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MESSAGE from the Dean

Welcome to the Olin Research Review.

It is a privilege to share the research accomplishments of our faculty with you. Olin’s curriculum is research-driven, and our 80 full-time professors are conducting research in all areas of business – from accounting to supply chain management.

Olin’s four research centers partner with corporations to find timely solutions to challenges in the global marketplace and analyze data to discover trends to improve best practices.

As you will see in these pages, our faculty members are publishing in the top journals of their fields; presenting at conferences around the world; earning honors and hosting workshops and conferences on our campus with leading peer experts.

Olin’s doctoral program currently has 52 PhD candidates engaged in leading-edge research of their own and in partnership with professors.

In conjunction with the annual Olin Award for faculty research that can transform business, students in Olin’s MBA program are interviewing professors about their research and publishing a journal featuring synopses of the work in order to share the findings with corporate executives and managers. See the first edition of Olin Praxis at http://www.olin.wustl.edu/news/Pages/OlinAlumniMagazine.aspx.

I am extremely proud of Olin’s faculty members for their thought leadership and research that not only advances rigorous academic inquiry, but also research that is relevant and applicable to the complexities of today’s global economy. Their passion for learning and knowledge drive the very heart of Olin’s mission:

Create knowledge…Inspire individuals…Transform business.

Respectfully,

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

We examine the relation between bank holdings of mortgage-backed securities (MBS) and MBS prices. Theory suggests feedback between MBS holdings and underlying asset markets can be aggravated by mark-to-market accounting. We measure feedback by the relation between asset returns and the changes in bank MBS holdings. Consistent with the existence of feedback effects related to mark-to-market, we find that for banks with high MBS, more nonperforming loans, and lower total capital ratio, changes in bank MBS positions are positively associated with changes in MBS prices, and that this relation is reduced after the April 2009 mark-to-market rule clarification. To assess the effect of feedback on shareholder value, we test whether the stock-price response of banks to the announcement of the mark-to-market accounting rule clarification is associated with the intensity of feedback behavior. We find that the stock market reaction to the rule change is more positive for banks with more MBS, higher nonperforming loans and higher pre-rule-change feedback. We also find positive bond-price reactions to the rule change. Overall, our results suggest feedback related to mark-to-market accounting had a measurable effect on shareholder value.


(See abstract above.)


Organizations have sought competitive cost advantage in the acquisition cycle through software associated with e-procurement, expense management, payment technology, data mining, ERP “bolt-ons,” and regulatory compliance. The net effect of advancing technology has been a convergence of the different business processes operating within the acquisition cycle such that the potential exists for one basic procurement process and payment tool to support multiple business applications, greatly improving organizational efficiency. This paper examines (1) processes within the traditional acquisition cycle and the technological and control drivers that sustain them, (2) how emerging technologies are disrupting the acquisition cycle, and (3) how new technology represents a paradigm shift for educators that requires a significant reconsideration of the nature of and balance between key controls, risks, and efficiency.

We examine the “confirmation” hypothesis that audited financial reporting and disclosure of managers’ private information are complements, because independent verification of outcomes disciplines and hence enhances disclosure credibility. Committing to higher audit fees (a measure of financial statement verification) is associated with management forecasts that are more frequent, specific, timely, accurate, and informative to investors. Because private information disclosure and audited financial reporting are complements, their economic roles cannot be evaluated separately. Our evidence cautions against drawing inferences exclusively from market reactions around “announcement periods” because audited financial reporting indirectly affects information released at other times and through other channels.


We use antitakeover laws passed by several states in the mid-1980s and early 1990s as an exogenous increase in agency conflicts, and examine how these laws affect the demand for asymmetric timeliness of loss recognition (ATLR). Consistent with the debt-based contracting demand for ATLR, we find an increase in ATLR after the assuage of antitakeover laws for firms with high contracting pressures. These increases are incremental to those found in control firms that face similar pressures but whose states did not pass antitakeover laws. We do not find comparable changes in ATLR for firms with higher agency costs of equity. In contrast to the observed increases in ATLR, we find no change in the short-window information content of earnings announcements. Overall, our results suggest that higher agency conflicts result in a heightened demand for ATLR in financial statements, but not for more forward-looking new information. Further, these demands seem to emanate from debt holders and not from equity holders.


I use the first-time enforcement of insider trading laws in 16 countries as a shock to enforcement and examine its influence on timely loss recognition (TLR). Consistent with greater enforcement increasing the usefulness of accounting information in contracts and thereby the demand for higher-quality reporting, insider trading enforcement is associated with a significant increase in TLR. No such increase is detected in neighboring nonenforcing countries. In addition to documenting how shocks to enforcement influence financial reporting outcomes, this is also the first study to extend the Khan and Watts (2009) measure of accounting conservatism to a cross-country setting.


We examine earnings management practices of insider-controlled firms across 22 countries to shed light on the link between consumption of private benefits and earnings management. Insider-controlled firms are associated with more earnings management than noninsider-controlled firms in weak investor-protection countries. Consistent with the private benefits motive, insider-controlled firms with greater divergence between cash flow rights and control rights are associated with more earnings management in these countries. Growth opportunities attenuate the association between insider control and earnings management, even in weak investor-protection countries. We also find some weak evidence that insider-controlled firms are associated with less earnings management in strong investor-protection countries. Overall, our results highlight a strong link between private benefits consumption and earnings management.

We explore the role of stock liquidity in influencing the composition of CEO annual pay and the sensitivity of managerial wealth to stock prices. We find that as stock liquidity goes up, the proportion of equity-based compensation in total compensation increases, while the proportion of cash-based compensation declines. Further, the CEO’s pay-for-performance sensitivity with respect to stock prices is increasing in the liquidity of the stock. Our main findings are supported by additional tests based on shocks to stock liquidity and two-stage-least squares specifications that mitigate endogeneity concerns. Our results are consistent with optimal contracting theories and contribute to the ongoing debate about the increasing trend of both equity-based over cash-based compensation, and the sensitivity of total CEO wealth to stock prices rather than earnings.


This paper investigates the impact of changes in the banking sector on firms’ timely recognition of economic losses. In particular, we focus on the entry of foreign banks into India during the 1990s, which likely causes an exogenous increase in lender demand for timely loss recognition. Analyzing variation in both the timing and the location of the new foreign banks’ entries, we find that foreign bank entry is associated with more timely loss recognition, and this increase is positively related to a firm’s subsequent debt levels. The change appears driven by a shift in firms’ incentives to supply additional information to lenders, and lenders seem to value this information. The increase in timely loss recognition is also concentrated among firms more dependent on external financing: private firms, smaller firms, and nongroup firms. Overall, our evidence suggests that a firm’s accounting choices respond to changes in the banking industry.


(See page 4 for abstract.)


This paper investigates whether private information from lending activities improves the forecast accuracy of bank-affiliated analysts. Using a matched sample design, matching by affiliated bank or borrower, we demonstrate that the forecast accuracy of bank-affiliated analysts increases after the followed firm borrows from the affiliated bank. We also find that the increase in forecast accuracy is more pronounced for borrowers with greater information asymmetry and bad news, and for deals with financial covenants. Last, we find that the informational advantage of bank-affiliated analysts exists only when the affiliated banks serve as lead arrangers, not merely as participating lenders. Overall, our evidence suggests that information flows from commercial banking to equity research divisions within financial conglomerates.
**Olin Research Review**


We evaluate the importance of firm-specific incentives relative to country-level institutional factors in explaining the voluntary demand for assurance services by private entities. Using a unique World Bank sample of 3,829 private entities from 62 countries, we find that both firm-specific contracting incentives and country-level factors (institutional characteristics, GDP, and financial market development) are significant in explaining voluntary assurance services around the world. However, firm incentives are relatively more important than country factors in those countries with weaker institutions, which is consistent with the argument in Durnev and Kim (2005) that voluntary improvements in a firm’s governance structure can serve as a substitute for weak institutions in a country that inhibits the contracting process.

We study the effects of network externalities on a unique matching protocol for faculty in a large U.S. professional school to offices in a new building. We collected institutional, web, and survey data on faculty’s attributes and choices. We first identify the different layers of the social network: institutional affiliation, coauthorships, and friendships. We demonstrate and quantify the effects of network externalities on choices and outcomes. Furthermore, we disentangle the different layers of the social network and quantify their relative impact. Finally, we assess the matching protocol from a welfare perspective. Our study suggests the importance and feasibility of accounting for network externalities in general assignment problems and evaluates a set of techniques that can be employed to this end.


The hedonic model, which has been used extensively in the environmental, urban, and real estate literatures, allows for the estimation of the implicit prices of housing and neighborhood attributes, as well as households’ demand for these nonmarketed amenities. A recognized drawback of the existing hedonic literature is that the models assume a myopic decision maker. In this paper, we estimate a dynamic hedonic model and find that the average household is willing to pay $472 per year for a 10 percent reduction in violent crime. In addition, we find that the traditional myopic model suffers from a 21 percent negative bias.


(See abstract above.)


(No abstract.)


(No abstract.)


Does joint taxation disadvantage women? To answer that question, this article begins by reviewing bargaining models of intrafamily allocation and discussing the determinants of “bargaining power.” It argues that wage rates, rather than earnings, are determinants of bargaining power, and that productivity in household production is also a determinant of bargaining power. In the absence of human capital effects, joint taxation does not appear to disadvantage women in bargaining. Hence, the claim that joint taxation disadvantages women, if correct, depends on effects that operate through incentives to accumulate human capital. But a satisfactory analysis of the effects of taxation on human capital awaits the further development of dynamic models of family bargaining.

In an efficient household, if the spouses’ time inputs are perfect substitutes, then spouses will “specialize” regardless of their preferences and the governance structure. That is, both spouses will not allocate time to both household production and the market sector. The perfect substitutes assumption implies that spouses’ “unilateral” production functions (i.e., the household production function when only one spouse allocates time to home production) are closely related, satisfying a highly restrictive condition that I call “compatibility.” I introduce the “correspondence assumption,” which postulates that the unilateral production functions in a newly formed household coincide with individuals’ production functions before they enter marriage. The correspondence assumption provides a plausible account of the genesis of household technology and simplifies its estimation. I introduce the “additivity assumption,” which postulates that the household production function is the sum of the spouses’ unilateral production functions and argue that additivity is implicit in much of the new-home economics. Together, the correspondence and additivity assumptions imply that individuals’ technologies reveal the entire household technology. I show that perfect substitutes, additivity, and concavity imply that the household production function is of the same form as the unilateral production functions, exhibiting constant returns to scale, and depends on the spouses’ total time inputs, measured in efficiency units.


Since the seminal work of Mincer (1962) and Becker (1965), the interest for the study of individual and household time allocation has been on the rise. In this introduction, we provide a brief, impressionistic survey of this large and rapidly growing literature and then discuss the organization of this volume. In particular, our aim is to provide some background references for those not familiar with this literature, as well as some more general framework for the studies collected in this volume. We have organized the papers in this volume into four parts. Part I addresses the timing of market work, including its effect on wage rates and health outcomes. Part II considers household production technology, including its implications for marriage formation. Part III examines issues related to children, including child care and the intergenerational transmission of healthy behavior. Finally, Part IV deals with methodological issues, focusing on the quality of time diary data and on the treatment of reported zeros. The papers in this volume investigate a wide range of time use topics, ranging from methodological issues involving the quality of time diary data to the timing of market work and its productivity effects, to models of household production and marriage, to child care and child development. Reading these papers, one is struck by the importance of social science research and for public policy of collecting and analyzing time use data.
FINANCE


Proving verification theorems can be tricky for models with both optimal stopping and state constraints. We pose and solve two alternative models of optimal consumption and investment with an optimal retirement date (optimal stopping) and various wealth constraints (state constraints). The solutions are parametric in closed form up to, at most, a constant. We prove the verification theorem for the main case with a nonnegative wealth constraint by combining the dynamic programming and Slater condition approaches. One unique feature of the proof is the application of the comparison principle to the differential equation solved by the proposed value function. In addition, we also obtain analytical comparative statics.


