumed to be an affine function of latent and observed factors, where these factors are assumed to follow a stationary Markov process. In this paper we revisit the question of how such multi-factor affine models of the yield curve should be fit. Our discussion is from the Bayesian MCMC viewpoint, but our implementation of this viewpoint is different and novel. Key aspects of the inferential framework include (i) a prior on the parameters of the model that is motivated by economic considerations, in particular, those involving the slope of the implied yield curve; (ii) posterior simulation of the parameters in ways to improve the efficiency of the MCMC output, for example, through sampling of the parameters marginalized over the factors, and through tailoring of the proposal densities in the Metropolis-Hastings steps using information about the mode and curvature of the current target based on the output of a simulating annealing algorithm; and (iii) measures to mitigate numerical instabilities in the fitting through reparameterizations and square root filtering recursions. We apply the techniques to explain the monthly yields on nine US Treasuries (with maturities ranging from 1 to 120 months) over the period January 1986 to December 2005. The model contains three factors, one latent and two observed. We also consider the problem of predicting the nine yields for each month of 2006. We show that the (multi-step ahead) prediction regions properly bracket the actual yields in those months, thus highlighting the practical value of the fitted model.

Abstract: We analyze a semiparametric model for data that suffer from the problems of sample selection, where some of the data are observed for only part of the sample with a probability that depends on a selection equation, and of endogeneity, where a covariate is correlated with the disturbance term. The introduction of nonparametric functions in the model permits great flexibility in the way covariates affect response variables. We present an efficient Bayesian method for the analysis of such models that allows us to consider general systems of outcome variables and endogenous regressors that are continuous, binary, censored, or ordered. Estimation is by Markov chain Monte Carlo (MCMC) methods. The algorithm we propose does not require simulation of the outcomes that are missing due to the selection mechanism, which reduces the computational load and improves the mixing of the MCMC chain. The approach is applied to a model of women’s labor force participation and log-wage determination.

Abstract: Not available.


Abstract: Not available.


Abstract: Do adult children affect the care elderly parents provide each other? We develop two models in which the anticipated behavior of adult children provides incentives for elderly parents to increase care for their disabled spouses. The “demonstration effect” postulates that adult children learn from a parent's example that family caregiving is appropriate behavior. The “punishment effect” postulates that adult children may punish parents who fail to provide spousal care by not providing future care for the nondisabled spouse when necessary. Thus, joint children act as a commitment mechanism, increasing the probability that elderly spouses will provide care for each other; stepchildren with weak attachments to their parents provide weaker incentives for spousal care than joint children. Using data from the HRS, we find evidence that spouses provide more care when they have children with strong parental attachment.
FINANCE


Abstract: This paper uses the entry of foreign banks into India during the 1990s—analyzing variation in both the timing of the new foreign banks’ entries and in their location—to estimate the effect of foreign bank entry on domestic credit access and firm performance. In contrast to the belief that foreign bank entry should improve credit access for all firms, the estimates indicate that foreign banks financed only a small set of very profitable firms upon entry, and that on average, firms were eight percentage points less likely to have a loan after a foreign bank entry because of a systematic drop in domestic bank loans. Similar estimates are obtained using the location of pre-existing foreign firms as an instrument for foreign bank locations. Moreover, the observed decline in loans is greater among smaller firms, firms with fewer tangible assets, and firms affiliated with business groups. The drop in credit also appears to adversely affect the performance of smaller firms with greater dependence on external financing. Overall, this evidence is consistent with the exacerbation of information asymmetries upon foreign bank entry.


Abstract: The median is often a better measure than the mean in evaluating the long-term value of a portfolio. However, the standard plug-in estimate of the median is too optimistic. It has a substantial upward bias that can easily exceed a factor of two. In this paper, we provide an unbiased forecast of the median of the long-term value of a portfolio. In addition, we also provide an unbiased forecast of an arbitrary percentile of the long-term portfolio value distribution. This allows us to construct the likely range of the long-term portfolio value for any given confidence level. Finally, we provide an unbiased forecast of the probability for the long-term portfolio value falling into a given interval. Our unbiased estimators provide a more accurate assessment of the long-term value of a portfolio than the traditional estimators, and are useful for long-term planning and investment.

**Guofu Zhou:** “Incorporating Economic Objectives into Bayesian Priors: Portfolio Choice under Parameter Uncertainty,” with Jun Tu, forthcoming in the *Journal of Financial and Quantitative Analysis*.

Abstract: Economic objectives are often ignored when estimating parameters, though the loss of doing so can be substantial. This paper proposes a way to allow Bayesian priors to reflect the objectives. Using monthly returns on the Fama-French 25 size and book-to-market portfolios and their three factors from January 1965 to December 2004, we find that investment performances under the objective-based priors can be significantly different from those under alternative priors, with differences in terms of annual certainty-equivalent returns greater than 10% in many cases. In terms of an out-of-sample loss function measure, portfolio strategies based on the objective-based priors can substantially outperform both strategies under alternative priors and some of the best strategies developed in the classical framework.

Abstract: In this paper we provide a survey of recent contributions to robust portfolio strategies from operations research and finance to the theory of portfolio selection. Our survey covers results derived not only in terms of the standard mean-variance objective, but also in terms of two of the most popular risk measures, mean-VaR and mean-CVaR developed recently. In addition, we review optimal estimation methods and Bayesian robust approaches.


Abstract: Welch and Goyal (2008) find that numerous economic variables with in-sample predictive ability for the equity premium fail to deliver consistent out-of-sample forecasting gains relative to the historical average. Arguing that model uncertainty and instability seriously impair the forecasting ability of individual predictive regression models, we recommend combining individual forecasts. Combining delivers statistically and economically significant out-of-sample gains relative to the historical average consistently over time. We provide two empirical explanations for the benefits of forecast combination: (i) combining forecasts incorporates information from numerous economic variables, while substantially reducing forecast volatility; (ii) combination forecasts are linked to the real economy.
MANAGEMENT

Abstract: Health care technology assessment, the multidisciplinary evaluation of clinical and economic aspects of technology, has come to have an increasingly important role in health policy and clinical decision-making. In Part I—Understanding Technology Adoption and Analyses—this review addressed the difficult challenges posed by assessment and provided a guide to the methodologies used. Part II presents the factors that drive the technology choices made by patients, by individual physicians, by provider groups, and by hospital administrators.

Abstract: In the modern era of rapidly rising medical costs, health care technology assessment—multidisciplinary evaluation of clinical and economic aspects of technology—has assumed an increasingly important role in health policy and clinical decision-making. This review examines health care technology adoption, its impact on medical and surgical practice, and recent trends in health care technology assessment. Part I discusses the difficult challenges posed by assessment and provides a guide to the methodologies used.

Abstract: Background: There is increasing interest in surgical outcomes. The Patient Safety in Surgery (PSS) Study database was examined about thyroid and parathyroid procedures to determine risk factors for adverse outcomes and outcomes rates. Relative outcomes performance for the Veterans Affairs (VA) and private-sector populations was compared after risk adjustment. Study Design: Preoperative, operative, and postoperative data were analyzed for 7,082 patients: 2,814 VA patients and 4,268 private sector patients. Prevalence of risk or process factors was described. Occurrence rates and unadjusted odds ratios (OR) for adverse outcomes were calculated. Stepwise multiple logistic regressions were performed to model the impact of various factors on outcomes and to calculate the adjusted OR for any adverse event for the VA population compared with the private sector. Results: Overall mortality rate was 0.35% and 0.60% in the VA and 0.19% in the private sector. Overall rate of any adverse outcomes was 2.90% and 4.48% in the VA and 1.97% in the private sector. Adjusted OR for thyroid versus parathyroid operation was 0.94 (95% CI, 0.67–1.31). Adjusted OR for operation in the VA versus private sector was 1.25 (95% CI, 0.87–1.78). Conclusions: Overall rates of mortality and any morbidity were low and consistent with previous reports. Based on adjusted OR, there was no significant difference in outcomes for thyroid versus parathyroid operation. Similarly, there was no apparent significant difference in surgical outcomes between the VA and private-sector groups after risk adjustment.

Abstract: Background: There is great interest in efficiently evaluating health care quality, but there is controversy over the use of administrative versus clinical data methods. We sought to compare actual mortality with risk-adjusted expected mortality in a sample population calculated by two different methods; one based on preexisting administrative records and one based on chart reviews. Study Design: We examined a sample of patients (n = 1,234) undergoing surgical procedures at an academic teaching hospital during 1 year. The first risk-adjustment method was that used by the National Surgical Quality Improvement Program, which is based on dedicated medical record review. The second method was that used by Solucient, LLC, which is based on preexisting administrative records. Results: The ratio of observed to expected mortality for this population set was higher using the National Surgical Quality Improvement Program algorithm (1.1; 95% CI, 0.8 to 1.5) than using the Solucient algorithm (0.9; 95% CI, 0.6 to 1.2) but neither estimate was notably different from 1.0. Similarly, when observed to expected mortality ratios were calculated separately for each quartile of mortality, there were no marked differences within quartiles, although minor differences with potential importance were noted. Fit was comparable by age categories, gender, and American Society of Anesthesiologists’ categories. A number of actual deaths had higher predicted mortality scores using the Solucient algorithm. Conclusions: Risk-adjusted mortality estimates were comparable using administrative or clinical data. Minor performance differences might still have implications. Because of the potential lower cost of using administrative data, this type of algorithm can be an efficient alternative and should continue to be investigated.