(See page 5 for abstract.)


This article reviews empirical capital structure research, concentrating on papers published since 2005. We begin by documenting three dimensions of capital structure variation: cross firm, cross industry, and within firm through time. We summarize how well the traditional trade-off and pecking order approaches explain these sources of variation and highlight their empirical shortcomings. We review recent research that attempts to address these shortcomings, much of which follows seven broad themes: (a) Important variables have been mismeasured in empirical tests, (b) the impact of leverage on nonfinancial stakeholders is important, (c) the supply side of capital affects corporate capital structure, (d) richer features of financial contracts have been underresearched, (e) value effects due to capital structure appear to be modest over wide ranges of leverage, (f) estimates of leverage adjustment speeds are biased, and (g) capital structure dynamics have not been adequately considered. Much progress has been made in addressing these issues, some of which have led to the study of an expanded range of capital structure topics, including debt maturity, loan and covenant characteristics, collateral effects, and alternative financing sources such as leasing and credit lines. We conclude by summarizing unanswered questions and areas for future research.


We document the cross-sectional properties of corporate dividend-smoothing policies and relate them to extant theories. We find that younger, smaller firms, firms with low dividend yields and more volatile earnings and returns, and firms with fewer and more disperse analyst forecasts smooth less. Firms that are cash cows, with low growth prospects, weaker governance, and greater institutional holdings, smooth more. We also document that dividend smoothing has steadily increased over the past 80 years, even before firms began using share repurchases in the mid-1980s. Taken together, our results suggest that dividend smoothing is most common among firms that are not financially constrained, face low levels of asymmetric information, and are most susceptible to agency conflicts. These findings provide challenges and guidance for the developing theoretical literature.
We study the optimal trading strategy of mutual funds that face both position limits and differential illiquidity. We provide explicit characterization of the optimal trading strategy and conduct an extensive analytical and numerical analysis of the optimal trading strategy. We show that the optimal trading boundaries are increasing in both the lower- and the upper-position limits. We find that position limits can affect current trading strategy, even when they are not currently binding, and other seemingly intuitive trading strategies can be costly. We also examine the optimal choice of position limits.

(See page 10 for abstract.)

(See page 6 for abstract.)

The credit rating industry has historically been dominated by just two agencies, Moody’s and Standard & Poor’s, leading to long-standing legislative and regulatory calls for increased competition. The material entry of a third rating agency (Fitch) to the competitive landscape offers a unique experiment to empirically examine how increased competition affects the credit ratings market. What we find is relatively troubling. Specifically, we discover that increased competition from Fitch coincides with lower-quality ratings from the incumbents: Rating levels went up, the correlation between ratings and market-implied yields fell, and the ability of ratings to predict default deteriorated. We offer several possible explanations for these findings that are linked to existing theories.

We find that a substantial portion of short sellers’ trading advantage comes from their ability to analyze publicly available information. Using a database of short sales combined with a database of news releases, we show that the well-documented negative relation between short sales and future returns is twice as large on news days and four times as large on days with negative news. Further, we find that the most informed short sales are not from market makers but rather from clients, and we find only weak evidence that short sellers anticipate news events. Overall, the evidence suggests that public news provides valuable trading opportunities for short sellers who are skilled information processors.

In this paper, I develop a model of a competitive financial system with unrestricted but costly entry and an endogenously determined number of competing financial institutions (“banks” for short). Banks can make standard loans on which plentiful historical data are available and unanimous agreement exists on default probabilities. Or banks can innovate and make new loans on which limited historical data are available, leading
to possible disagreement over default probabilities. In equilibrium, banks make zero profits on standard loans and positive profits on innovative loans, which engenders innovation incentives for banks. But innovation brings with it the risk that investors could disagree with the bank that the loan is worthy of continued funding and hence could withdraw funding at an interim stage, precipitating a financial crisis. The degree of innovation in the financial system is determined by this trade-off. Welfare implications of financial innovation and mechanisms to reduce the probability of crises are discussed.

We examine the design of control rights of external financiers, and how these interact with the firm’s security issuance and capital structure when the firm’s initial owners and managers may disagree with new investors over project choice. The first main result is an ex ante managerial preference for “soft” financial claims that maximize managerial project-choice autonomy, which is in contrast to agency theory. Second, a dynamic “pecking order” of cash, equity, and debt emerges. Additional results explain equity issuance at high prices, the drifting of leverage ratios with stock returns, cash hoarding, and debt usage without taxes, agency, or signaling.

We develop a theoretical model in which disagreement between management and shareholders creates a link between investment and the stock market. We show that the stock price decreases in the level of disagreement. Because management uses the stock price to infer the level of disagreement, the firm’s investment is positively correlated with its stock price, even when investment is not financed by an equity issue. Empirically, we find that Tobin’s q is negatively related to a proxy for disagreement. This proxy is unrelated to traditional indicators of asymmetric information. Using simple estimation of an investment Euler equation, we find first that a high stock price and a low level of disagreement act together to increase investment today relative to investment tomorrow. We conclude that disagreement drives corporate investment to a much greater extent than either asymmetric information or managerial entrenchment.

We address two questions: (i) Are bank capital structure and value correlated in the cross section, and if so, how? (ii) If bank capital does affect bank value, how are the components of bank value affected by capital? We first develop a dynamic model with a dissipative cost of bank capital that is traded off against the benefits of capital: strengthened incentives for the bank to engage in value-enhancing loan monitoring and a higher probability of avoiding regulatory closure due to loan delinquencies. The model predicts that (i) the total value of the bank and its equity capital are positively correlated in the cross section, and (ii) the various components of bank value – the synergies among the bank’s assets and liabilities and the net present value to the shareholders of investing capital in the bank – are also positively cross-sectionally related to bank capital. When we confront the predictions with the data on bank acquisitions, we find strong support. The results are robust to a variety of alternative explanations – growth prospects, desire to acquire toe-hold positions, desire of capital-starved acquirers to buy capital-rich targets, market timing, pecking order, the effect of banks with binding capital requirements, too-big-to-fail, target profitability, risk, and mechanical effects.
MANAGEMENT


The large state banks of China – Bank of China, China Construction Bank, and Industrial and Commercial Bank of China – dominate China’s financial sector. Reform of these banks has been a major policy effort of China’s government because their financial weaknesses exert a drag on the economy. This reform has led to significant improvements in the large state banks. Nevertheless, they face three recurring problems: limited access to expert knowledge about international finance, nonperforming loans, and corruption. These problems are rooted in the network governance of the banks. The Chinese government needs to continue transforming this governance to make the large state banks globally competitive.


Job mobility of investment bankers operates in a “small world” organized around banks in global financial centers. Networks of job mobility of leading investment bankers who worked at Citigroup in Hong Kong at some point in their career are constructed from websites and newspaper articles. Confidential interviews complement these sources. The results demonstrate that Hong Kong’s investment bankers are key nodes in the global network of job mobility. Intercity job changes involving London and New York with Hong Kong consist of small-world intraorganizational linkages, and local job mobility in each center also operates through small-world networks.

Our main objective in this paper is to measure the value of customers acquired from Google search advertising, accounting for two factors that have been overlooked in the conventional method widely adopted in the industry: (1) the spillover effect of search advertising on customer acquisition and sales in off-line channels and (2) the lifetime value of acquired customers. By merging web traffic and sales data from a small-sized U.S. firm, we create an individual customer-level panel that tracks all repeated purchases, both online and off-line, and tracks whether or not these purchases were referred from Google search advertising. To estimate the customer lifetime value, we apply the methodology in the customer relationship management literature by developing an integrated model of customer lifetime, transaction rate, and gross profit margin, allowing for individual heterogeneity and a full correlation of the three processes. Results show that customers acquired through Google search advertising in our data have a higher transaction rate than customers acquired from other channels. After accounting for future purchases and spillover to off-line channels, the calculated value of new customers using our approach is much higher than the value obtained using conventional methods. The approach used in our study provides a practical framework for firms to evaluate the long-term profit impact of their search advertising investment in a multichannel setting.


Early investigations of guilt cast it as an emotion that prompts broad reparative behaviors that help guilty individuals feel better about themselves or about their transgressions. The current investigation found support for a more recent representation of guilt as an emotion designed to identify and correct specific social offenses. Across five experiments, guilt influenced behavior in a targeted and strategic way. Guilt prompted participants to share resources more generously with others, but only did so when those others were persons whom the participant had wronged, and only when those wronged individuals could notice the gesture. Rather than trigger broad reparative behaviors that remediate one’s general reputation or self-perception, guilt triggers targeted behaviors intended to remediate specific social transgressions.


People share significantly more money with others in common lab paradigms like the dictator game than they do in real life. What accounts for this difference? Paradigms like the dictator game link each recipient to a single dictator with the implication that each recipient can receive funds from only one person. We argue that this “burden” of responsibility to a single recipient helps to explain high levels of laboratory sharing. In two experiments – a modified dictator game experiment and a charitable giving experiment – participants donated significantly more to others when they were solely responsible for a recipient’s outcome than when the responsibility for a recipient was potentially shared. Taken together with past findings from social psychology and experimental economics, the results show how unambiguous responsibility for a single recipient increases generosity.

Consumers prefer larger assortments, despite the negative consequences associated with choosing from these sets. This article examines the role of psychological distance (temporal and geographical) in consumers’ assortment size decisions and rectifies contradicting hypotheses produced by construal level theory. Six studies demonstrate that while consumers prefer larger assortments when the choice takes place in the here and now, they are more likely to prefer small assortments when choices pertain to distant locations and times. This decrease in preference for large assortments is due to psychological distance increasing the similarity of the options in a category, making them appear more substitutable. This effect of psychological distance reverses when consumers consider desirability/feasibility trade-off information inherent in the assortment size decision. These findings point to important outcomes of psychological distance, resolving opposing predictions of construal level theory, and identify boundary conditions for the well-established notion that consumers are attracted to large assortments.


While millions of products are sold on its retail platform, Amazon.com itself stocks and sells only a very small fraction of them. Most of these products are sold by third-party sellers who pay Amazon a fee for each unit sold. Empirical evidence clearly suggests that Amazon tends to sell high-demand products and leave long-tail products for independent sellers to offer. We investigate how a platform owner such as Amazon, facing *ex ante* demand uncertainty, may strategically learn from these sellers’ early sales which of the “mid-tail” products are worthwhile for its direct selling and which are best left for others to sell. The platform owner’s “cherry-picking” of the successful products, however, gives an independent seller the incentive to mask any high demand by lowering his sales with a reduced service level (unobserved by the platform owner). We analyze this strategic interaction between a platform owner and an independent seller using a game-theoretic model with two types of sellers – one with high demand and one with low demand. We show that it may not always be optimal for the platform owner to identify the seller’s demand. Interestingly, the platform owner may be worse off by retaining its option to sell the independent seller’s product, whereas both types of sellers may benefit from the platform owner’s threat of entry. The platform owner’s entry option may reduce consumer surplus in the early period, although it increases consumer surplus in the later period. We also investigate how consumer reviews influence the market outcome.


This paper analyzes firms’ decisions to provide connectivity to their customers. We distinguish between intracnectivity – the ability of one firm’s customers to connect to each other; and interconnectivity – the ability of one firm’s customers to connect with another firm’s customers. The profitability implications of allowing connectivity are not a straightforward consequence of the consumer value of connectivity, because connectivity affects not only the customer value but also the intensity of competition by creating or changing network externality. We find that if sales are driven by brand switching rather than by category expansion, a firm may find it optimal not to provide intracnectivity, even if providing it is not costly, and may find it optimal to provide interconnectivity even at a cost exceeding the consumer value of connectivity. On the other hand, if category expansion is possible, providing intracnectivity may be profitable. In this case, either the equilibrium intracnectivity provision may be asymmetric or both firms may find it (individually) optimal to provide intracnectivity. Under certain conditions in the latter case, the firms’ choice of intracnectivity is a Prisoner’s Dilemma game.


We examine the indirect impact of price deals, which occurs through the formation of expected future prices, on households’ purchase decisions. Two competing learning processes of households’ formation of expected future deals that lead to opposite predictions are proposed. Under a deal-probability learning process, a current deal on a brand raises households’ expectations of a deal on the same brand in the immediate future, while under a deal-timing learning process, a current deal on a brand lowers households’ expectations of a deal on the same brand.

We embed each learning specification within a comprehensive econometric framework that simultaneously examines three purchase decisions – incidence, brand choice, and quantity – at the household level, while explicitly correcting for two sources of selectivity bias in discrete quantity outcomes. We estimate the proposed model using scanner panel data on paper towels, and find that (1) the deal-probability learning process better describes how households incorporate the deal information into the formation of future price expectations compared to the deal-timing learning process; (2) the indirect impact of price deals is greater for brand-loyals than for brand-switchers; and (3) the indirect impact of price deals is greater for larger families, heavy users, less educated and less employed households, and infrequent shoppers. We also show that ignoring the indirect impact of price deals severely overstates the sales effects.


We build an econometric model of a household’s contemporaneous brand choice outcomes in complementary product categories. This model explicitly captures cross-category dependencies in brand choice outcomes of a household. Such dependencies have not been modeled in existing multi-category demand models. Our model accommodates cross-category dependencies that arise on account of three component effects: (1) complementarity due to the additional utility that a household derives from the joint purchase of brands in complementary categories, (2) marketing spillovers due to the effects of brands’ prices in one category affecting the households’ latent utilities for brands in the complementary category, and (3) unobserved dependencies due to correlations in households’ latent utilities for brands across categories. We estimate our proposed multi-category brand choice model using scanner panel data on cake mix and frosting categories. We find that complementarity accounts for the vast majority of the estimated cross-category effects in demand. We also find that as much as 55 percent of the total retail profit impact of price promotions arises on account of brand-level (focus of our study), as opposed to category-level (focus of previous studies), dependencies in household demand. Finally, we propose an easily interpretable visual representation – Largess and Free-Ride Plot – of cross-category price elasticities that summarizes the differential abilities of brands to influence, or be influenced by, brands in the complementary category.
(See page 16 for abstract.)

(See page 16 for abstract.)

(See page 14 for abstract.)

We investigate a firm’s product line design and capacity investment problem for vertically differentiated products along design quality levels. Customers arrive according to a Poisson process and are heterogeneous in their marginal valuation of the quality level. Customers make product choices to maximize a linear utility function of price, quality level, and waiting cost. Resulting product demands are met through capacity investments in production processes, which are modeled as queuing systems. We consider two different types of production processes: product-focused, dedicated to the production of a single-product variant; and product-flexible, processing all product variants in the product line. Capacity investment and variable production costs are functions of the processed product’s quality. We develop an integrated marketing-operations model that provides insights on the factors determining the right level of product variety to offer, the relative quality positioning of the products in the line, the resulting market coverage and segmentation, and the effects on production costs and congestion levels of the processes. We show that the statistical economies of scale resulting from the congestion phenomena in the production system impose limits on the optimal product variety. For product-focused processes, the market size promotes a higher optimal product variety, whereas the per-unit capacity investment and customer waiting costs act as deterrents for higher product variety. For product-flexible processes, optimal product variety also depends on the specific type of flexibility and the ratio of capacity investment to variable production costs.


We consider a supply chain with a retailer having a single opportunity to order a product from a supplier to satisfy future uncertain demand. Both the retailer and the supplier are capital constrained. The retailer in executing its procurement actions is in need of short-term financing. Within a game theoretic modeling framework of the profit-maximizing supplier acting as the Stackelberg leader and the retailer as the follower, we explore the impact of trade credit contracts in the presence of bankruptcy risk for the retailer and supplier. We use the supplier early-payment discount scheme as a decision framework to analyze all decisions involved in optimally structuring the trade credit contract from the supplier perspective (discounted wholesale price, effective-payment discount, or financing rate). Under mild assumptions, we conclude that a risk-neutral supplier should always provide financing to the retailer at rates less than or equal to the risk-free rate, and if offered an optimally structured scheme, the retailer will always prefer supplier to bank financing. Furthermore, under supplier financing and with the retailer facing bankruptcy risk, the supply chain efficiency improves, and, while the supplier always improves its profits under such scheme, the retailer might also improve his profits relative to bank financing (without supplier financing provision) depending on his current “wealth” (working capital and collateral).


The benefits of supplier diversification are well established for price-taking firms. In this paper, we investigate the benefits from supplier diversification for dual-sourcing duopolists. We consider a two-echelon supply chain in which suppliers sell components to buyers who produce and sell substitutable products. The suppliers’ output processes are uncertain and modeled as having a proportional random yield. Buyers engage in a quantity-based Cournot competition. We find that an increase in supplier correlation leads to more correlated buyers’ outputs and
a decrease in their profits. In the presence of end-market competition, dual sourcing still brings value by reducing the inefficiency caused by random yield: namely, when the suppliers’ yield processes are strongly negatively correlated, dual sourcing increases the expected market output and improves the firms’ profits over sole sourcing. However, unlike a monopolist firm, a duopolist does not necessarily allocate its supplier orders to minimize output variability. We generalize the main results to a two-stage order-quantity – output-quantity game and to one with asymmetric suppliers.


We examine the role of expediting in dealing with lead-time uncertainties associated with global supply chains of “functional products” (high-volume, low-demand uncertainty goods). In our developed stylized model, a retailer sources from a supplier with uncertain lead time to meet its stable and known demand, and the supply lead time is composed of two random duration stages. At the completion time of the first stage, the retailer has the option to expedite a portion of the replenishment order via an alternative faster supply mode. We characterize the optimal expediting policy in terms of if and how much of the order to expedite, and explore comparative statics on the optimal policy to better understand the effects of changes in the cost parameters and lead-time properties. We also study how the expediting option affects the retailer’s decisions on the replenishment order (time and size of order placement). We observe that with the expediting option, the retailer places larger orders closer to the start of the selling season, thus having this option serve as a substitute for the safety lead time and allowing it to take increased advantages of economies of scale. Finally, we extend the basic model by looking at correlated lead-time stages and more than two random lead-time stages.


In this paper, we study an offshore outsourcing arrangement for a buyer of a produced good in the presence of supply yield uncertainty. We analyze the performance of contingency responses to the realized yield information at the end of production and prior to its delivery to the destination market. The contingency responses considered are: I) Emergency Production via which an emergency order is placed with another fast and perfectly reliable offshore supplier; II) Emergency Production and Delivery via which an expedited shipping of (partial or total) good units is used on top of Emergency Production. Within a periodic review inventory system with uncertain demand setting, we theoretically characterize the optimal decisions on the cycle order size, the emergency order size, and the way to split the available good units between the fast and slow shipping modes. We provide comparative statics on how the choices of these quantities are affected by each other, and by the demand and yield uncertainties. We use numerical examples to illustrate the values of such contingency responses and the impact of other factors on the cost of meeting demand.


The globalization of markets and geographic dispersion of production facilities, combined with a heavy outsourcing of supply chain processes, have substantially increased the exposure of supply chains to supply lead times of long and uncertain nature. In this paper, we study the potential use of two contingency strategies on top of the conventionally used time buffer – statically planned safety lead time (SL) – approach to deal with the
lead-time uncertainty. These are: (1) the *ex ante* planning for disruption safety stock (DSS) to be released when a “disruption” (in this case, late delivery of the order) occurs; and (2) the *ex post* dynamic emergency response (DER), which dynamically decides on the timing and size of an emergency order to be placed. Our work elaborates on the optimal parameter setting for these strategies, compares their added values when used to complement the traditional SL approach, and examines how the use of the contingency strategies affects the SL and corresponding cycle length of a periodic review system. Our research finds that: (1) the above contingency strategies reduce the reliance on the SL and are cost effective when the coefficient of variation (CV) of the uncertain lead time is high; (2) it is important to re-optimize the SL to account for the contingency plans; and (3) re-optimization of the cycle length to account for the presence of the contingency responses, as opposed to using an EOQ-determined cycle length, does not significantly improve the cost performance. However, such re-optimization does well in the SL approach when the CV of the uncertain lead time is high.


We study a supply chain of a supplier selling via a wholesale price contract to a financially constrained retailer who faces stochastic demand. The retailer might need to borrow money from a bank to execute his order. The bank offers a fairly priced loan for relevant risks. Failure of loan repayment leads to a costly bankruptcy (fixed administrative costs, costs proportional to sales, and a depressed collateral value). We identify the retailer’s optimal order quantity as a function of the wholesale price and his/her total wealth (working capital and collateral). The analysis of the supplier’s optimal wholesale price problem as a Stackelberg game, with the supplier the leader and the retailer the follower, leads to unique equilibrium solutions in wholesale price and order quantity, with the equilibrium order quantity smaller than the traditional newsvendor one. Furthermore, in the presence of the retailer’s bankruptcy risks, increases in the retailer’s wealth lead to increased supplier’s wholesale prices, but without the retailer’s bankruptcy risks, the supplier’s wholesale prices stay the same or decrease in retailer’s wealth.


We propose and analyze a general periodic review model, in which the firm has access to a set of potential suppliers, each with specific yield and price characteristics. Assuming unsatisfied demand is backlogged, the firm incurs three types of costs: (i) procurement costs; (ii) inventory carrying costs for units carried over from one period to the next, and (iii) backlogging costs. A procurement strategy requires the specification, in each period, of (i) the set of suppliers to be retained, (ii) their respective shares in this period’s replenishments, as well as (iii) the traditional aggregate order placed (among the various suppliers). We show how the optimal procurement strategy can be obtained with an efficient algorithm. A base stock policy is no longer optimal, but in each period, there exists a maximum inventory level, such that orders are placed if and only if the starting inventory is below this threshold. In each period, it is optimal to retain a given number of suppliers that are cheapest in terms of that period’s effective cost rates, i.e., the expected cost per usable unit. The optimal number of suppliers to be retained in a given period depends on all current and future parameters and distributions, but this dependence can be aggregated into a single so-called benchmark cost measure. Under normal yield and demand distributions, the suppliers’ market shares are determined by a single aggregate score, itself the product of a simple reliability score and a cost score.
ORGANIZATIONAL BEHAVIOR


The production of creative ideas does not necessarily imply their implementation. This study examines the possibility that the relation between creativity and implementation is regulated by individuals’ motivation to put their ideas into practice and their ability to network or, alternatively, the number of strong relationships they maintain. Using data from 216 employees and their supervisors, results indicated that individuals were able to improve the otherwise negative odds of their creative ideas being realized when they expected positive outcomes to be associated with their implementation efforts and when they were skilled networkers or had developed a set of strong “buy-in” relationships.