Abstract: Background: Studies using Medicare data have suggested that African American race is an independent predictor of death after major surgery. We hypothesized that the apparent adverse effect of race on surgical outcomes is due to confounding by comorbidity, not race itself. Methods: We identified all non-Hispanic white and African American general surgery, private sector patients included in the National Surgery Quality Improvement Program (NSQIP) Patient Safety in Surgery Study (2001-2004). Patient characteristics, comorbidities, and postoperative outcomes were collected/analyzed using NSQIP methodology. Characteristics between races were compared using Student t and χ² tests. Odds ratios (OR) for 30-day morbidity and mortality were calculated using multivariable logistic regression. Results: We identified 34,141 white and 5068 African American patients. African Americans were younger but more likely to undergo emergency surgery and present with hypertension, dyspnea, diabetes, renal failure, open wounds/infection, or advanced American Society of Anesthesiologists’ class (all P < 0.001). African Americans underwent less complex procedures but had higher unadjusted 30-day morbidity (14.33% vs. 12.35%; P < 0.001) and mortality (2.09% vs. 1.65%; P = 0.02). After controlling for comorbidity, African American race had no independent effect on mortality (OR 0.95, (0.74-1.23)) but was associated with a higher risk of postoperative cardiac arrest (OR 2.49, (1.80-3.45)) and renal insufficiency/failure (OR 1.70 (1.32-2.18)). Conclusion: African American race is associated with greater comorbidity and cardiac/renal complications but is not an independent predictor of perioperative mortality after general surgery. Efforts to improve postoperative outcomes in African Americans should focus on reducing the need for emergency surgery and improving perioperative management of comorbid conditions.

Abstract: Background: The Veterans Affairs’ (VA) National Surgical Quality Improvement Program (NSQIP) has been associated with significant reductions in postoperative morbidity and mortality. We sought to determine if NSQIP methods and risk models were applicable to private sector (PS) hospitals and if implementation of the NSQIP in the PS would be associated with reductions in adverse postoperative outcomes. Methods: Data from patients (n = 184,843) undergoing major general or vascular surgery between October 1, 2001, and September 30, 2004, in 128 VA hospitals and 14 academic PS hospitals were used to develop prediction models based on VA patients only, PS patients only, and VA plus PS patients using logistic regression modeling, with measures of patient-related risk as the independent variables and 30-day postoperative morbidity or mortality as the dependent variable. Results: Nine of the top 10 predictors of postoperative mortality and 7 of the top 10 for postoperative morbidity were the same in the VA and PS models. The ratios of observed to expected mortality and morbidity in the PS hospitals based on a model using PS data only versus VA + PS data were nearly identical (correlation coefficient = 0.98). Outlier status of PS hospitals was concordant in 26 of 28 comparisons. Implementation of the NSQIP in PS hospitals was associated with statistically significant reductions in overall postoperative morbidity (8.7%, \(P = 0.002\)), surgical site infections (9.1%, \(P = 0.02\)), and renal complications (23.7%, \(P = 0.004\)). Conclusions: The VA NSQIP methods and risk models in general and vascular surgery were fully applicable to PS hospitals. Thirty-day postoperative morbidity in PS hospitals was reduced with the implementation of the NSQIP.


Abstract: Background: Surgical site infections (SSI) continue to be a significant problem in surgery. The American College of Surgeons-National Surgical Quality Improvement Program (ACS-NSQIP) Best Practices Initiative compared process and structural characteristics among 117 private sector hospitals in an effort to define best practices aimed at preventing SSI. Study Design: Using standard NSQIP methodologies, we identified 20 low outlier and 13 high outlier hospitals for SSI using data from the ACS-NSQIP in 2006. Each hospital was administered a process of care survey, and site visits were conducted to five hospitals. Comparisons between the low and high outlier hospitals were made with regard to patient characteristics, operative variables, structural variables, and processes of care. Result: Hospitals that were high outliers for SSI had higher trainee-to-bed ratios (0.61 versus 0.25, \(p < 0.0001\)), and the operations took significantly longer (128.3 ± 104.3 minutes versus 102.7 ± 83.9 minutes, \(p < 0.001\)). Patients operated on at low outlier hospitals were less likely to present to the operating room anemic (4.9% versus 9.7%, \(p = 0.007\)) or to receive a transfusion (5.1% versus 8.0%, \(p = 0.03\)). In general, perioperative policies and practices were very similar between the low and high outlier hospitals, although low outlier hospitals were readily identified by site visitors. Overall, low outlier hospitals were smaller, efficient in the delivery of care, and experienced little operative staff turnover. Conclusions: Our findings suggest that evidence-based SSI prevention
practices do not easily distinguish well from poorly performing hospitals. But structural and process of care characteristics of hospitals were found to have a significant association with good results.


Abstract: Objective: To examine the influence of American Society of Anesthesiologists Physical Status Classification (ASA) and preoperative Functional Health Status (FHS) variables on risk-adjusted estimates of surgical quality and to assess whether classifications are inflated at some hospitals. Background: ASA and FHS are influential in risk-adjusted comparisons of surgical quality. However, because ASA and FHS are subjective they can be inflated, making patients appear more ill than they actually are, and crediting hospitals for a sicker patient population. Methods: We identified 28,751 colorectal surgery patients at 170 hospitals participating in the American College of Surgeon's National Surgical Quality Improvement Program (ACS NSQIP) during 2006 to 2007. Logistic regression models were developed for morbidity and mortality with and without inclusion of ASA and FHS. Hospital quality rankings from the different models were compared. Results: Morbidity and mortality rates were 24.3% and 3.9%, respectively. Percents of patients in ASA classes I through V were 3.3%, 46.4%, 41.5%, 8.3%, and 0.7% and that were independent or partially or totally dependent were 89.2%, 7.2%, and 3.6%, respectively. Models that included ASA and FHS exhibited slightly better fit (Hosmer-Lemshow statistic) and discrimination (c-statistic) than models without both these variables, though magnitudes of differences were consistent with chance. There was inconsistent evidence for improper assignment of ASA and FHS. Conclusions: The small improvements in model quality when both ASA and FHS are present versus absent, suggest that they make a unique contribution to assessing severity of preoperative risk. With little indication that these subjective variables are subject to an important level of institutional bias, it is appropriate that they be used to assess risk-adjusted surgical quality. Periodic monitoring for inappropriate inflation of ASA status is warranted.


Abstract: Objective: To examine the effect of surgeon specialization on patient outcomes, controlling for volume. Background: There is great interest in the degree to which surgical specialization affects outcomes, particularly considering drives to measure and reward quality in healthcare. Although surgical specialization has been previously analyzed with respect to outcomes, most studies have treated it as a dichotomous variable based on academic credentials. We treat it here as a continuous variable defined quantitatively by procedural diversity. Methods: We used 2002 to 2005 patient data from the National Surgical Quality Improvement Program for the Department of Surgery, Barnes Jewish Hospital, St. Louis, Missouri. To quantitate procedural specialization, Herfindahl-Hirschman indices for surgeons were calculated using billing codes. These indices were calculated according to 3 different levels of procedural aggregation. Using conditional logit models, we examined the relationship between these indices and 30-day postoperative mortality rates. Results: Surgeon specialization was inversely related to mortality rates after adjusting for case volume when indices were calculated using medium procedural aggregation (odds ratio for mortality = 0.580 per 0.1 unit Herfindahl increase; \( P = 0.025 \)) or low aggregation (odds ratio for mortality = 0.510 per 0.1 unit Herfindahl increase; \( P = 0.015 \)). No relationship was observed at the high level of aggregation. Conclusions: The procedural concentration component of surgical specialization is correlated with improved mortality rates independently of case volume. However, how broadly or narrowly specialization is defined has an impact on this relationship.

Abstract: Background: Surgical decision-making and informed patient consent both benefit from having accurate information about risk. But currently available risk estimating systems have one or more limitations associated with lack of specificity to operation type, size of sample (reliability), range of outcomes predicted, and appreciation of hospital effects. Study Design: Data from the American College of Surgeons National Surgical Quality Improvement Program (ACS NSQIP) patients who underwent colorectal surgery in 2006 to 2007 were used to generate logistic prediction models for 30-day morbidity, serious morbidity, and mortality. Results for these three models were then used to construct a universal multivariable model to predict risk for all three outcomes. Model performance was externally validated against 2005 data. Results: For 2006 to 2007, 28,863 patients were identified who underwent major colorectal operations at 182 hospitals. A single 15-variable predictor model exhibited discrimination (c-statistic) close to that observed for the separate models on all three outcomes. Similar discrimination was found when the 2006 to 2007 universal model was applied to 3,037 operations conducted in 2005 at 37 hospitals. Conclusions: The ACS NSQIP colorectal risk calculator allows surgeons to preoperatively provide patients with detailed information about their personal risks of overall morbidity, serious morbidity, and mortality. Because ACS NSQIP can also categorize hospitals as performing better or worse than expected (or as expected), surgeons have the opportunity to adjust risk probabilities for patients at their institutions accordingly.