Before a strategy can be developed, the problem it is supposed to address needs to be formulated. We establish the microfoundations of strategic problem formulation by developing a theory that predicts a core set of impediments to formulation that arise when problems that are complex and ill-structured are addressed by heterogeneous teams. These impediments fundamentally constrain and narrow problem formulation, thereby limiting solution search and potential value creation. We establish these impediments as a set of design goals, which, if remedied by an appropriately constructed mechanism, can expand problem formulation to be more comprehensive. Finally, we consider how organizations can improve problem formulation by creating a structured process that satisfies the theoretically derived design goals and detail a specific example of this mechanism (Collaborative Structured Inquiry).


Reflecting on experience as a Presidential advisor, Walter Lippmann (1922) developed a theory of policy formulation and error. Introducing the constructs of stereotype, mental model, blind spots, and the process of manufacturing consent, his theory prescribed interdisciplinary social science as a tool for enhancing policymaking in business and government. Lippmann used influence with the Rockefeller foundations, business leaders, Harvard, and the University of Chicago to gain support for this program. Analysis of references to “stereotype” and to Lippmann reveals the rapid spread of the concept across the social sciences and in public discourse paralleled by collective amnesia as to the origins of the term, the wider theory, or the prescription for behavioral science. “Stereotype” is increasingly invoked in anthropology, economics, and sociology, though Lippmann ceased being cited decades ago. In psychology, citations are increasing, but content analysis revealed blind spots and misconceptions about the theory and prescriptions. Studies of heuristics, biases, and organizational decision reflect his theory of judgment and choice. But his model for social science failed to consider the bounded rationality and blind spots of its practitioners. Policy formulation is supported by research from narrow disciplinary silos, not interdisciplinary science aware of history.

Like the first-mover in an ultimatum game, the principal is a first-mover with foreknowledge of the agent’s “rational” best response function. The solution to the “principal’s problem” is to choose a contract that maximizes the principal’s expected profit given the agent’s marginal efficacy and marginal effort cost. However, this paper reports experiments that show that principals make large concessions toward an equal division outcome. As in ultimatum games, agents are at times willing to punish principals who are perceived as being overly acquisitive. Variations in agent effort cost and effectiveness that should (theoretically) produce qualitatively different game-theoretic equilibria have little impact on outcomes.


The success of a negotiated agreement depends on implementation and implications for future exchange between the parties. This paper examines structural, affective, and contractual factors that influence implementation behavior. Predictions derived from contract theory and recent negotiation theories were tested in two laboratory studies involving the negotiation of an employment contract. In Experiment 1, trust formation facilitated by so-called “cheap” talk and the provision of a sufficient contingent contract promoted vigorous contract implementation. Positive affect induced in the employer prior to negotiation had no discernible effect on subsequent implementation. In Experiment 2, induced employee positive affect did motivate implementation behavior, but the effect hinged on the form of the contract. Small talk before contracting increased employee’s willingness to be financially vulnerable in subsequent exchange with the employer. Implications for general negotiation theory are considered.


Past research has implicitly assumed that only mean levels of trust and monitoring in teams are critical for explaining their interrelations and their relationships with team performance. In this paper, we argue that it is equally important to consider the dispersion in trust and monitoring that exists within teams. We introduce “trust asymmetry” and “monitoring dissensus” as critical dispersion properties of trust and monitoring, and hypothesize that these moderate the relationships between mean monitoring, mean trust, and team performance. Data from a cross-lagged panel study and a partially lagged study support our hypotheses. The first study also offered support for an integrative model that includes mean and dispersion levels of both trust and monitoring. Overall, the studies provide a comprehensive and clear picture of how trust and monitoring emerge and function at the team level via mean and dispersion.


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Four experiments were conducted to investigate the implications of “substantive” responses for the repair of trust following a violation, and the cognitive processes that govern how and when they are effective. These studies examined two forms of substantive responses, penance and regulation, that represent different categories
of trust repair attempts. The findings from Studies 1-3 suggest that both can be effective to the extent that they elicit the crucial mediating cognition of perceived repentance. Data from Study 2 revealed that trustors saw signals of repentance as more informative when the transgression was due to a lapse of competence than due to a lapse of integrity. Study 4 compared these substantive responses to apologies (a nonsubstantive response) and revealed that, despite their surface level differences, they each repaired trust through “perceived repentance.” The paper offers an integrative framework for understanding the relationships among a range of trustor responses.


In three experiments, we tested the prediction that individuals’ experience of power influences their perceptions of their own height. High power (relative to low power) was associated with smaller estimates of a pole’s height relative to the self (Experiment 1), with larger estimates of one’s own height (Experiment 2), and with choice of a taller avatar to represent the self in a second-life game (Experiment 3). These results emerged regardless of whether power was experientially primed (Experiments 1 and 3) or manipulated through assigned roles (Experiment 2). Although a great deal of research has shown that more physically imposing individuals are more likely to acquire power, this work is the first to show that powerful people feel taller than they are. The discussion considers the implications for existing and future research on the physical experience of power.


There is a popular theory-based assumption that women, who are numerical minorities in high-prestige work groups, will advocate for other women as potential work group peers. However, these individuals may face special challenges in fulfilling this role. I examine how the prestige accorded to the work group and their numerical representation interact to impact women’s concerns about being considered valued members of their groups and hence, their propensity to support other women in the selection process. I conducted three studies, which showed that women will abdicate the opportunity to support highly or moderately qualified female candidates as potential work group peers. Furthermore, the concern that a highly qualified female candidate will be seen as more of a valued group member (competitive threat) and that a moderately qualified female candidate will adversely affect their value by reinforcing negative stereotypes about their demographic category (collective threat) partially mediated the relationship between numerical representation and work group prestige, and women’s preference for other women as work group peers.


Can groups become effective simply by assembling high-status individual performers? Though an affirmative answer may seem straightforward on the surface, this answer becomes more complicated when group members benefit from collaborating on interdependent tasks. Examining Wall Street sell-side equity research analysts who work in an industry in which individuals strive for status, we find that groups benefited – up to a point – from having high-status members, controlling for individual performance. With higher proportions of individual stars, however, the marginal benefit decreased before the slope of this curvilinear pattern became negative. This curvilinear pattern was especially strong when stars were concentrated in a small number of sectors, likely reflecting suboptimal integration among analysts with similar areas of expertise. Control variables ensured that these effects were not the spurious result of individual performance, department size or specialization, or firm prestige. We discuss the theoretical implications of these results for the literatures on status and groups, along with practical implications for strategic human resource management.

Vocal expressions are thought to convey information about speakers’ emotional states but may also reflect the antecedent cognitive appraisal processes that produced the emotions. We investigated the perception of emotion-eliciting situations on the basis of vocal expressions. Professional actors vocally portrayed different emotions by enacting emotion-eliciting situations. Judges then rated these expressions with respect to the emotion-eliciting situation described in terms of appraisal dimensions (i.e., novelty, intrinsic pleasantness, goal conduciveness, urgency, power, self- and other responsibility, and norm compatibility), achieving good agreement. The perceived appraisal profiles for the different emotions were generally in accord with predictions based on appraisal theory. The appraisal ratings also correlated with a variety of acoustic measures related to pitch, intensity, voice quality, and temporal characteristics. Results suggest that several aspects of emotion-eliciting situations can be inferred reliably and validly from vocal expressions which, thus, may carry information about the cognitive representation of events.
STRATEGY


While the literature on firm boundaries has been greatly influenced by transaction cost economics, strategy scholars often emphasize the importance of capabilities considerations in these decisions. This has led to a debate that, we suggest, has generated more heat than light. We argue that the two sets of considerations are in fact so intertwined dynamically that treating them as independent, competitive explanations is fundamentally misleading. We offer a theoretical synthesis of transaction cost and capabilities approaches to firm boundaries that seeks to overcome each approach’s limitations, and provides a unified and logically consistent understanding of boundary decisions.


There is a consensus among strategy scholars that heterogeneous firm capabilities are at the root of firms’ competitive advantages. Organizational economics does not address such capabilities directly, and some have suggested that it therefore offers little insight into them. In this essay, I argue that organizational economics can shed much light on how firm capabilities are developed and sustained.


Consumers respond positively to products tied to charity, particularly from sellers that are relatively new and hence have limited alternative means for assuring quality. We establish this result using data from a diverse group of eBay sellers who “experiment” with charity by varying the presence of a donation in a set of otherwise matched product listings. Most of charity’s benefits accrue to sellers without extensive eBay histories. Consistent with charity serving as a quality signal, we find fewer customer complaints among charity-intensive sellers.


Some research suggests that knowledge transfer and performance suffer when entities are distant from each other, while other work emphasizes that distance is beneficial by allowing firms to access novel and diverse knowledge. We resolve this paradox by focusing on the differing roles of MNC subsidiaries and headquarters vis-à-vis its alliances: distance between technology alliance partners and subsidiaries hurts MNC performance, but MNCs benefit when such partners are located afar from headquarters. We find support for these ideas in a longitudinal sample (2002 to 2006) of 126 Fortune 500 firms. Our work broadens the concept of the geographic scope of the firm, and suggests that MNCs gain by searching globally but collaborating locally.


(See page 21 for abstract.)

Sustainably high and long-term performance requires the capacity to simultaneously explore and exploit, thereby maintaining current success while ensuring future viability. The management literature, however, is divided both on the likelihood of simultaneously delivering high levels of both exploration and exploitation and the route by which it is best achieved. In this paper, we review two proposed approaches for achieving simultaneously higher levels of both exploration and exploitation: organizational ambidexterity and organizational vacillation. To facilitate a comparison of the two approaches, we map organizational ambidexterity and organizational vacillation approaches onto a common theoretical performance landscape, which makes precise the empirical question of which approach is likely to deliver superior long-run performance. Two canonical cases of the ambidexterity and vacillation literatures form the basis of our initial empirical comparison. We examine the patterns of managerial decision making and corresponding performance over time to determine how each approach facilitates an organization’s exploitation and exploration outcomes. These case studies suggest that organizational vacillation offers higher long-run performance than organizational ambidexterity. That said, we assert that ambidexterity as a leadership initiative enhances performance on the margin when utilized within the larger epochs of vacillation, and therefore suggest that organizational ambidexterity and organizational vacillation are complements with respect to performance. We conclude by discussing the implications of these preliminary empirical findings for the practice of management and theoretical opportunities to advance the reconciliation of both perspectives.


An emerging problem-finding and problem-solving approach suggests that management’s discovering problems to solve, opportunities to seize, and challenges to respond to, are vital to organizations. This paper explores the extent to which the problem-finding and problem-solving approach can provide a foundation for joining the capabilities, dynamic capabilities, and governance perspectives as a way to help scholars and practitioners to coherently design organizations from the perspective of design science. The problem-finding and problem-solving approach offers a unit of analysis and a set of behavioral assumptions that enable us to address open questions within the extant literature and to propose new questions in management research.


This paper argues that conflicting incentives among managers may impede potential knowledge-sharing benefits from vertical integration. I study knowledge-based agency costs from vertical integration in car leasing, where manufacturer-owned captive lessors compete with independent lessors. Both organizational forms must acquire and integrate diffuse knowledge in order to accurately predict vehicle depreciation—a condition critical for profitability. Using a dataset of 180,000 leases, I compare contracts of independent and captive lessors across car models, market conditions, and product life cycles. I find managers in vertically integrated firms have conflicting incentives on whether to accurately and completely share proprietary knowledge, and show that these incentives appear to generate agency costs inconsistent with corporate profitability as managers selectively use and share knowledge for personal gain. The findings suggest that most knowledge benefits of vertical integration will be nullified when managerial interests are incompatible with the profit concerns of the firm.

Most research linking compensation to strategy relies on agency theory economics and focuses on executive pay. We instead focus on the strategic compensation of nonexecutive employees, arguing that while agency theory provides a useful framework for analyzing compensation, it fails to consider several psychological factors that increase costs from performance-based pay. We examine how psychological costs from social comparison and overconfidence reduce the efficacy of individual performance-based compensation, building a theoretical framework predicting more prominent use of team-based, seniority-based, and flatter compensation. We argue that compensation is strategic not only in motivating and attracting the worker being compensated, but also in its impact on peer workers and the firm’s complementary activities. The paper discusses empirical implications and possible theoretical extensions of the proposed integrated theory.


Entrepreneurs who were employed by successful industry incumbents prior to founding tend to confer advantages on their new organizations. We propose and then demonstrate a similar “network progeny” effect rooted in the social relationships that form among entrepreneurs. Our analysis of entrants into the Ontario wine industry shows that pre-founding friendship ties to one especially prominent entrepreneurial firm led to significantly higher ice wine prices. This attests to the promise of a network progeny extension of the parent-progeny account of new firm success. This effect was not attributable to an entrant’s ability to make ice wines of superior quality or to it having access to better distribution knowledge. We therefore conclude that having a social tie to this prominent entrepreneurial firm generated reflected prominence that enhanced the valuations and therefore prices of wines made by connected market entrants.


(See page 26 for abstract.)


(See page 25 for abstract.)
**CONFERENCE Acceptances/Presentations**

**ACCOUNTING**

**Gauri Bhat** presented:
“Credit Risk and IFRS: The Case of Credit Default Swaps”
- University of Minnesota Empirical Accounting Conference, April 2011
- Washington University in St. Louis Brownbag series, April 2011
- University of Notre Dame, November 2011

**Gauri Bhat** attended:
- University of Minnesota Empirical Accounting Conference, Minneapolis, April 2011
- American Accounting Association, Annual Meeting, Denver, August 2011
- Fifth Annual Toronto Accounting Research Conference, University of Toronto, September 2011
- 2011 Nick Dopuch Accounting Conference, Washington University in St. Louis, November 2011

**Sudarshan Jayaraman** presented “The Effect of Auditor Expertise on Executive Compensation” at the University of Illinois at Chicago, November 2011.

**Sudarshan Jayaraman** attended the Journal of Accounting Research Conference (invite only), May 2011.

**Xiumin Martin** presented:
“Can Firms Adjust Their ‘Opaqueness’ to Lenders? Evidence from Foreign Bank Entry into India” at Chinese University of Hong Kong, July 2011.

“`The Effect of Sharing a Common Auditor with Customers on Accounting Restatements by Supplier Firms”
- University of Texas at Dallas, September 2011
- University of Iowa, October 2011
- University of Iowa, November 2011

“Credit Default Swap and Firm Accounting Practices” at the 2011 Nick Dopuch Accounting Conference, Washington University in St. Louis, November 2011.

**Xiumin Martin** discussed three papers on accounting conservatism at the AAA Annual Conference, August 2011.
Mariagiovanna Baccara presented:
“Child-Adoption Matching: Preferences for Gender and Race”
- Bristol University, June 2011
- Università Cattolica, June 2011

“Similarity and Polarization in Groups” at Northwestern University, June 2011.

Kelly C. Bishop presented:
“A Dynamic Model of Location Choice and Hedonic Valuation”
- NBER Summer Institute, Cambridge, MA, July 2011
- Econometric Society Summer Meetings, St. Louis, MO, June 2011
- Heartland Environmental and Resource Economics Conference, Urbana-Champaign, IL, September 2011

Joseph Cullen presented:
“Measuring the Environmental Benefits of Wind Power”
- Electricity Market Initiative, Harrisburg, PA, April 2011
- International Industrial Organization Conference, Boston, MA, April 2011

“Dynamic Response to Environmental Regulation”
- International Industrial Organization Conference, Boston, MA, April 2011
- Carnegie Mellon University, October 2011

“Switching Costs in the Wireless Industry” at Workshop on Switching Costs, Groningen, Netherlands, May 2011.

Joseph Cullen attended:
- International Industrial Organization Conference, Boston, MA, April 2011
- Electricity Market Initiative, Harrisburg, PA, April 2011
- Cowles Structural Conference, Yale University, June 2011
- NBER EEE Conference, Boston, MA, July 2011

Alvin D. Murphy presented:
“A Dynamic Model of Demand for Houses and Neighborhoods”
- University of Minnesota, Department of Economics, October 2011
- Econometric Society, North American Summer Meeting, June 2011

Alvin D. Murphy was a discussant at the Economics of Real Estate and Local Public Finance Sessions of the NBER Summer Institute, July 2011.

Robert A. Pollak presented:
“Family Proximity, Childcare, and Women’s Labor Force Attachment”
- NBER Cohort Studies Meeting, Los Angeles, CA, April 8, 2011
- Center for Retirement Research at Boston College, Boston, MA, May 25, 2011


“Allocating Time: Individuals’ Technologies, Household Technology, Perfect Substitutes, and Specialization”
- Cornell University, April 2011
- University of California, Los Angeles, CA, May 2011
- International Perspectives on Time Use Conference, University of Maryland, June 23, 2011 (Keynote/Plenary Address)


Robert A. Pollak was a panelist at the Conference on the Economics of the Family in honor of Gary Becker, Paris, France, October 2011.

Maher Said presented:
“Progressive Screening: Long-Term Contracting with a Privately Known Stochastic Process”
- Conference on New Directions in Applied Microeconomics, Florence, Italy, July 2011
- University of Toronto, October 2011
- University of California, Los Angeles, October 2011
- Arizona State University, November 2011
Maher Said attended:
- 2011 North American Meeting of the Econometric Society, Washington University in St. Louis, June 2011
Radhakrishnan Gopalan presented:
“The Optimal Duration of Executive Compensation”
- University of Houston, September 2011
- University of Illinois at Urbana-Champaign, October 2011
- Hong Kong University of Science and Technology Corporate Finance Symposium, December 2011

“Insider Ownership and Shareholder Value: Evidence from New Project Announcements” at St. Louis University, November 18, 2011.

Mark T. Leary presented “Do Peer Firms Affect Corporate Financial Policy” at Temple University, March 18, 2011.


Mark T. Leary attended:
- Stanford Institute for Theoretical Economics, Segment 3: Advances in Empirical Capital Structure Research, Stanford University, July 2011
- 8th Annual Conference on Corporate Finance, Washington University in St. Louis, November 2011

Hong Liu presented “Optimal Consumption and Investment with Asymmetric Long-Term/Short-Term Capital Gains Taxes” at the 2011 China International Conference in Finance, Wuhan, China, July 2011.

Todd T. Milbourn presented:
“To Each According to His Ability? CEO Pay and the Market for CEOs”
- Texas Tech University
- Texas Christian University
- University of Michigan
- Western Finance Association, Santa Fe, NM, June 2011

“The Optimal Duration of Executive Compensation: Theory and Evidence” at Frontiers of Finance, sponsored by the University of Alberta, Banff, Canada, June 2011.

Matthew C. Ringgenberg presented “When Short Sellers Agree to Disagree: Short Sales, Volatility, and Heterogeneous Beliefs” at UNC/RMA Academic Forum on Securities Lending, New York, NY, April 2011.

Matthew C. Ringgenberg was a discussant at the Annual Conference on Financial Economics and Accounting (CFEA), Indiana University, November 2011.
Anjan V. Thakor presented:
“Success-Driven Skill Inferences and Financial Crises”
- The European University Institute, Florence, Italy, October 2011
- The University of Iowa, November 2011
- The University of Pittsburgh, December 2011
- Southern Methodist University, December 2011


“Correlated Leverage and Its Ramifications” at the Western Finance Association Meeting, Santa Fe, NM, June 2011.


“Incentives to Innovate and Financial Crises” at the Financial Intermediation Research Society Meeting, Australia, June 2011.

“The Dark Side of Liquidity Creation: Leverage-Induced Systemic Risk and Implications for the Lender of Last Resort” at the 4th Banco de Portugal Conference on Financial Intermediation, Madeira, Portugal, July 2011.

“Caught Between Scylla and Charybdis Regulating Bank Leverage When There Is Rent-Seeking and Risk Shifting” at the 2011 Indian School of Business CAF Conference, Hyderabad, India, August 2011.

Anjan V. Thakor gave keynote addresses at the following conferences:
- “The Good, the Bad and the Ugly: Research Lessons from the Financial Crisis” at the Mid-Atlantic Research Conference at Villanova University, March 2011
- “The Real World and the World of Research: A Battle of Paradigms” at the 2011 Indian School of Business Conference, Hyderabad, India, August 2011

Jialan Wang presented:
“Liquidity Constraints and Consumer Bankruptcy: Evidence from Tax Rebates”
- Hong Kong University of Science and Technology, May 2011
- Southwest University of Finance and Economics, May 2011

Jialan Wang attended the 8th Annual Conference on Corporate Finance, Washington University in St. Louis, November 2011.
MANAGEMENT


MARKETING

Joseph K. Goodman presented:
“Choosing for Here and Now versus There and Later: The Moderating Role of Construal on Assortment Size Preferences”
- Özyeğin University, Marketing Seminar Series, Istanbul, Turkey, July 2011
- Katholieke Universiteit Leuven, Marketing Seminar Series, Leuven, Belgium, November 2011

“Having versus Using: When a Failure to Estimate Usage Makes Consumers Prefer Multi-Feature Products” at the Association for Consumer Research, St. Louis, MO, October 2011.

Baojun Jiang presented:
“Firm Strategies in the ‘Mid Tail’ of Platform-Based Retailing”
- INFORMS Marketing Science Conference, Houston, TX, June 2011
- Summer Institute in Competitive Strategy, University of California, Berkeley, July 2011

Dmitri Kuksov presented “Competition in Shopping Experience” at the University of Texas at Dallas, September 2011.

Dmitri Kuksov was co-chair of the Summer Institute in Competitive Strategy (SICS), University of California, Berkeley, July 2011.

Dmitri Kuksov was on the organizing committee of Quantitative Marketing and Economics Conference, University of Rochester, September 2011.


“When Thinking PositiveGets the Better of Us: The Role of Information Diagnosticity in Consumer Choice” at the Association of Consumer Research, St. Louis, MO, October 2011.

“When Blurring Similarities and Differences: How Category Width Changes Comparison Focus” at the Association of Consumer Research, St. Louis, MO, October 2011.

Chakravarthi Narasimhan attended the Yale Consumer Insights Conference, Yale University, May 2011.

Chakravarthi Narasimhan presented “National Label’s Response to Store Brands: Throw in the Towel or Fight Back?” at the SICS Conference at the University of California, Berkeley, CA, July 2011.
Stephen M. Nowlis presented “There’s Only One Left, Do I Want It?: The Effects of Brand and Display Characteristics on Purchase Intentions for Scarce Products” at the Association for Consumer Research Conference, St. Louis, MO, October 2011.

“The Effect of Goal Specificity on Continued Consumer Goal Pursuit” at the Association for Consumer Research Conference, St. Louis, MO, October 2011.