Abstract: Not available
MARKETING

Amar Cheema: “The Effect of Need for Uniqueness on Word Of Mouth,” with Andrew Kaikati, forthcoming in the *Journal of Marketing Research*.
Abstract: This research studies a psychosocial cost associated with positive word of mouth (WOM): positive WOM can decrease the uniqueness of one’s possessions, which hurts high-uniqueness individuals (pilot study 1). As a result, high- (vs. low-) uniqueness individuals are less willing to generate positive WOM for publicly consumed products that they own. However, high uniqueness does not decrease willingness to generate WOM for privately consumed products (studies 1 and 2) or for products that participants don’t intend to buy (study 2). The effect of uniqueness is more pronounced for WOM that includes positive recommendations, compared to WOM that only contains product details (study 2). Illustrating the process, pilot study 2 demonstrates that for publicly consumed products, WOM recommendations are perceived to be more persuasive than WOM that provides details. Study 3 confirms that high- (vs. low-) uniqueness consumers are less willing to recommend a public product to others, but are as willing to discuss product details. Study 4 analyzes content of real-world WOM and finds evidence that supports these results.

Abstract: Previous theories have suggested that consumers will be happier if they spend their money on experiences such as travel as opposed to material possessions such as automobiles. We test this experience recommendation and show that it may be misleading in its general form. Valence of the outcome significantly moderates differences in respondents’ reported retrospective happiness with material versus experiential purchases. For purchases that turned out positively, experiential purchases lead to more happiness than do material purchases, as the experience recommendation suggests. However, for purchases that turned out negatively, experiences have no benefit over (and, for some types of consumers, induce significantly less happiness than) material possessions. We provide evidence that this purchase type by valence interaction is driven by the fact that consumers adapt more slowly to experiential purchases than to material purchases, leading to both greater happiness and greater unhappiness for experiential purchases.

Abstract: This paper examines the interaction of information provision, product quality, and pricing decisions by competitive firms to explore the following question: in a competitive market where consumers face uncertainty about product quality and/or their preference for quality, which firms, those that sell higher or lower quality products, have the higher incentive to provide what type of information? We find that while the higher quality firm should always provide information resolving consumer uncertainty on product quality, the lower quality firm under certain conditions will have the higher incentive to and will be the one to provide information resolving consumer uncertainty about their quality preferences. In the analysis, we trace the latter result to competition and to free-riding on the information provision. Specifically, in a monopoly market or when consumer free-riding is restricted by the costliness of store visits, the lower-quality firm would have a lower incentive to provide information resolving consumer preference uncertainty than otherwise. The model is also adapted to examine product returns as a possible strategy of information provision.

Abstract: This paper considers the possibility that a firm can invest not only in the true product quality, but also in activities such as merchandising and store atmospherics that influence consumer perception of the product quality. Consumers make their purchase decisions based on the signal (perception) of quality they experience, where the signal is influenced by both the true product quality valued by the consumer and the affect of the consumer at the time of the signal formation. In this situation, a firm finds it optimal to invest in both product quality and in variables inducing affect, even though rational consumers, in equilibrium, correctly solve back for the true product quality. We uncover an asymmetry in the effects of the cost of producing quality and the cost of inducing affect. As a firm's cost of quality decreases, the firm will find it optimal to invest more both in the true quality and in the affect inducement, even if it does not have a lower cost of inducing affect. Conversely, if a firm finds it easier to induce affect, then the product quality decreases but affect-inducing activities increase. Under competition, we find that the firm investing more in quality also invests more in affect creation. An implication of this is that in a competitive environment, consumers can rationally associate an up-lifting store atmosphere, affect inducing merchandising, or mood-creating communication with high quality products even when the firm has no need to signal their private cost of quality information, and when there is no consumption externality of the affect. We also analyze the case in which firms might have different costs and consumers are uncertain about the costs incurred by a given firm. Here again we show that the perceived quality production is positively correlated with both the true quality and the affect inducing activities.
OPERATIONS AND MANUFACTURING MANAGEMENT

Abstract: We study dynamic pricing and inventory control of substitute products for a retailer who faces a long supply lead time and a short selling season. Within a multinomial logit model of consumer choice over substitutes, we develop a stochastic dynamic programming formulation and derive the optimal dynamic pricing policy. We prove that dynamic pricing converges to static pricing as inventory levels of all variates approach the number of remaining selling periods (assuming at most one customer arrival within each period). Our extensive numerical study of the effects of time and inventory depletion on the optimal pricing reveals two fundamental underlying driving forces of the complex price behavior: the level of inventory scarcity and the quality difference among products. We also compare the performance of three restricted pricing strategies: static, unified dynamic, and mixed dynamic pricing. We find that full-scale dynamic pricing is of great value in the presence of inventory scarcity, and initial inventory decisions are quite robust in the pricing scheme employed in the selling season. Based on the above insights, we propose a computationally efficient approach to the initial inventory decision, which delivers close-to-optimal inventory levels for all testing cases.

Abstract: This paper studies the role of product availability in attracting consumer demand. We start with a newsvendor model, but additionally assume that stockouts are costly to consumers. The seller sets an observable price and an unobservable stocking quantity. Consumers anticipate the likelihood of stockouts and determine whether to visit the seller. We characterize the rational expectations (RE) equilibrium in this game. We propose two strategies that the seller can use to improve profits: (i) commitment (i.e., the seller, ex-ante, commits to a particular quantity), and (ii) availability guarantees (i.e., the seller promises to compensate consumers, ex-post, if the product is out of stock). Interestingly, the seller has an incentive to over-compensate consumers during stockouts, relative to the first-best benchmark under which social welfare is maximized. We find that first-best outcomes do not arise in equilibrium, but can be supported when the seller uses a combination of commitment and availability guarantees. Finally, we examine the robustness of these conclusions by extending our analysis to incorporate dynamic learning, multiple products, and consumer heterogeneity.

Abstract: This paper studies the impact of supply reliability on a retail firm's performance under joint marketing and inventory decisions. The firm sells a product in a single selling season and can exert marketing effort to influence consumer demand. We develop a modeling framework to quantify the value of improving supply reliability and investigate how this value depends on different model parameters. The results in this paper provide useful insights into how firms should make investment decisions on new technologies to improve supply reliability. First, we establish a necessary and sufficient condition under which the maximum unit cost a firm is willing to pay to improve supply reliability increases in product price. It has been found that this condition would hold in most practical situations. Thus, with some caveats, our
result supports the intuition that a firm is willing to pay more to improve supply reliability for products with a higher price. Next we show that with the same product price, a firm is willing to pay more to improve supply reliability for products with a higher product cost. This implies that it is not necessarily true that emerging technologies for improving supply reliability should be first adopted for products with the highest unit contribution margin. Finally, we show that a product with a lower marketing cost function always benefits more than a product with a higher marketing cost function. This finding suggests that the priority of adopting new technologies should be given to situations where the firm can effectively induce greater demand through promotional effort.
ORGANIZATIONAL BEHAVIOR

Abstract: We compared the effects of rational versus intuitive problem solving on creativity. We argued that the relative effectiveness of these approaches depends upon an individual’s typical thinking style such that individuals will be more creative when they adopt a problem solving approach that differs from their typical style of thinking (e.g., individuals who avoid rational thinking will exhibit higher creativity when they are instructed to rely on rational problem solving). We tested this hypothesis in a sample of undergraduate students generating creative ideas in response to a real-world problem. In support of our hypothesis, we found that problem solving approach and individual differences in thinking style interact such that creativity is highest when individuals employ a non-typical problem solving approach.

Abstract: Conventional history of the predominant, research based model of business education (RBM) traces its origins to programs initiated by the Ford Foundation after World War II. This paper maps the elite network responsible for developing behavioral science and the Ford Foundation agenda. Archival records of the actions taken by central nodes in the network permit identification of the original vision statement for the model. Analysis also permits tracking progress toward realizing that vision over several decades. Behavioral science was married to business education from the earliest stages of development. The RBM was a fundamental promise made by advocates for social science funding. Appraisals of the model and recommendations for reform must address its full history not the partial, distortion that is the conventional account. Implications of this more complete history for business education and for behavioral theory are considered.

Abstract: This paper considers the effect of team structure on a team’s engagement in learning and continuous improvement. We begin by noting the uncertain conceptual status of the structure concept in the small groups literature, and propose a conceptualization of team structure which is grounded in the long tradition of work on formal structure in the sociology and organization theory literatures. We then consider the thesis that, at least in self-managed teams dealing with stable tasks, greater team structure – i.e., characterized by higher levels of specialization, formalization, and hierarchy – can promote learning by encouraging information sharing, reducing conflict frequency, and fostering a climate of psychological safety. That is, we examine a mediated model in which the effect of structure on learning and improvement in teams is mediated by psychological safety, information sharing, and conflict frequency. This model was largely supported in a study of self-managed production teams in a Fortune 100 high technology firm, although the observed pattern of mediation was more complex than anticipated. Higher structure was also associated with actual productivity improvements in a subsample of these teams. The theory and results of this study advance our understanding of team learning and underscore the importance of team structure in research on team processes and performance.

Abstract: Past research suggests that power asymmetry within teams can have a stifling effect on team learning and performance. We argue here that this effect is contingent on whether power advantages within a team are used to advance individual or collective interests. This study considers the moderating role of one factor that can influence the individual or collective orientation of team members—the type of performance feedback that a team receives. We propose that whereas individual feedback reinforces the negative effects of power asymmetry on team learning, group feedback fosters a collective orientation within a team which transforms power differences into a stimulus for team learning. Analysis of multi-source, multi-method data obtained from 218 individuals in 46 teams provided support for these hypotheses. Results also suggested that team learning mediated the relationship between power asymmetry and team performance. These findings suggest that power asymmetry can be a resource for and not just an obstacle to team learning in power-asymmetric teams.


Abstract: How can relationships be repaired after being damaged? There is a small but growing body of work on the topic from a number of different disciplinary perspectives using different theoretical lenses and at different levels of analysis. We begin by examining the existing streams of work on relationship repair and organizing them into a conceptual framework. We then consider four questions that probe assumptions or overlooked issues in existing research with the intent of moving toward a more comprehensive conceptual foundation.