“Don’t Go to the Grocery Store Hungry?” at the Persuasive 2011 Conference, Columbus, OH, June 2011.

Ying Xie presented “Competition in a Status Goods Market” at the Quantitative Marketing and Economics Conference, University of Rochester, September 2011.

“A Model of Detailing and Prescription Choices” at the University of Texas, Dallas, October 2011.
OPERATIONS & MANUFACTURING MANAGEMENT

Lingxiu Dong presented:
“Managing Disruption Risk: The Interplay between Operations and Insurance”
- Sauder School of Business, University of British Columbia, October 2011
- INFORMS Annual Meeting, Charlotte, NC, November 2011


“Inventory Write-Downs, Sales Growth, and Ordering Policy: An Empirical Investigation” at the 2011 Manufacturing and Services Operations Conference, University of Michigan, June 2011.

Nan Yang presented “Improving Supplier Yield under Knowledge Spillover, St. Louis University, October 2011.

Nan Yang attended MSOM 2011 and Supply Chain Management Special Interest Group Conference, University of Michigan, June 2011.

Fuqiang Zhang presented “Efficient Supplier or Responsive Supplier? An Analysis of Sourcing Strategies under Competition” at the MSOM Conference, University of Michigan, June 2011.


Fuqiang Zhang attended:
- MSOM Conference, University of Michigan, June 2011
- Conference of the Overseas Chinese Scholars Association in Management Science and Engineering (OCSAMSE), Tianjin, China, July 2011
- INFORMS Annual Meeting, Charlotte, NC, November 2011
ORGANIZATIONAL BEHAVIOR


“Re-examining the Role of Emotional Intelligence in Negotiations” at the Annual Meeting of the International Association for Conflict Management, Istanbul, Turkey, July 2011.

Kurt T. Dirks presented at:
- U.S. Air Force Research Labs workshop, 2011
- Ohio State University, research seminar, 2011

Michelle M. Duguid presented “On the Unintended Consequences of Political Correctness in Work Groups” at the Academy of Management Meetings, San Antonio, TX, August 2011.

Michelle M. Duguid attended the Academy of Management Meetings, San Antonio, TX, August 2011.

Michelle M. Duguid was a discussant at the Wharton School OB Conference, November 2011.

Hillary Anger Elfenbein attended a research colloquium at Pennsylvania State University.

Hillary Anger Elfenbein presented “Do We Know Emotional Intelligence When We See It?” at the Israel Organizational Behavior Conference, Tel Aviv, Israel, December 2011.


“Individual Differences and Negotiation Outcomes: A Cross-Cultural Field Study” at the 71st meeting of the Academy of Management, San Antonio, TX, August 2011.

“On Trusting: The Accuracy of Initial Trust Judgments” at the 71st meeting of the Academy of Management, San Antonio, TX, August 2011.


Andrew P. Knight presented “Mood at the Midpoint: How Team Positive Mood Shapes Team Development and Performance” at the Academy of Management Annual Meeting, San Antonio, TX, August 2011.

Lee J. Konczak presented “Re-examining the Role of Emotional Intelligence in Negotiations” at the 24th Annual International Association for Conflict Management Conference, Istanbul, Turkey, July 2011.

Lee J. Konczak was an invited contributor for “Master Collaboration Session: An Academic-Practitioner Collaboration to Create High Engagement Executive Assessment and Development Experiences,” presented at the Annual Conference of the Society for Industrial and Organizational Psychology, Chicago, IL, April 2011.

STRATEGY

Nicholas S. Argyres presented “Dominant Design, Compositio Desiderata and the Follower’s Dilemma” at:
- The University of Carlos III, Madrid, Spain, December 2011
- INSEAD, December 2011

Nicholas S. Argyres attended:
- Strategy Research Initiative Conference, Annapolis, MD, June 2011
- Academy of Management Meetings, San Antonio, TX, August 2011

Daniel W. Elfenbein presented “Charity as a Substitute for Reputation” at Strategic Management Society, Miami, FL, November 2011.

“The Impact of Corporate Social Service Programs on Employee Retention” at the Academy of Management, San Antonio, TX, August 2011.

“No Exit: Failure to Exit under Uncertainty” at the Atlanta Competitive Advantage Conference, Atlanta, GA, May 2011.

Daniel W. Elfenbein was a discussant at:
- The Roundtable for Engineering and Entrepreneurship Research, Atlanta, GA, November 2011
- CRES Foundations of Strategy Conference, St. Louis, MO, May 2011


Exequiel Hernandez attended:
- Academy of Management Conference, San Antonio, TX, August 2011
- Mid-Atlantic Strategy Colloquium, Chapel Hill, NC, December 2011

Anne Marie Knott presented:
“No Exit: Failure to Exit under Uncertainty”
- Atlanta Competitive Advantage Conference, May 2011
- Marshall School, University of Southern California, October 2011
- Paul Merage School of Business, University of California, Irvine, October 2011

“IQ and the R&D Market Value Puzzle”
- Wharton Technology Conference, Philadelphia, PA, April 2011
- Darden Entrepreneurship and Innovation Research Conference, Charlottesville, VA, May 2011
Anne Marie Knott attended:
- Strategy Research Initiative, Annapolis, MD, May 2011
- Academy of Management, San Antonio, TX, August 2011
- Strategic Management Society, Miami, FL, November 2011


Jackson A. Nickerson was a panelist at the Strategic Management Society Conference, Miami, FL, November 2011.

Lamar Pierce presented:
“Learning from Peers”
- University of Illinois, April 2011
- Columbia Business School, October 2011
- University of Texas at Austin, October 2011
- Harvard Business School, November 2011
- University of Toronto, December 2011

“Competition and Corruption”
- University of Texas at Austin, September 2011

Lamar Pierce attended:
- Academy of Management Conference, San Antonio, TX, August 2011
- University of Washington Management and Organization Summit, Seattle, WA, September 2011
- Institutions and Innovation Conference, Boston, MA, November 2011

Adina Sterling presented:
“Social Structure and Hiring after Trial Employment”
- The Strategic Research Initiative – Administrative Science Quarterly Workshop, Annapolis, MD, June 2011
- People and Organizations Conference, Wharton Business School, Philadelphia, PA, October 2011
- Strategic Management Society Annual Meeting, Miami, FL, November 2011

“Who You Know: Pre-Entry Contacts and Post-Entry Social Structure” at the American Sociological Association Annual Meeting, Las Vegas, NV, August 2011
**BOOKS/Chapters**

**FINANCE**


Anjan V. Thakor: *The Four Colors of Growth*, Publisher: Elsevier, first publication date: 2011.

**MARKETING**


Chakravarthi Narasimhan:


OPERATIONS & MANUFACTURING MANAGEMENT


ORGANIZATIONAL BEHAVIOR


Kurt T. Dirks:


Michelle M. Duguid:


Hillary Anger Elfenbein:


“How I Spent My Summer Vacation: Testifying before the U.S. Congress about the Value of Social Science,” Observer, Association for Psychological Science, in press.

STRATEGY


**HONORS**

**ECONOMICS**

Mariagiovanna Baccara was named Associate Editor of *Review of Economic Design*.

Joseph Cullen was awarded “Best Paper in Regulatory Economics” at the International Industrial Organization Conference, 2011.

Barton H. Hamilton received the second-year award of a five-year grant from National Institutes of Health (NIH) for “Surgical Site and Clostridium Difficile Infections after Ambulatory Surgery” in August 2011. Hamilton is co-investigator.

Barton H. Hamilton received a Distinguished Faculty award from Washington University in St. Louis at the annual Founders Day celebration in November 2011.

**FINANCE**

Hong Liu received a Reid Teaching Award, Master of Science in Finance, Olin Business School, May 2011.

Hong Liu received the TCW Best Paper Award at the 2011 China International Conference in Finance for the paper “Optimal Consumption and Investment with Asymmetric Long-Term/Short-Term Capital Gains Taxes.”

**MARKETING**

Cynthia Cryder was appointed to the editorial board at *Psychological Science*.

Dmitri Kuksov was appointed Associate Editor of *Marketing Science* with a continuing appointment as Associate Editor at *Management Science* and *Quantitative Marketing and Economics*.

Selin Malkoc was Invited Faculty Fellow, Association of Consumer Research Doctoral Symposium, 2011.

Stephen M. Nowlis:
- Appointed Associate Editor at the *Journal of Marketing*
- Appointed Senior Associate Editor for the Association for Consumer Research Conference in October 2011
- Served as a judge for the Association for Consumer Research Early Career Award in 2011
OPERATIONS & MANUFACTURING MANAGEMENT

Lingxiu Dong:
- Appointed Associate Editor at Management Science
- Appointed Senior Editor at Journal of Production and Operations Management

Panos Kouvelis served as Chair of POMS Skinner Best Paper Awards Committee 2011-12.

Fuqiang Zhang:
- Elected Vice President of Meetings, MSOM Society 2011-2012
- Won the 2011 OCSAMSE Annual Conference Best Paper Award (First Prize) for “Efficient Supplier or Responsive Supplier? An Analysis of Sourcing Strategies under Competition”

ORGANIZATIONAL BEHAVIOR

Kirk T. Dirks:
- Appointed to Academy of Management Journal, editorial board member
- Appointed to Journal of Applied Psychology, editorial board member
- Appointed to Organization Science, editorial board member
- Awarded Most Influential Article (published between 2003-2006) by Conflict Management Division of Academy of Management (awarded in 2011)


Andrew P. Knight:
- Nominated for the Newman Award, Academy of Management (2011), Academy of Management Annual Meeting, San Antonio, TX
STRATEGY

Nicholas S. Argyres:
- Served as Senior Editor, *Organization Science*
- Served as Co-Editor, Special Issue of *Organization Science*, to be published in 2013

Daniel W. Elfenbein received the Best Paper Award for “No Exit: Failure to Exit under Uncertainty” (with Anne Marie Knott) at the Atlanta Competitive Advantage Conference, Atlanta, GA, May 2011.

Anne Marie Knott:
- Received the Best Paper Award for “No Exit: Failure to Exit under Uncertainty” (with Daniel W. Elfenbein) at the Atlanta Competitive Advantage Conference, Atlanta, GA, May 2011
- Served as advisor to PhD student Erin Scott, who was awarded second place in the Organization Science Dissertation Proposal Competition
The Olin Award
Recognizing research that transforms business

2012 Winners
Tat Y. Chan, Chunhua Wu, and Ying Xie
“Measuring the Lifetime Value of Customers Acquired from Google Search Advertising”

2011 Winners
Radhakrishnan Gopalan, Todd T. Milbourn, and Anjan V. Thakor
“The Optimal Duration of Executive Compensation: Theory and Evidence”

2010 Winner
Judi McLean Parks
“Give and Take: Incentive Framing in Compensation Contracts”

2009 Winners
Markus Baer, Kurt T. Dirks, and Jackson A. Nickerson
“A Theory of Strategic Problem Formation”

2008 Winners
Jackson A. Nickerson and Todd R. Zenger
“Envy, Comparison Costs and the Economic Theory of the Firm”
RESEARCH CENTERS

BOEING CENTER FOR TECHNOLOGY, INFORMATION & MANUFACTURING

Director: Panos Kouvelis

During the time period of January 2011-March 2012, BCTIM has:

- Added four new members:
  - Anheuser-Busch
  - Belden
  - Eaton Corporation
  - Edward Jones
- Produced 10 research papers
- Engaged in 10 research projects
- Held two conferences:
  - 7th Conference on Integrated Risk Management in Operations and Global Supply Chains, July 30-August 1, 2011, McGill University
  - 3rd Annual BCTIM Industry Conference on “Active Demand Management in Agile Supply Chains,” September 9, 2011 (See agenda on pages 67-68.)
- Held two Meir J. Rosenblatt Seminar Series, including:
  - The 8th Annual Meir J. Rosenblatt Seminar on “Emerging-Market Business Models with Micro-Entrepreneurs as Supply-Chain Partners” presented by Professor Christopher S. Tang, University of California, Los Angeles
- Held eight seminars
- Held recruiting events for Eaton Corporation and Anheuser-Busch
- Held an on-site executive training session for Eaton Corporation, December 2011

CENTER FOR FINANCE & ACCOUNTING RESEARCH

Director: Anjan V. Thakor

During the time period of April 1-December 31, 2011, CFAR has:

- Held two board meetings:
  - September 26, 2011
  - November 17, 2011
- Hosted the 8th Annual Conference on Corporate Finance at Olin Business School, November 17-19, 2011 (See agenda on pages 64-66.)
CENTER FOR RESEARCH IN ECONOMICS & STRATEGY

Director: Glenn MacDonald

During the time period of April 1-December 31, 2011, CRES has:

- Supported 29 seminars in Strategy, Applied Economics, and Economic Theory
- Held the “Foundations of Business Strategy Conference” in May 2011 (See agenda on pages 62-63.)