Abstract: Although research has focused on the implications of trusting others, little is known regarding how being trustworthy might influence one’s own performance. In this article we examined the relationship between being perceived as trustworthy by one’s coworkers and individual performance. Drawing on exchange theory, we also considered the implications of the different factors of trustworthiness (capability, integrity, and benevolence) and how these factors might interact to predict performance. Results of a field study (Study 1) revealed that coworkers’ perceptions of an individual’s capability and integrity interacted to predict his or her performance. A laboratory study (Study 2) provided further insight into the exchange mechanism underlying this relationship.


Abstract: The authors address the long-standing mystery of stable individual differences in negotiation performance, on which intuition and conventional wisdom have clashed with inconsistent empirical findings. The present study used the Social Relations Model to examine individual differences directly via consistency in performance across multiple negotiations and to disentangle the roles of both parties within these inherently dyadic interactions. Individual differences explained a substantial 46% of objective performance and 19% of subjective performance in a mixed-motive bargaining exercise. Previous work may have understated the influence of individual differences because conventional research designs require specific traits to be identified and measured. Exploratory analyses of a battery of traits revealed few reliable associations with consistent individual differences in objective performance—except for positive beliefs...
about negotiation, positive affect, and concern for one’s outcome, each of which predicted better performance. Findings suggest that the field has large untapped potential to explain substantial individual differences. Limitations, areas for future research, and practical implications are discussed.

Hillary Anger Elfenbein: “Do we know who values us? Dyadic meta-accuracy in the perception of professional relationships,” with N. Eisenkraft and W.W. Ding, forthcoming in *Psychological Science.*

Abstract: People often need to know what others think of them—whom do we approach to collaborate, to invite out, or to seek assistance? Research on meta-perceptions shows strong evidence for generalized meta-accuracy—knowing whether the rest of the world tends to see us, e.g., as extraverted or intelligent—but less for dyadic meta-accuracy—knowing how different people view us differently. In meta-judgments of individual traits and abilities, people generally assume they make the same impression on all interaction partners, rather than differentiating their unique impressions on each person. However, for more relational constructs such as friendship, liking, humor, considerateness, and interestingness, perceivers can typically differentiate others’ unique evaluations.

Previous theories argued that dyadic meta-accuracy resulted by ‘accident’ merely from the appropriate use of heuristics. In particular, people believe their evaluations will be reciprocated by others and, when this assumption is valid, they can introspect about their opinions of others to infer others’ likely opinions of them.

Our study is the first to show, provocatively, that presuming reciprocity does not entirely account for dyadic accuracy. This leaves open another theoretical mechanism for achieving accuracy—namely, that individuals are also able to read cues in their social landscape in order to judge the unique impressions that they make on others. We believe that prior work may have sounded the ‘death knell’ too early on dyadic meta-accuracy, and therefore on attempts to explain the relationship-relevant cues that people use to attain it. This finding has important implications by suggesting people have more insight into their own relationships than previously believed. Because dyadic meta-accuracy can help us know which relationships to pursue and which to avoid, these results have important implications for the formation of social networks.


Abstract: Although negotiation experiences can affect a negotiator’s ensuing attitudes and behavior, little is known about their long-term consequences. Using a longitudinal survey design, we test the degree to which economic and subjective value achieved in job offer negotiations predicts employees’ subsequent job attitudes and intentions to turnover. Results indicate that subjective value predicts greater compensation satisfaction and job satisfaction and lower turnover intention measured one year later. Surprisingly, the economic outcomes that negotiators achieved had no apparent effects on these factors. Implications, limitations, and future directions are discussed.
STRATEGY

Abstract: To study whether consumers will pay more for products that generate charitable donations, we analyze data from eBay on charity and non-charity auctions of otherwise identical products. Charity prices are 6% greater, on average, than non-charity prices. Bids below the closing price are also greater, as are bids by individuals bidding on identical charity and non-charity products. Bidders appear to value charity revenue at least partially as a public good, as they submit bids earlier in charity auctions, stimulating other bidders to bid more aggressively. Our results help explain why firms may pledge charitable donations, green production, or similar activities.

Abstract: A firm often must ensure that products or services it actually offers closely match customer expectations. We define variability as any deviation in a production or service process that yields products or services whose attributes differ from the firm’s stated target specifications. Firms positioning themselves to offer products or services marked by low variability are more subject to maladaptation costs if production processes are not adjusted accordingly to avoid nonconformities. Furthermore, such adjustments to production processes to pursue low variability often require idiosyncratic investments (e.g., dedicated IT systems), thereby creating contractual hazards and potential underinvestment. We hypothesize that ownership of sequential activities in the value chain helps mitigate problems associated with maladaptation as well as suboptimalities of underinvestment in idiosyncratic assets, thereby resulting in lower variability. Using data from Japanese International Courier and Small Packages services industry, where a key product attribute is delivery time, we assess the variability-reducing role of ownership along the value chain in two complementary ways. The first approach is parametric and allows us to assess the impact of ownership on the variance associated with delivery time; here we focus on shipments that frequently fail to arrive precisely within the time period initially expected by customers. The second approach is more consistent with the notion of reliability, or the likelihood that shipments will not arrive later than expected. To assess reliability, we nonparametrically estimate the distribution of deviations between actual and expected delivery time, and verify how distinct organizational choices change the distribution. We find that while ownership of single transportation segments shows distinct (and often slight) effects on variability, ownership of multiple segments apparently yields a more pronounced effect on both variance and reliability. Thus, our data reveal variability-reducing benefits of ownership—especially when ownership is observed in multiple stages of the value chain. Key Words: Organizational choice, contracting, ownership, reliability, variance, variability

Abstract: This paper investigates whether an employee’s perception of customer wealth affects their likelihood of engaging in illegal behavior. We propose that envy and empathy lead employees to discriminate in illicitly helping customers based on customer wealth. We test for this hypothesis in the vehicle emissions testing market, where employees have the opportunity to illegally help customers by
passing vehicles that would otherwise fail emissions tests. We find that for a significant number of inspectors, leniency is much higher for those customers with standard vehicles than for those with luxury cars, while a smaller group appears to favor wealthy drivers. We also investigate the psychological mechanisms explaining this wealth-based discriminatory behavior using a laboratory study. Our experiment shows that individuals are more willing to illegally help peers when those peers drive standard rather than luxury cars and that envy and empathy mediate this effect. Collectively, our results suggest the presence of wealth-based discrimination in employee-customer relations, and that envy toward wealthy customers and empathy toward those of similar economic status drive much of this illegal behavior. Implications for both theory and practice are discussed.


Abstract: Three laboratory studies investigated the hypothesis that the presence of wealth may influence people’s propensity to engage in unethical behavior for financial gain. In the experiments, participants were given the opportunity to cheat by overstating their performance on an anagram task. In each study, one group was stimulated by the visible proximity of monetary wealth. We found that the presence of abundant wealth led to more frequent cheating than an environment of scarcity. Our experiments also investigated the potential mechanisms behind this effect. The results showed that the presence of abundant wealth provoked feelings of envy toward wealthy others that, in turn, led to unethical behavior. Our findings offer insights into when and why people engage in unethical behavior.

Lamar Pierce: “Dishonesty in the Name of Equity,” with Francesca Gino, forthcoming in *Psychological Science.*

Abstract: Under what conditions do people act dishonestly to help or hurt others? This paper addresses this question by examining the influence of a previously overlooked factor – the beneficiary or victim of dishonest acts. In two experiments, we randomly pair participants and manipulate their wealth levels through an initial lottery. We then observe how inequity between partners influences the likelihood of one dishonestly helping or hurting the other, while varying the financial incentives for dishonest behavior. The results show that financial self-interest cannot fully explain people’s tendency to dishonestly help or hurt others. Rather, such dishonesty is influenced by emotional reactions to wealth-based inequity, even when this behavior bears a personal financial cost. Envy evoked by negative inequity leads to hurting behavior, while guilt induced by positive inequity motivates helping behavior. Finally, inequity between the partner and third parties triggers dishonest helping through empathy with the referent other.


Abstract: What are the origins of entrepreneurial beliefs about new opportunities and the value of resources? In this paper we outline a theory and model of the emergence of entrepreneurial beliefs and novel strategies. We first summarize extant literature by highlighting both the experiential and perceptual (or observational) origins of entrepreneurial beliefs. Thereafter we carefully explicate the role that entrepreneurial theorizing plays in the emergence of novel beliefs about new opportunities and make links with experiential and perceptual arguments. We specifically discuss three key mechanisms of entrepreneurial theorizing, namely: 1) the triggering role of experiential and observational fragments, 2) the imagination of possibilities, and 3) reasoning and justification. Importantly, we also explicate the social mechanisms of entrepreneurial...
theorizing and the emergence of entrepreneurial beliefs and novel strategies, specifically by discussing the role of social interaction and self-selection in entrepreneurial activity.


Abstract: In this paper we outline an increasingly predominant perspective of the emerging knowledge economy, the communal perspective, and we note its emphasis on various “nonmarket” mechanisms of production. While the communal perspective suggests organizational forms, governance mechanisms and knowledge processes that indeed may facilitate in knowledge creation and transfer, nonetheless, in this paper we argue that the communal perspective also misses the seemingly contradictory trends of organizational disaggregation and the foundational importance of market mechanisms in knowledge creation. We contrast and partly reconcile these two perspectives of the knowledge economy and concurrently highlight key considerations related to the management of knowledge and human capital.
CONFERENCE Acceptances & Presentations

ACCOUNTING


Ron King: Presented “Intrinsic motivation and extrinsic incentives: An experimental investigation of endogenous guidance and gatekeeper behavior”, joint with Amy Choy, at the University of Illinois Auditing Conference, in Fall 2008.

Ron King: Presented “Independence and auditor/gatekeeper effectiveness: An Experiment”, joint with Tom Fields and Amy Choy, at the Experimental Science Association Meetings, in Fall 2008.


Ron King: Presented “Product market competition, agency costs, and audit fees”, joint with S. Jayaraman, at the Midyear Auditing meeting in Spring 2009.


Xiumin Martin: Presented “Timely loss recognition and acquisition profitability” at the University of Southern California, Los Angeles on January 23, 2009.

Kelly Bishop: Presented “A Dynamic Model of Location Choice and Hedonic Valuation” at the Department of Economics, University of Michigan, April 2009.


Sid Chib: Gave three talks on the topics “Tailored Randomized-block MCMC Methods for Analysis of DSGE Models,” “Additive Cubic Spline Regression with Dirichlet Process Mixture Errors” and “Bayesian Thinking in Causal Inference” at the University of California, Davis in April 2009.


Robert Pollak: Presented “Marriage Market Equilibrium and Bargaining in Marriage” at the Conference on New Economics of the Family, University of Chicago, Milton Friedman Institute, February 27, 2009.


Robert Pollak: Presented “Marriage Market Equilibrium and Bargaining in Marriage” at George Mason University, April 15, 2009.

Robert Pollak: Organized two-day conference on “Proximity, Coresidence and Intergenerational Transfers”, sponsored by the Panel Study of Income Dynamics (PSID) and the Health and Retirement Study (HRS), at the University of Michigan, May 4-5, 2009.


FINANCE


Ohad Kadan: Presented “Managerial Decisions, Asset Liquidity and Stock Liquidity” at Hong Kong University of Science and Technology, November 7, 2008.


Ohad Kadan: Discussed “The Effects of Investor Sentiment on Speculative Trading and Prices of Stocks and Index Options” at the IDC Caesarea Conference in May, 2009.


Ohad Kadan: Discussed “The Effects of Investor Sentiment on Speculative Trading and Prices of Stocks and Index Options” at the IDC Caesarea Conference in May, 2009.


Hong Liu: Presented “Market Closure, Portfolio Selection and Liquidity Premia”, joint with M. Dai and P. Li, at the University of Texas at Dallas, October 2008.


Hong Liu: Presented “Market Closure, Portfolio Selection and Liquidity Premia”, joint with M. Dai and P. Li, at Oxford University, United Kingdom, June 2009.


Anjan Thakor: Presented “Disagreement Costs, Control and Corporate Finance” at Indiana University, Bloomington, Indiana, March 2009.

Anjan Thakor: Session Chairperson for “Shareholders’ Benefits from Control” at the Financial Intermediation Research Society Annual Conference, Prague, the Czech Republic, May 2009.


MARKETING

**Tat Chan:** Presented “Measuring the Value of Customer Acquisition from Search Advertising”, joint with Ying Xie and Chunhua Wu, at the Collaborative & Multidisciplinary Research Conference at Yale, May 1-2, 2009.


OPERATIONS AND MANUFACTURING MANAGEMENT


Tava Olsen: Presented “Service Capacity Competition with Peak Arrivals and Delay Sensitive Customers” at Stanford Graduate School of Business in March 2009.


**ORGANIZATIONAL BEHAVIOR**

**Markus Baer:** Presented “Letting go or hanging on? Psychological ownership of ideas and its effects on the adoption of change”, joint with G. Brown, at the Annual Conference of the Society for Industrial and Organizational Psychology, New Orleans, Louisiana, April 2009.

**Markus Baer:** Will present “Breaking the mold: Personal and relational correlates of radical idea generation” at the Annual Meeting of the Academy of Management, Organizational Behavior Division, Chicago, Illinois, August 7-11, 2009.

**Kurt Dirks:** Presented “Attributional processes that govern the repair of trust” at the Rebuilding Trust, Restoring Confidence: 21st Century Leadership Challenges Conference at Harvard University, Kennedy School of Government, March 30, 2009.

**Kurt Dirks:** Presented “Trust and its Repair” at the Social Psychology and Organizations Conference at Northwestern University, Kellogg, March 13, 2009.

**Hillary Anger Elfenbein:** Presented “Emotional Intelligence is also social: The recognition and expression of emotion” at Carnegie Mellon University, Tepper School, October 17, 2008.

**Hillary Anger Elfenbein:** Presented “Why are some negotiators better than others? Opening the black box of bargaining behaviors” at Harvard University, Kennedy School, November 10, 2008.

**Hillary Anger Elfenbein:** Presented “Emotional Intelligence is also social: The recognition and expression of emotion” at Technion, Israel Institute of Technology, December 31, 2008.

**Hillary Anger Elfenbein:** Presented “Emotional Intelligence is also social: The recognition and expression of emotion” at Tel Aviv University, January 1, 2009.


**Hillary Anger Elfenbein:** Presented “Is there an emotional ‘g’? Accuracy in expressing and perceiving nonverbal cues”, joint with N. Eisenkraft, M.D. Foo, M. K. Mandal, R. Biswal, A. Lim and S. Sharma, at the 21st Meeting of the Association for Psychological Science, San Francisco, California, May 21-24, 2009.


**Hillary Anger Elfenbein:** Will present “Do we know emotion regulation skill when we see it? A multi-trait multi-method analysis”, joint with S. G. Barsade and N. Eisenkraft, at the 69th Meeting of the Academy of Management, Chicago, Illinois, August 7-11, 2009.


STRATEGY


Jackson Nickerson: Presented “Quality Metrics Management” at the Food and Drug Administration, March 27, 2009.


Lamar Pierce: Symposium co-organizer, with Francesca Gino, accepted for 2009 Academy of Management Conference, August 7-11, Chicago, IL.


BOOK Chapters

ECONOMICS

Sid Chib: Edited the book *Bayesian Econometrics* in the long-running *Advances in Econometrics* series with three other editors. It was published by Jai Press in January 2009.

Sid Chib: Published a paper titled “Causal Effects from Panel Data in Randomized Experiments with Partial Compliance”, with L. Jacobi, in *Bayesian Econometrics*.


OPERATIONS AND MANUFACTURING MANAGEMENT

Ling Dong: Co-editing “Handbook of Integrated Risk Management in Global Supply Chains”, with Panos Kouvelis, Onur Boyabatli and Rong Li, to be published by John Wiley & Sons, Inc.

ORGANIZATIONAL BEHAVIOR

**HONORS**

**FINANCE**

*Radha Gopalan:* Co-recipient of the 2009 Marcile and James Reid Award for Scholarly Excellence.

*Ohad Kadan:* Was elected to the NASDAQ-OMX Economic Advisory Board.

*Anjan Thakor:* Invited to be Research Associate of the European Corporate Governance Institute (ECGI).

*Anjan Thakor:* Was ranked the fourth most prolific author in publishing in the world by Jean L. Heck and Phillip L. Cooley in their article “Most Prolific Authors in the Finance Literature: 1959-2008.”

*Anjan Thakor:* Was listed on SSRN's Top Ten download list for MPMSP for his paper “Do Agency Costs Matter for Optimal Capital Structure?”

**OPERATIONS AND MANUFACTURING MANAGEMENT**

*Panos Kouvelis:* Chair of the Skinner Early Career Awards Committee of the POMS Society. The Award was presented in early May 2009 at the POMS 2009 Conference in Orlando, Florida.

**ORGANIZATIONAL BEHAVIOR**

*Markus Baer:* Received the Olin Award for the paper “A Theory of Strategic Problem Solving,” joint with Kurt Dirks and Jackson Nickerson.

*Markus Baer:* Received Top Poster Award at the 2009 Society for Industrial & Organizational Psychology, Inc. Conference in Atlanta, GA on April 8-10, 2009.

*Markus Baer:* Co-recipient of the 2009 Marcile and James Reid Award for Scholarly Excellence.