In addition, CRES has:

- Supported travel for PhD students to present papers at nine conferences
- Supported three undergraduate research fellows, Summer 2011
- Co-sponsored a case competition for Olin BSBA and MBA students, November 1, 2011

INSTITUTE FOR INNOVATION & GROWTH

Director: Anjan V. Thakor

During the time period of April 1-December 31, 2011, IIG has:

- Held a board meeting on September 12, 2011
- Hosted a talk featuring Elizabeth Spenko of IDEO discussing the IDEO approach to product and service innovation, December 10, 2011
### WORKSHOPS

#### ACCOUNTING

<table>
<thead>
<tr>
<th>Date</th>
<th>Speaker</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 9, 2011</td>
<td>Jeff Ng, Massachusetts Institute of Technology</td>
<td>“Banks’ Survival During the Financial Crisis: The Role of Financial Reporting Transparency”</td>
</tr>
<tr>
<td>September 23, 2011</td>
<td>Christopher Armstrong, University of Pennsylvania</td>
<td>“Shareholder Sentiment and Executive Compensation”</td>
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<tr>
<td>September 30, 2011</td>
<td>Nicole Thorne Jenkins, Vanderbilt University</td>
<td>“The Extent of Informational Efficiency in the Credit Default Swap Market: Evidence from Post-Earnings Announcement Returns”</td>
</tr>
<tr>
<td>October 7, 2011</td>
<td>Stephannie Larocque, University of Notre Dame</td>
<td>“Discrepancy Between I/B/E/S Actual EPS and Analyst EPS”</td>
</tr>
<tr>
<td>October 14, 2011</td>
<td>Ramji Balakrishnan, Carlson-KPMG Professor of Accounting</td>
<td>“Equilibrium Cost Systems”</td>
</tr>
<tr>
<td>November 4, 2011</td>
<td>Stephen Stubben, University of North Carolina</td>
<td>“Are Employee Stock Options Liabilities or Equity?”</td>
</tr>
<tr>
<td>Date</td>
<td>Presenter</td>
<td>Institution</td>
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<tr>
<td>September 15</td>
<td>Nicholas Papageorge</td>
<td>Washington University in St. Louis</td>
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<tr>
<td>September 22</td>
<td>Dennis Epple</td>
<td>Carnegie Mellon University</td>
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<tr>
<td>September 29</td>
<td>Steven Puller</td>
<td>Texas A&amp;M University</td>
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<tr>
<td>October 6</td>
<td>Aureo de Paula</td>
<td>University College London</td>
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<tr>
<td>October 13</td>
<td>Patrick Bayer</td>
<td>Duke University</td>
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<tr>
<td>November 17</td>
<td>Maisy Wong</td>
<td>University of Pennsylvania</td>
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<tr>
<td>December 8</td>
<td>Nicholas Bloom</td>
<td>Stanford University</td>
</tr>
<tr>
<td>Date</td>
<td>Speaker</td>
<td>Affiliation</td>
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<tr>
<td>September 23, 2011</td>
<td><strong>Gustavo Manso</strong></td>
<td>Massachusetts Institute of Technology</td>
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<tr>
<td>October 7, 2011</td>
<td><strong>Darius Palia</strong></td>
<td>Rutgers Business School</td>
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<tr>
<td>October 21, 2011</td>
<td><strong>Tobias J. Moskowitz</strong></td>
<td>University of Chicago</td>
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<tr>
<td>October 28, 2011</td>
<td><strong>Ilya A. Strebulaev</strong></td>
<td>Stanford University</td>
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<tr>
<td>November 4, 2011</td>
<td><strong>Ronel Elul</strong></td>
<td>Federal Reserve Bank of Philadelphia</td>
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<tr>
<td>December 2, 2011</td>
<td><strong>Dmitry Livdan</strong></td>
<td>University of California, Berkeley</td>
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<tr>
<td>December 9, 2011</td>
<td><strong>Allan Timmermann</strong></td>
<td>University of California, San Diego</td>
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<tr>
<td>Date</td>
<td>Speaker</td>
<td>Affiliation</td>
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<tr>
<td>April 1, 2011</td>
<td><strong>Dominique Lauga</strong>, University of California, San Diego</td>
<td>“Persuasive Advertising with Sophisticated but Impressionable Consumers”</td>
</tr>
<tr>
<td>April 11, 2011</td>
<td><strong>Simona Botti</strong>, London Business School</td>
<td>“In (or Out of) Control: When and How Choice Satisfies”</td>
</tr>
<tr>
<td>May 9, 2011</td>
<td><strong>Gulden Ülkümen</strong>, University of Southern California</td>
<td>“Framing Goals to Influence Personal Savings: The Role of Specificity and Construal Level”</td>
</tr>
<tr>
<td>May 10, 2011</td>
<td><strong>Craig Fox</strong>, University of California, Los Angeles</td>
<td>“How Partitioning a Set of Options Influences Judgment, Choice and Allocation”</td>
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<tr>
<td>Date</td>
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<td>Affiliation</td>
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<tr>
<td>April 15, 2011</td>
<td>Özalp Özer</td>
<td>The University of Texas at Dallas</td>
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<tr>
<td>April 22, 2011</td>
<td>Gal Raz</td>
<td>Darden School of Business</td>
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<tr>
<td>October 14, 2011</td>
<td>René Caldentey</td>
<td>New York University</td>
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<tr>
<td>December 16, 2011</td>
<td>Donald Eisenstein</td>
<td>University of Chicago</td>
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<tr>
<td>Date</td>
<td>Speaker</td>
<td>Affiliation</td>
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<tr>
<td>April 7, 2011</td>
<td><strong>Brian Uzzi</strong>, Northwestern University</td>
<td>“Collective Wisdom, Instant Networks and the Financial Performance of Profitable Day Traders”</td>
</tr>
<tr>
<td>April 14, 2011</td>
<td><strong>Melissa Thomas-Hunt</strong>, University of Virginia</td>
<td>“Beyond Culture: The Impact of National Context on Status Conferral, Knowledge Integration and Performance in Global Teams”</td>
</tr>
<tr>
<td>September 30, 2011</td>
<td><strong>Alison Fragale</strong>, University of North Carolina</td>
<td>“Appeasing Equals: The Form and Function of Lateral Deference in Organizational Communication”</td>
</tr>
<tr>
<td>October 28, 2011</td>
<td><strong>David Harrison</strong>, University of Texas at Austin</td>
<td>“Different Differences: Making (Further) Sense of the Diversity Narrative in Organizations”</td>
</tr>
<tr>
<td>November 11, 2011</td>
<td><strong>Nancy Rothbard</strong>, University of Pennsylvania</td>
<td>“OMG, My Boss Just Friended Me: Hierarchy, Disclosure and Gender on Social Networking Websites”</td>
</tr>
<tr>
<td>December 9, 2011</td>
<td><strong>J. Keith Murnighan</strong>, Northwestern University</td>
<td>“Greed: Desirability and a Calculative Mindset versus Guilt and Empathic Perspective Taking”</td>
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</tbody>
</table>

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**ORGANIZATIONAL BEHAVIOR**
### STRATEGY

<table>
<thead>
<tr>
<th>Date</th>
<th>Presenter</th>
<th>Title</th>
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<tbody>
<tr>
<td>September 14, 2011</td>
<td>Bruce Kogut, Columbia University</td>
<td>“Executive Compensation, Fat Cats and Best Athletes”</td>
</tr>
<tr>
<td>September 28, 2011</td>
<td>Victor Bennett, University of Southern California</td>
<td>“Knowledge, Delegation and Coordination: An Empirical Study at U.S. Auto Dealers”</td>
</tr>
<tr>
<td>October 5, 2011</td>
<td>Prithviraj Choudhury, University of Pennsylvania</td>
<td>“Return Migrants as Resource Brokers? Evidence from a Multinational R&amp;D Center in India”</td>
</tr>
<tr>
<td>October 12, 2011</td>
<td>Matt Marx, Massachusetts Institute of Technology</td>
<td>“Regional Disadvantage? Non-Compete Agreements and Brain Drain”</td>
</tr>
<tr>
<td>November 2, 2011</td>
<td>Damon Phillips, Columbia University</td>
<td>“Betrayal as Market Barrier: Identity-Based Limits to Diversification among High-Status Corporate Law Firms”</td>
</tr>
<tr>
<td>November 16, 2011</td>
<td>Marvin Lieberman, University of California, Los Angeles</td>
<td>“Relatedness and Market Exit”</td>
</tr>
<tr>
<td>November 30, 2011</td>
<td>William Kerr, Harvard Business School</td>
<td>“Growth through Heterogeneous Innovations”</td>
</tr>
</tbody>
</table>
PHD MILESTONES

Rachel Campagna (Organizational Behavior)

Tao Ma (Accounting)
Defended his dissertation, “Essays on Accounting Earnings Characteristics,” on April 21, 2011. Ma graduated in May 2011 and joined the faculty of the University of South Carolina.

Dong Chuhl Oh (Finance)
Defended his dissertation, “Contagion of Liquidity Crisis, Corporate Governance, and Credit Rating,” on April 13, 2011. Oh graduated in May 2011 and is currently with the Bank of Korea.

Erin Scott (Strategy)
Erin Scott was the runner-up in the INFORMS Organization Science Dissertation Competition 2011, one of the most prestigious awards available to doctoral students studying organizations.