*Kurt Dirks:* Received the Olin Award for the paper “A Theory of Strategic Problem Solving,” joint with Markus Baer and Jackson Nickerson.
Jackson Nickerson: Received the Olin Award for the paper “A Theory of Strategic Problem Solving,” joint with Markus Baer and Kurt Dirks.
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<td>Friday, November 14, 2008</td>
<td>Partha Mohanram</td>
<td>Columbia University</td>
<td>“Improving the Relationship between Implied Cost of Capital and Realized”</td>
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<tr>
<td>Friday, December 12, 2008</td>
<td>Jayanthi Sunder</td>
<td>Northwestern University</td>
<td>“Investor Myopia and CEO Horizon Incentives”</td>
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<td>Friday, January 9, 2009</td>
<td>Lakshman Shivakumar</td>
<td>London Business School</td>
<td>“Targets’ Earnings Quality and Bidders’ Takeover Decisions”</td>
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<td>Robert Verrecchia</td>
<td>University of Pennsylvania</td>
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<td>Friday, January 30, 2009</td>
<td>Nir Yehuda</td>
<td>Cornell University</td>
<td>“Perks and Excess: Evidence from the New Executive Compensation Disclosure Rules”</td>
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<tr>
<td>Friday, February 6, 2009</td>
<td>Yonca Ertimur</td>
<td>Duke University</td>
<td>“The Long-Run Performance of Analyst Coverage Initiations”</td>
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<td>Friday, March 20, 2009</td>
<td>Peter Demerjian</td>
<td>Emory University</td>
<td>“The Economic Role of Covenant Measurement”</td>
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<td>“Peer Choice in CEO Compensation”</td>
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<td>Friday, April 17, 2009</td>
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<td>“Incremental Value Relevance of Fair Value Recognition and Disclosure: Evidence From the Post-SFAS 115 Era”</td>
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<tr>
<td>Thursday, May 21, 2009</td>
<td>Terrence Shevlin</td>
<td>University of Washington</td>
<td>“Why Do CFOs Become Involved in Material Accounting Manipulations?”</td>
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<td>Monday, December 15, 2008</td>
<td>Dan Silverman</td>
<td>University of Michigan</td>
<td>“Factions and Political Competition”</td>
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<td>Monday, January 12, 2009</td>
<td>Mark Jenkins</td>
<td>Stanford</td>
<td>“Subprime Defaults: Measuring the Costs of Borrower Bad Behavior”</td>
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<td>Tuesday, January 13, 2009</td>
<td>Maher Said</td>
<td>Yale University</td>
<td>“Auctions with Dynamic Populations: Efficiency and Revenue Maximization”</td>
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<tr>
<td>Wednesday, January 14, 2009</td>
<td>Connan Snider</td>
<td>University of Minnesota</td>
<td>“Predatory Incentives and Predation Policy: The American Airlines Case”</td>
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<td>Joseph Cullen</td>
<td>University of Arizona</td>
<td>“Dynamic Response to Environmental Regulation in the Electricity Industry”</td>
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<td>Friday, January 23, 2009</td>
<td>Ali Yurukoglu</td>
<td>NYU</td>
<td>“Bundling and Vertical Relationships in Multichannel Television”</td>
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<tr>
<td>Monday, January 26, 2009</td>
<td>Florian Ederer</td>
<td>MIT</td>
<td>“Launching a Thousand Ships: Incentives for Parallel Innovation”</td>
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<td>Tuesday, January 27, 2009</td>
<td>Marina Halac</td>
<td>Berkeley</td>
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<td>Wednesday, January 28, 2009</td>
<td>Jonathan Kolstad</td>
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<td>James Roberts</td>
<td>Northwestern</td>
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<td>Friday, February 6, 2009</td>
<td>Ying Fan</td>
<td>Yale</td>
<td>“Market Structure and Product Quality in the U.S. Daily Newspaper Market”</td>
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<td>Thursday, February 26, 2009</td>
<td><strong>Lucas Davis</strong>, University of Michigan</td>
<td>“International Trade in Used Vehicles: The Environmental Consequences of NAFTA”</td>
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<td>Thursday, March 5, 2009</td>
<td><strong>Mark Jacobsen</strong>, University of California, San Diego</td>
<td>“Impacts of State-Level Limits on Greenhouse Gases per Mile In the Presence of National CAFÉ Standards”</td>
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<td><strong>Nathaniel Baum-Snow</strong>, Brown University</td>
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<td><strong>Aviv Nevo</strong>, Northwestern University</td>
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<td>Wednesday, April 1, 2009</td>
<td><strong>Emin Dinlersoz</strong>, Sr. Economist, Cornerstone Research</td>
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<td>Wednesday, April 1, 2009</td>
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<td>Thursday, April 2, 2009</td>
<td><strong>Daniela Iorio</strong>, University of Barcelona</td>
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<td><strong>Guy Holburn</strong>, University of Western Toronto</td>
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<td><strong>Flavio Cunha</strong>, University of Pennsylvania</td>
<td>“The Evolution of Inequality, Heterogeneity, and Uncertainty in Labor Earnings in the U.S. Economy”</td>
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<td><strong>Francisco De Borja Larrain</strong>, Pontificia Universidad Catolica de Chile</td>
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<td><strong>Sudheer Chava</strong>, Texas A &amp; M University</td>
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<td><strong>Aneel Keswani</strong>, Cass Business School</td>
<td>“Mutual Fund Distribution Channels and Investor Reaction to Past Performance”</td>
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<td><strong>Ayako Yasuda</strong>, The Wharton School</td>
<td>“Institutional Investors, Credit Supply Uncertainty and the Leverage of the Firm”</td>
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<td>“Dynamic Agency and the q Theory of Investment”</td>
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<tr>
<td>Tuesday, November 18, 2008</td>
<td><strong>Veronika Krepely Pool</strong>, Indiana University, Kelley School of Business</td>
<td>“Option Backdating, Board Oversight, and Corporate Governance: Evidence from Firms Interlocked with Backdating Investigation Targets”</td>
<td></td>
</tr>
<tr>
<td>Friday, November 21, 2008</td>
<td><strong>Tobias Adrian</strong>, Federal Reserve Bank of New York</td>
<td>“Financial Intermediary Leverage and Value-at-Risk”</td>
<td></td>
</tr>
<tr>
<td>Wednesday, December 3, 2008</td>
<td><strong>Robert Novy-Marx</strong>, University of Chicago</td>
<td>“Momentum is not Momentum”</td>
<td></td>
</tr>
<tr>
<td>Friday, December 5, 2008</td>
<td><strong>Micah Officer</strong>, University of Southern California – Marshall</td>
<td>“Club Deals in Leveraged Buyouts”</td>
<td></td>
</tr>
<tr>
<td>Friday, December 12, 2008</td>
<td><strong>Paolo Fulghieri</strong>, University of North Carolina at Chapel Hill</td>
<td>“Size and Scope of Human Capital Intensive Firms”</td>
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</tr>
<tr>
<td>Thursday, January 15, 2009</td>
<td><strong>Byoung-Hyoun Hwang</strong>, Emory University</td>
<td>“Distinguishing Behavioral Models of Momentum”</td>
<td></td>
</tr>
<tr>
<td>Tuesday, January 20, 2009</td>
<td><strong>Ivan Shaliastovich</strong>, Duke</td>
<td>“Learning, Confidence and Option Prices”</td>
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<tr>
<td>Date</td>
<td>Presenter</td>
<td>Institution</td>
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<tr>
<td>Wednesday, Jan 21, 2009</td>
<td>Konstantin Milbradt</td>
<td>Princeton University</td>
<td>“Trading and Valuing Toxic Assets”</td>
</tr>
<tr>
<td>Tuesday, Jan 27, 2009</td>
<td>Cesarae Fracassi</td>
<td>UCLA Anderson</td>
<td>“Corporate Finance Policies and Social Networks”</td>
</tr>
<tr>
<td>Wednesday, Feb 4, 2009</td>
<td>Krista Schwarz</td>
<td>Columbia University</td>
<td>“Mind the Gap: Disentangling Credit and Liquidity in Risk Spreads”</td>
</tr>
<tr>
<td>Friday, Feb 20, 2009</td>
<td>Daniel R. Carvalho</td>
<td>Harvard</td>
<td>“Incentives to Create or Relocate? Firm Investment and Credit Subsidies in an Emerging Market”</td>
</tr>
<tr>
<td>Tuesday, Feb 24, 2009</td>
<td>Breno Schmidt</td>
<td>University of Southern California</td>
<td>“Costs and Benefits of ‘Friendly’ Boards During Mergers and Acquisitions”</td>
</tr>
<tr>
<td>Thursday, Apr 16, 2009</td>
<td>Stephan Siegel</td>
<td>University of Washington</td>
<td>“Trust and Credit”</td>
</tr>
<tr>
<td>Friday, Apr 17, 2009</td>
<td>M. Deniz Yavuz</td>
<td>W.P. Carey School of Business</td>
<td>“Style Investing, Comovement and Return Predictability”</td>
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<tr>
<td>Date</td>
<td>Speaker</td>
<td>Institution</td>
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<tr>
<td>Tuesday, February 3, 2009</td>
<td><strong>David Godes</strong>, Harvard Business School</td>
<td>“References”</td>
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</tr>
<tr>
<td>Friday, February 27, 2009</td>
<td><strong>Jie Zhang</strong>, University of Maryland</td>
<td>“When Wal-Mart Enters: How Incumbent Retailers React and How This Affects Their Sales Outcomes”</td>
<td></td>
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<tr>
<td>Monday, March 2, 2009</td>
<td><strong>Klaus Wertenbroch</strong>, INSEAD</td>
<td>“Self-Signaling and the Costs and Benefits of Temptation in Consumer Choice”</td>
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<tr>
<td>Friday, March 6, 2009</td>
<td><strong>Anthony Dukes</strong>, University Southern California</td>
<td>“The Role of Quality in a Channel with Asymmetric Retailers”</td>
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<tr>
<td>Friday, April 3, 2009</td>
<td><strong>Bab Shiv</strong>, Stanford University</td>
<td>“Interplay of Wanting and Liking: The Coupling and Decoupling of Desire and Desirability”</td>
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<tr>
<td>Friday, April 10, 2009</td>
<td><strong>Nina Mazar</strong>, University of Toronto</td>
<td>“Continuous Temptations, Escalation of Dishonesty, and Redemption”</td>
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<tr>
<td>Friday, April 17, 2009</td>
<td><strong>Rebecca Slotegraaf</strong>, University of Indiana</td>
<td>“Exploring the Effect of Acquisition Strategy on the Intensity, Type, and Creativity of Innovations”</td>
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<tr>
<td>Friday, April 24, 2009</td>
<td><strong>Julie Irwin</strong>, University of Texas</td>
<td>“Consumer Decision and Ethical Products: The Role of Willful Ignorance”</td>
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<tr>
<td>Friday, May 1, 2009</td>
<td><strong>Anita Elberse</strong>, Harvard</td>
<td>“The Economic Value of Athlete Endorsers”</td>
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<tr>
<td>Friday, May 8, 2009</td>
<td><strong>Doug Boman</strong>, Emory University</td>
<td>“Customer Retention in Business Services”</td>
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<td>Date</td>
<td>Speaker</td>
<td>Institution</td>
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<tr>
<td>Friday, January 30</td>
<td>Harish Krishnan</td>
<td>Sauder School of Business</td>
<td>“Inventory Dynamics and Supply Chain Coordination”</td>
</tr>
<tr>
<td>Friday, April 3</td>
<td>Ananth Raman</td>
<td>Harvard Business School</td>
<td>“Understanding and Influencing Operations as an Investor”</td>
</tr>
<tr>
<td>Friday, April 10</td>
<td>Wallace J. Hopp</td>
<td>University of Michigan</td>
<td>“Toward a Science of Innovation Operations”</td>
</tr>
<tr>
<td>Friday, April 17</td>
<td>Terry Taylor</td>
<td>University of California, Berkeley</td>
<td>“Does a Manufacturer Benefit from Selling to a Better-Forecasting Retailer?”</td>
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<tr>
<td>Date</td>
<td>Speaker</td>
<td>Affiliation</td>
<td>Title</td>
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<tr>
<td>Monday, December 1, 2008</td>
<td><strong>Jeffrey Sanchez-Burks</strong>, University of Michigan</td>
<td>“Connecting the Dots Within: Creative Performance and Identity Integration”</td>
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<tr>
<td>Tuesday, December 9, 2008</td>
<td><strong>Michelle M. Duguid</strong>, Cornell University</td>
<td>“Low Status Tokens: Catalysts or Inhibitors of Group Integration?”</td>
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<tr>
<td>Friday, December 12, 2008</td>
<td><strong>Aleksandra Kacperczyk</strong>, University of Michigan</td>
<td>“Should I Stay or Should I Go? Informal Social Ties and Entrepreneurship Choices: Evidence from the Mutual Fund Industry”</td>
<td></td>
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<tr>
<td>Wednesday, January 14, 2009</td>
<td><strong>Oliver J. Sheldon</strong>, University of Chicago</td>
<td>“Reactions to Selective Mentoring in Organizations–Playing Favorites: Selective Mentoring and the Cultivation of Rivalry and Disaffection in Teams and Organizations”</td>
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<tr>
<td>Thursday, April 9, 2009</td>
<td><strong>Richard Hackman</strong>, Harvard University</td>
<td>“What Makes for a Great Senior Leadership Team?”</td>
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<tr>
<td>Wednesday, April 22, 2009</td>
<td><strong>Jeff Foster</strong>, Hogan Assessment Systems</td>
<td>“Management Derailment, Personality Assessment and Mitigation”</td>
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</tbody>
</table>
PH.D. MILESTONES

FINANCE

Jian Cai: Received her doctorate in May 2009. Her dissertation is titled “Essays on Loan Syndication Reciprocity, Loan Liquidity, and Employee Stock Options”. Her Ph.D. committee chair is Professor Anjan Thakor. She accepted a position with the Federal Reserve Bank of Cincinnati.

Abstract: This dissertation includes three essays that study topics of loan syndication reciprocity, loan liquidity, and employee stock options. The first essay proposes and tests a novel view that reciprocal arrangements between lead arrangers and participant lenders serve as an effective mechanism to mitigate agency conflicts in the syndicated loan market. I develop a model in which syndicated lenders share reciprocity through such arrangements in a repeated-game setting as monitoring effort enhances lead arrangers’ ability to profit from participating in loans led by others. The model generates specific predictions that I then confront with the data. I find strong and consistent empirical evidence on the reciprocity effect. These results indicate a cooperative equilibrium in loan syndication and have important implications to lending institutions, borrowing firms, and regulators. The second essay examines the impact of interbank competition on liquidity risk and on the interaction between liquidity and credit risks. We show that Bertrand competition among banks in the loan market, introduced by outside lenders purchasing the relationship-specific liquidation skill of the incumbent lender, has two potential effects: (i) it can improve loan liquidity, and (ii) it can make credit and liquidity risks comonotonic, thereby reducing the inclination of banks to take on excessive credit risk to cope with their liquidity needs. We identify conditions under which greater interbank competition increases loan liquidity and reduces banks’ overall risk. The third essay explores whether investors incorporate disclosures related to employ stock option grants into their valuations given that these options often represent a significant potential source of dilution for shareholders. We estimate a systematic negative relationship between abnormal returns and our measure of the unrecognized cost of employee stock options. We also find that firms with high imminent option dilution tend to show reversals of positive returns. The evidence we uncover is consistent with investors exhibiting both limited attention and information processing power. Buttressing this argument is the fact that our abnormal return results are partially mitigated in the sample year after the accounting rule change, suggesting that the form of information disclosure may play a role in the efficacy of market prices.
EVENTS

ECONOMICS

Institute for Innovation and Growth Seminar Series

June 17, 2009
Enric Segarra, Lecturer of Operations & Innovation Management Director Leadership Development Programs, ESADE Business School

“Learning how to be creative is one of the great managerial challenges ahead. Is Design Thinking the way to teach executives how to become creative?”

April 28, 2009
Christoph Loch, GlaxoSmithKline Chaired Professor of Corporate Innovation and Professor of Technology and Operations Management, INSEAD

“Innovation as Decentralized Organizational Search: A theoretical model and an empirical investigation”

April 7, 2009
Stelios Kavadias, Edward J. Brown Jr. Associate Professor, Technology and Operations Management, College of Management, Georgia Tech

“Tolerance for Failure and the Incentives for Collaborative Innovation”

March 31, 2009
Vish Krishnan, Professor of Innovation, Technology & Operations, The Rady School of Management, University of California, San Diego

“Investments in R&D, Information Technology, and Firm Performance”
CRES Applied Microeconomics Conference  
Friday, May 1, 2009

PROGRAM

8:10 am  Shuttle from Crowne Plaza Hotel to Olin Business School

8:30am-9:00am  Continental Breakfast, Simon Hall, Room 241

9:00am-10:15am  “Identifying and Testing Generalized Moral Hazard Models of Management Compensation”
George-Levi Gayle (Carnegie Mellon) and Robert Miller (Carnegie Mellon)  
Discussant: Melissa Tartari (Yale)

10:15am-10:30am  Break

10:30am-11:45am  “Marriage and Cohabitation”
Ahu Gemici (NYU)  
Discussant: John Kennan (Wisconsin)

11:45am-1:15pm  Lunch at the Knight Center

1:15pm-2:30pm  “Identifying Heterogeneity in Economic Choice and Selection Models Using Mixtures”
Jeremy Fox (Chicago) and Amit Gandhi (Wisconsin)  
Discussant: Christopher Taber (Wisconsin)

2:30pm-3:45pm  “Promotion, Turnover and Compensation in the Executive Market”
George-Levi Gayle (Carnegie Mellon), Limor Golan (Carnegie Mellon), and Robert Miller (Carnegie Mellon)  
Discussant: Josh Kinsler (Rochester)

3:45pm-4:00pm  Break

4:00pm-5:15pm  “TBD”
Moshe Buchinsky (UCLA)  
Discussant: Brian McManus (UNC)

5:15pm-6:30pm  Drinks at Knight Center Pub

6:30pm  Shuttle from Knight Center to dinner

7:00pm-9:30pm  Dinner at ARAKA

9:30pm  Shuttle from dinner to Crown Plaza and Olin Business School
Bayesian Inference in Econometrics and Statistics
May 1-2, 2009

Friday, May 1

1:30 p.m. - 2:50 p.m.
SESSION 1 – Micro and Macro Theory
Chair: Siddhartha Chib
· Ahmed Khwaja, Duke University, “Estimating a Dynamic Oligopolistic Game with Serially Correlated Unobserved Production Costs.”
· Atsushi Inoue, North Carolina State University, “Inference in Weakly Identified DSGE Models.”
· Srikanth Ramamurthy, Washington University in St. Louis, “Tailored Randomized-Block MCMC Methods for Analysis of DSGE Models.”

3:00 p.m. - 4:20 p.m.
SESSION 2 – Function and Density Estimation
Chair: Ivan Jeliazkov
· Carlos Carvalho, University of Chicago, “The Horseshoe Approach to Sparsity.”
· Sujit Ghosh, North Carolina State University, “A Variable Selection Approach to Bayesian Monotonic Regression with Bernstein Polynomials.”
· Qing Li, Washington University in St. Louis, “The Bayesian Elastic Net.”
· Andriy Norets, Princeton University, “Bayesian Modeling of Joint and Conditional Distributions.”

4:40 p.m. - 6:25 p.m.
SESSION 3 – SV and Particle Filtering
Chair: John Maheu
· Gianni Amisano, European Central Bank/University of Brescia, “Particle Filters for Markov-Switching Stochastic Correlation Models.”
· Mark Jensen, Federal Reserve Bank of Atlanta, “Bayesian Semiparametric Stochastic Volatility Modeling.”
· Hedibert Lopes, University of Chicago, “Particle Learning for Generalized Dynamic Conditionally Linear Models.”
· Bruno Lund, Getulio Vargas Foundation Graduate School of Economics, “The Role of Options, Stochastic Volatility and Jumps in the Interest Rate Risk Premia Dynamics.”
· Abel Rodriguez, University of California, Santa Cruz, “Stochastic Volatility Models Including Open, Close, High and Low Prices.”