Yajun Wang (Finance)

Xiaole Wu (Operations & Manufacturing Management)

Yeu-Jun Yoon (Marketing)

Zhili Tian (Operations & Manufacturing Management)
Nick Dopuch Accounting Conference  
November 10-11, 2011

**Thursday, November 10**

12-1 pm Buffet lunch at the Charles F. Knight Executive Education & Conference Center

1-1:10 pm Dean Mahendra R. Gupta’s Welcome – Knight Center, room 220

1:10-2:20 pm “Do Financial Market Developments Influence Accounting Practices? Credit Default Swaps and Borrowers’ Reporting Conservatism”  
Guojin Gong, Xiumin Martin, Sugata Roychowdhury

2:20-2:50 pm Cake Service in Honor of Nicholas Dopuch

2:50-4 pm “The Capital Purchase Program and Subsequent Bank SEOs”  
Mozaffar Khan, Dushyantkumar Vyas  
Moderator: Professor Gauri Bhat

4-5:20 pm “The Spillover Effect of Fraudulent Financial Reporting on Peer Firms’ Investment Efficiency”  
Anne Beatty, Scott Liao, Jeff Jiewei Yu  
Moderator: Professor Gauri Bhat

6-7:30 pm Dinner at the Whittemore House

**Friday, November 11**

8-8:10 am Continental breakfast – John E. Simon Hall, room 112

8:10-9:20 am “Bank Monitoring and Accounting Recognition: The Case of Aging-Report Requirements”  
Richard M. Frankel, Bong Hwan Kim, Tao Ma, Xiumin Martin  
Moderator: Professor Sudarshan Jayaraman
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter(s)</th>
<th>Moderator</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:30-10:40 am</td>
<td>“Analysis of Causes and Consequences of Transition Errors During the Adoption of IFRS”</td>
<td>Anna Loyeung, Zoltan Matolcsy, Joseph Weber, Peter Wells</td>
<td>Professor Sudarshan Jayaraman</td>
</tr>
<tr>
<td>10:50 am-12 pm</td>
<td>“Repeated Lies? How Earnings Manipulators Guide Investors”</td>
<td>Mai Feng, Weili Ge, Chan Li, Nandu J. Nagarajan</td>
<td>Professor Sudarshan Jayaraman</td>
</tr>
<tr>
<td>12:10-1 pm</td>
<td>Buffet lunch at the Charles F. Knight Executive Education &amp; Conference Center</td>
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</tbody>
</table>
CRES Foundations of Business Strategy Conference
May 13-14, 2011

**Friday, May 13**

8:15-8:45 am  Continental Breakfast

8:45-9 am    Welcome – Glenn MacDonald and Ramon Casadesus-Masanell

9-9:45 am    “Quantity versus Quality: Exclusion by Platforms with Network Effects” by Andrei Hagiu
                Discussant: Gaston Llanes

9:45-10:30 am “When to Sell Your Idea: Theory and Evidence from the Movie Industry” by Hong Luo
                Discussant: Matthew Grennan

10:30-10:45 am BREAK

10:45-11:30 am “Competition and Organizational Change” by Daniel Ferreira and Thomas Kittsteiner
                Discussant: Harborne (Gus) Stuart

11:30 am-12:15 pm “The Dynamics of Protection and Imitation of Innovations” by Emeric Henry and Francisco Ruiz-Aliseda
                Discussant: Michele Boldrin

12:30-1:15 pm Lunch at Whittemore House

1:30-2:15 pm    “Develop to Sell: How the Supply of Strategic Resources Responds to Product Market Competition” by Olivier Chatain
                Discussant: Mariagiovanna Baccara

2:15-3 pm    “Complementary Assets as Pipes and Prisms: Innovation Incentives and Trajectory Choices” by Brian Wu, Zhixi Wan, and Daniel A. Levinthal
                Discussant: April Franco

3-3:15 pm    BREAK

3:15-4 pm    “The Worth of Binding Contracts in One-to-Many Bargaining” by João Montez
                Discussant: Michael Ryall
4–4:45 pm
“Corporate Citizenship as Insurance: Theory and Evidence” by Dylan Minor
Discussant: Daniel W. Elfenbein

6:30–9:30 pm
Dinner at FK Photography

**Saturday, May 14**
8:15–8:45 am
Continental Breakfast

8:45–9 am
Welcome Back! – Glenn MacDonald and Ramon Casadesus-Masanell

9–9:45 am
“The Impact of the Internet on Advertising Markets for News Media” by Susan Athey, Emilio Calvano, and Joshua Gans
Discussant: Francisco Ruiz-Aliseda

9:45–10:30 am
“Platform Competition under Asymmetric Information” by Hanna Halaburda and Yaron Yehezkel
Discussant: Maher Said

10:30–10:45 am
BREAK

10:45–11:30 am
Discussant: Ig Horstmann

11:30 am–12:15 pm
“Reference Points and Organizational Performance: Evidence from Retail Banking” by Douglas H. Frank and Tomasz Obloj
Discussant: David Ross

12:15 pm
Adjourn for Optional Lunch/Return to Airport or Moonrise Hotel
8th Annual Conference on Corporate Finance
November 17-19, 2011

Thursday, November 17, 2011
6-8 pm Welcome Reception – Knight Center Pub

Friday, November 18, 2011
8 am Continental Breakfast – Knight Center 2nd Floor Break Area
ALL ACADEMIC SESSIONS HELD IN ROOM 200 OF THE KNIGHT CENTER

Session 1: Mergers and Acquisitions
Session Chair: Ron Kaniel

8:30-9:15 am “Corporate Innovations and Mergers and Acquisitions” by Jan Bena and Kai Li
Discussant: Gerard Hoberg

9:15-10 am “Strategic and Financial Bidders in Takeover Auctions” by Andrey Malenko and Alexander Gorbenko
Discussant: Gregor Matvos

10-10:30 am Break

Session 2: Law and Finance
Session Chair: Heitor Almeida

10:30-11:15 am “Legal Investor Protection and Takeovers” by Holger Mueller, Fausto Panunzi, Mike Burkart, and Denis Gromb
Discussant: Richmond Matthews

11:15 am-12 pm “The Causal Effect of Bankruptcy Law on the Cost of Finance” by Nicolas Serrano-Velarde, Giacomo Rodano, and Emanuele Tarantino
Discussant: Christopher Parsons

12:2 pm Lunch/Panel Discussion – Anheuser Busch Dining Room, Knight Center
“Bank Capital: Regulation, Current Practice, and Future Directions”
Moderator: Stuart I. Greenbaum
Sanjiv Das, President and CEO, CitiMortgage
Julie Stackhouse, SVP of Banking Supervision & Regulation, Federal Reserve Bank of St. Louis
Anjan V. Thakor, John E. Simon Professor of Finance, Washington University in St. Louis

PANEL SESSION HELD IN THE KNIGHT CENTER, ANHEUSER BUSCH DINING ROOM
Session 3: Capital Structure
Session Chair: Anjan V. Thakor

2:2:45 pm “Do Institutional Investors Influence Capital Structure Decisions?” by Roni Michaely and Christopher Vincent
Discussant: Darren Kisgen

2:45-3:30 pm “The Evolution of Capital Structure and Operating Performance After Leveraged Buyouts: Evidence from U.S. Corporate Tax Returns” by Jonathan Cohn, Lillian Mills, and Erin Towery
Discussant: Berk Sensoy

3:30-4 pm Break

Session 4: Short Paper Session
Session Chair: Mark T. Leary

4-5:15 pm Short Presentations of Early Ideas
Itay Goldstein, Wharton School of Business
Chris Parsons, University of California, San Diego
Radhakrishnan Gopalan, Washington University in St. Louis
Heitor Almeida, University of Illinois
Kenneth Ahern, Michigan University
Fenghua Song, Penn State
Art Durnev, McGill University
Krishnamurthy Subramanian, Indian School of Business

Session 5: Dinner/PhD Poster Session
5:30-5:45 pm Board buses in front of Knight Center for transport to Missouri Botanical Gardens

6-7:30 pm Cocktails and PhD Poster Session, Spink Pavilion, Missouri Botanical Gardens
Jesse Blocher, University of North Carolina
Rafael da Matta, University of Illinois
David De Angelis, Cornell University
Alex Hsu, University of Michigan
Kelvin Law, University of Texas
Clemens Otto, London Business School
Trenton Page, University of Rochester
Michaela Pagel, University of California, Berkeley
Saumya Prabhat, University of Rochester
Kristle Romero Cortes, Boston College
Lan Xu, Washington University in St. Louis

7:30-9 pm Dinner, Spink Pavilion, Missouri Botanical Gardens
Saturday, November 19, 2011
8 am Continental Breakfast – Knight Center 2nd Floor Break Area
ALL ACADEMIC SESSIONS HELD IN ROOM 200 OF THE KNIGHT CENTER

Session 6: Contracting and Compensation
Session Chair: Yaniv Grinstein

8:30-9:15 am “Contracting with Synergies” by John Zhu, Alex Edmans, and Itay Goldstein
Discussant: Brett Green

9:15-10 am “CEO Wage Dynamics: Evidence from a Learning Model” by Lucian Taylor
Discussant: Alexi Savov

10-10:30 am Break

Session 7: Real Effects of Financial Decisions
Session Chair: Roni Michaely

10:30-11:15 am “Acquisitions and Product Market Impact” by Albert Sheen
Discussant: Kenneth Ahern

11:15 am-12 pm “The Real Effects of Disclosure Tone: Evidence from Restatements” by Artyom Durnev and Claudine Mangen
Discussant: Enrichetta Ravina

12-1:30 pm Lunch – Anheuser Busch Dining Room, Knight Center

Session 8: Boards and Governance
Session Chair: Philip H. Dybvig

1:30-2:10 pm “Liability Risk and the Supply of Independent Directors: Evidence from a Natural Experiment” by Krishnamurthy Subramanian, Rajesh Chakrabarti, and Naresh Kotrike
Discussant: Carola Schenone

2:10-2:50 pm “Expertise, Structure, and Reputation of Corporate Boards” by Doron Levit
Discussant: Fenghua Song

2:50-3:30 pm “The Value of (Corrupt) Lobbying” by Nandini Gupta, Alexander Borisov, and Eitan Goldman
Discussant: Pedro Matos

3:30 pm Adjourn
The Third Annual BCTIM Industry Conference
“Active Demand Management in Agile Supply Chains”
Friday, September 9, 2011

8-8:45 am  Welcome and Center Update – Panos Kouvelis
8:45-10 am  Demand Challenges in the Aerospace Industry
            Steve Georgievitch, Boeing, Manager – India Supply Chain Support
            “Connecting the Supply Chain to the Operating Environment to
            Enhance Predictive and Pro-Active Demand Management”

            Steve Wagner, Eaton Aerospace, Vice President of Supply Chain
            Management
            “Model Plant – Materials Management Initiative”

10-10:20 am  Break
10:20 am-12 pm  Demand Management at Emerson
            Al Middeke, Emerson, Vice President Supply Chain – Industrial Automation
            “Demand Management in Complex Environments – Two Case Studies”

            Ray Keefe, Emerson, Vice President – Manufacturing
            Demand Variation – Key Target for Demand Management”

12-1 pm  Lunch – Anheuser-Busch Dining Room (3rd Floor Knight Center)
1-2 pm  Demand Management in the Health Care Industry
            Chris Redford, BJC Healthcare, Lead Process Improvement Engineer,
            Center for Clinical Excellence
            Nancy LeMaster, BJC Healthcare, Vice President, Supply Chain
            Operations
            “Controlling Supply Chain Costs in the Volatile Health Care
            Environment”

2-2:45 pm  Robert Porter, SSM Health Care – President Programs &
            Services/Chief Strategy Officer
            “Demand Management Challenges for Health Care Providers”

2:45-3 pm  Break
3-4:30 pm  
**Everett Neville**, Express Scripts Inc. – Vice President Pharma Strategy & Contracting  
“Demand Management in the Rx Health Space”

**Brad Morgan**, Monsanto – Director of Global Supply Chain  
“Integrated Business Planning at Monsanto” 

**William Villalon**, APL Logistics – Vice President, Global Automotive Logistics  
“Demand Shaping and Supply Chain Disruptions: Case Studies from Automotive and Hi-Tech”

4:30-4:45 pm  
Closing Remarks – **Panos Kouvelis**
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