6:30 p.m. - 7:00 p.m.
Reception, Anheuser-Busch Dining Hall

7:00 p.m. - 9:30 p.m.
DINNER, Anheuser-Busch Dining Hall
Saturday, May 2

6:45 a.m. - 8:10 a.m.
BREAKFAST, 2nd Floor Break Area

8:15 a.m. - 9:15 a.m.
SESSION 4 – Time Series and Model Comparisons
Chair: Michael McCracken
   · John Geweke, University of Iowa, “Optimal Prediction Pools.“
   · Giovanni Petris, University of Arkansas, “The Multiprocess Dynamic Linear Model: A New Look at an Old Model.”
   · Vincent Agboto, Meharry Medical College, “Bayesian Approaches to Model Robust and Model Discrimination Designs.”

9:30 a.m. - 10:30 a.m.
SESSION 5 – Semiparametric Bayes
Chair: Sanjib Basu
   · Martin Burda, University of Toronto, “Dynamic Panel Probit with Flexible Correlated Effects.”
   · Matthew Harding, Stanford University, “A Semiparametric Poisson Mixture Model with Hurdle-at-Zero Selectivity.”

10:45 p.m. - 12:05 p.m.
SESSION 6 – Modeling
Chair: Margaret Carroll
   · Marco Ferreira, University of Missouri, Columbia, “Analysis of Economic Data with Multiscale Spatio-Temporal Models.”
   · Byron Gajewski, University of Kansas, “Modeling Temporal Multivariate Quality Indicators via a Bayesian Latent Variable Model.”
   · Jeff Gill, Washington University in St. Louis, “Bayesian Circular-Linear Regression.”
   · Scott Holan, University of Missouri, Columbia, “Bayesian Multiscale Multiple Imputation with Implications to Data Confidentiality.”

12:15 p.m. - 1:15 p.m.
LUNCH, Anheuser-Busch Dining Hall
1:15 - 2:35 p.m.
SESSION 7 – Discrete Data and Direct Monte Carlo
Chair: Ed Greenberg
· Shif Gurmu, Georgia State University, “Bayesian Approach to Zero-Inflated Ordered Probit Models.”
· Martijn van Hasselt, The University of Western Ontario, “A Bayesian Analysis of Binary Misclassification: Inference in Partially Identified Models.”
· Matthew Osborne, US Department of Justice, “Consumer Learning, Switching Costs, and Heterogeneity: A Structural Examination.”
· Arnold Zellner, University of Chicago, “A Direct Monte Carlo Approach for Bayesian Analysis of the Simultaneous Equation Model.”

2:45 p.m. - 4:30 p.m.
SESSION 8 – Applications
Chair: Matthew Harding
· Samiran Ghosh, Indiana University, “Hierarchical Clustering in Linear Array with Application in Genetics and Microbiology.”
· Subharup Guha, University of Missouri, Columbia, “Bayesian Hidden Markov Modeling of Array-CGH Data.”
· Abdulkadir Hussein, University of Windsor, “Comparing Some Frequentist and Bayesian Approaches to Accounting for Missingness: Application to the Canadian Child Safety Survey.”
· Ivan Jeliazkov, University of California, Irvine, “Bayesian Analysis of the Interactions Between Bacteria and Viruses in Marine Ecosystems.”
· Criselda Toto, Worcester Polytechnic Institute, “Benchmarking Finite Population Means Using a Bayesian Regression Model.”
CRES Foundations of Business Strategy Conference
May 8 - 9, 2009

Friday, May 8
8:30 am - 9:00 am                   Continental Breakfast

9:00 am - 9:15 am       Welcome: Glenn MacDonald & Ramon Casadesus-Masanell

9:15 am - 10:30 am       Oliver Chatain (University of Pennsylvania) and Peter Zemsky (INSEAD)
                        “Value-Based Strategy with Frictions”
                        Discussant: David Ross (Columbia University)

10:30 am - 10:45 am      BREAK

10:45 am - 12:00 pm      Francisco Ruiz-Aliseda (Universitat Pompeu Fabra)
                        “Misinformative Advertising”
                        Discussant: Ig Horstmann (Rotman School of Management)

12:15 pm - 1:45 pm      Lunch at Whittemore House

2:00 pm - 3:15 pm           Richard Makadok (Emory University) and David Gaddis Ross (Columbia University)
                        “The Strategic Logic of Product Differentiation”
                        Discussant: Anne Marie Knott (Washington University)

3:15 pm - 3:30 pm      BREAK

3:30 pm - 4:45 pm           Gaston Llanes (Harvard Business School) and Ramiro de Elejalde (Universidad Carlos III de Madrid)
                        “Industry Equilibrium with Open Source and Proprietary Firms”
                        Discussant: Andrei Hagiu (Harvard Business School)

6:00 pm                    Pick Up from Crowne Plaza/Simon Hall for Dinner

6:30 pm - 9:30 pm      Dinner at Missouri Botanical Gardens

9:30 pm                    Return to Simon Hall/Crowne Plaza Hotel
Saturday, May 9
8:30 am - 9:00 am  Continental Breakfast

9:00 am - 10:15 am  Evan Rawley (University of Pennsylvania) and Rui de Figueiredo (University of California - Berkeley) “Skill, Luck, and Reputation in Product Diversification Decisions: Evidence from the Hedge Fund Industry”
Discussant: Margaret Kyle (London Business School)

10:15 am - 10:45 am  BREAK

10:45 am - 12:00 pm  Eric Van den Steen (MIT)  
“Culture Clash: The Costs and Benefits of Homogeneity”
Discussant: Yuk-fai Fong (Northwestern University)
OPERATIONS AND MANUFACTURING MANAGEMENT

Annual Meir Rosenblatt Seminar Series
May 1, 2009

Presented by The Boeing Center for Technology, Information & Management

Speaker: Paul R. Kleindorfer, Paul Dubrule Professor of Sustainable Development, INSEAD, & Anheuser-Busch Professor of Management Science (Emeritus), the Wharton School of the University of Pennsylvania

Presentation: “Risk and Global Supply Chain Management”
The presentation considers the challenges and opportunities arising from risk management for global supply chains and supply networks. A great deal has been accomplished in the past decade in this arena, much of it centered at Washington University of St. Louis, and inspired by the early work of Meir Rosenblatt on linking risk and profitability to operations.

This talk first reviewed some of the main pillars of risk in supply chain management. These include the fields of disruption risk management, security management and coordination risk management. For disruption and security risk management, the essential themes are operational flexibility, crisis management and enterprise-risk management systems to discover and mitigate supply chain and site-specific disruption risks. The area of supply-demand coordination risk management is in one sense very well developed in operations management and marketing. Traditionally, this was focused on product, process and operations planning with supply management and procurement. What has changed in the last decade, driven by globalization, is the growth of B2B markets and associated financial instruments that enable better price discovery and provide also the means of hedging. New markets and new forms of contracting are supporting outsourcing, unbundling, contract manufacturing and a variety of web-based instruments for contracting and hedging. In tandem, revolutionary developments in transportation and integrated logistics providers such as FedEx, UPS and DHL are providing global fulfillment architectures for B2B and B2C.

Professor Kleindorfer noted research advances in this area and used two case studies to describe how the new science of supply chain risk management is transforming traditional supply management. He discussed the evolution of supply risk management and hedging at the Unilever Corporation, emphasizing the challenges faced for companies with global operations in using market-based instruments to support hedging of commodity risks on the supply side. Second, he discussed the evolution of carbon markets in the European Union, associated with Kyoto Protocol, and their impact on energy intensive industries like cement and electric power. Carbon markets are beginning now to play a very significant role in such industries, impacting everything from technology choice to daily operations. This presentation was intended for a general audience, but Professor Kleindorfer did not resist the temptation to note the many open research questions that are emerging and shaping business applications of supply risk management.
Research Incubator on Emotions in Organizations
June 2, 2009

Tuesday, June 2

7:45 a.m. & 8:00 a.m.  Shutles leave Crowne Plaza.
8:15 a.m.  Continental Breakfast at Simon Hall, Room 241.
9:00 a.m. – 9:15 a.m.  Introductions and acknowledgements; Simon Hall, Room 241.
9:15 a.m. – 10:00 a.m.  Research Incubator Session 1; Simon Hall, Room 241.
10:00 a.m. – 10:45 a.m.  Research Incubator Session 2; Simon Hall, Room 241.
10:45 a.m. – 11:00 a.m.  15-minute break.
11:00 a.m. – 11:45 a.m.  Research Incubator Session 3; Simon Hall, Room 241.
12:00 p.m. – 1:00 p.m.  Lunch – Knight Center.
1:00 p.m. – 1:45 p.m.  Research Incubator Session 4; Simon Hall, Room 241.
1:45 p.m. – 2:30 p.m.  Research Incubator Session 5; Simon Hall, Room 241.
2:30 p.m. – 2:45 p.m.  15-minute break.
2:45 p.m. – 3:00 p.m.  Research Incubator Session 6; Simon Hall, Room 241.
3:00 p.m. – 3:45 p.m.  Research Incubator Session 7; Simon Hall, Room 241.
3:45 p.m. – 4:00 p.m.  15-minute break.
4:00 p.m. – 5:30 p.m.  Break and informal meetings on potential collaborations.
6:00 p.m. – 9:00 p.m.  Dinner at Chez Elfenbein; Offsite.