

JOURNAL ACCEPTANCES

ACCOUNTING

Ronald Guymon: "The Effect of Task Interdependence and Type of Incentive Contract on Group Performance", with Ramji Balakrishnan and Richard M. Tubbs, forthcoming in *Journal of Management Accounting Research*.

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

ECONOMICS

Alvin Murphy: "Explaining Cross-Racial Differences in Teenage Labor Force Participation: Results from a Two-Sided Matching Model", with Tom Ahn, Peter Arcidiacono, and Omari Swinton, forthcoming in the *Journal of Econometrics*.

Abstract: White teenagers are substantially more likely to search for employment than black teenagers. This differential occurs despite the fact that conditional on race individuals from disadvantaged backgrounds are more likely to search. While the racial wage gap is small, the unemployment rate for black teenagers is substantially higher than that of white teenagers. We develop a two-sided search model where firms are partially able to search on demographics. Model estimates reveal that firms are more able to target their search on race than on age. Employment and wage outcome differences explain half of the racial gap in labor force participation rates.

Kelly Bishop: "Single Women's Labor Supply Elasticities: Trends and Policy Implications," with Bradley Heim and Kata Mihaly, forthcoming in the *Industrial and Labor Relations Review*.

Abstract: This paper uses 25 years of CPS data to examine whether single women's labor supply elasticities have decreased over the past quarter century. Results from the base specification suggest that hours wage, participation wage, and participation income elasticities have declined markedly, with an 82 percent decrease in hours wage elasticities, a 36 percent decrease in participation wage elasticities and a 57 percent decrease in participation income elasticities. These results imply that changes in tax policy had a much larger effect on women in this subpopulation in the early eighties than they had in recent years.

Bart Hamilton: "The Gender Gap in NIH Grant Applications," with Tim Ley, forthcoming in *Science*.

Bart Hamilton: "The Impact of Surgeon Specialization on Patient Mortality: Examination of a Continuous Herfindahl Measure," with Bruce Hall, Esther Lee, and Sarah Majercik, forthcoming in *Annals of Surgery*.

Bart Hamilton: "Employee Choice of Flexible Spending Account Participation and Health Plan," with James Marton, *Health Economics*, 17 (2008) 793-813.

Abstract: Despite the fact that flexible spending accounts (FSAs) are becoming an increasingly popular employer-provided health benefit, there has been very little empirical study of FSA use among employees at the individual level. This study contributes to the literature on FSAs using a unique data set that provides three years of employee-level-matched benefits data. Motivated by the theoretical model of FSA choice presented in Cardon and Showalter (J. Health Econ. 2001; 20(6):935-954), we examine the determinants of FSA participation and contribution levels using cross-sectional and random-effect two-part models. FSA participation and health plan choice are also modeled jointly in each year using conditional logit models. We find that, even after controlling for a number of other demographic characteristics, non-whites are less likely to participate in the FSA program, have lower contributions conditional on participation, and have a lower probability of switching to new lower cost share, higher premium plans when they were introduced. We also find evidence that choosing health plans with more expected out-of-pocket expenses is correlated with participation in the FSA program.

Robert Pollak: "Parental Marital Disruption, Family Type, and Transfers to Disabled Elderly Parents," with Liliana E. Pezzin, and Barbara Steinberg Schone, forthcoming in *Journal of Gerontology Social Science*.

Abstract: This paper examines the family variables that affect intergenerational living arrangements and adult children's time and cash transfers to their unpartnered disabled elderly parents. The family variables we examine include parental marital status, parental marital history, whether the index child is a step child or a biological child of the parent, and whether the index child's siblings are step children or biological children of the parent. Using data from the Health and Retirement Studies - Asset and Health Dynamics Among the Oldest Old (HRS-AHEAD) surveys, we estimate the joint probabilities that an adult child provides time and/or cash transfers to a parent and analyze a five-level categorical variable capturing parent-child living arrangements. Parameter estimates suggest significant detrimental effects of parental divorce and step relationship on time transfers and on the probability of coresidence with the index child. The composition of the index child's sibling network also affects transfers and living arrangement choices of adult children. Our findings suggest that demographic changes are weakening the traditional role of the family as a support network. Because more recent cohorts of elderly persons have experienced substantially higher rates of divorce, remarriage, and step parenthood than the cohort considered in this study, our findings raise concerns about the future availability of family care.

FINANCE

Long Chen: "On the Reversal of Return and Dividend Predictability: A Tale of Two Periods", forthcoming in the *Journal of Financial Economics*.

Abstract: A disconcerting, albeit generally accepted, finding is that aggregate stock return is predictable by dividend yield but dividend growth is unpredictable. I show that part of this lack of dividend growth predictability stems from how dividend growth is constructed. I then document a dramatic reversal of predictability in the 134 years during 1872-2005: stock return is largely unpredictable in the first seven decades, but becomes predictable in the postwar period; dividend growth is strongly predictable in the prewar years but this predictability disappears in the postwar years. New evidence on the predictability of long-run return and dividend growth is also documented.

Long Chen: "Return Decomposition", forthcoming in the *Review of Financial Studies*.

Abstract: A crucial issue in asset pricing is to understand the relative importance of discount rate (DR) news and cash flow (CF) news in driving the time-series and cross-sectional variations of stock returns. Many studies directly estimate the DR news but back out the CF news as the residual. We argue that this approach has a serious limitation because the DR news cannot be accurately measured due to

the small predictive power, and the CF news, as the residual, inherits the large misspecification error of the DR news. We apply this residual-based decomposition approach to Treasury bonds and equities, and find results that are either counter-intuitive or unrobust. Potential solutions, including modeling both DR news and CF news directly, the Bayesian model averaging approach, and the principal component analysis, are explored.

Armando Gomes: "Multitask principal-agent Problems: optimal contracts, fragility, and effort misallocation", with Philip Bond, forthcoming in the *Journal of Economic Theory*.

Abstract: This paper analyzes a tractable class of multitask principal-agent problems, such as the one faced by a firm with a manager overseeing several R&D projects. We allow for projects to be complements or substitutes. In our environment we are able to avoid the problems associated with the first-order approach by directly characterizing the shape of the agent's indirect utility function, which exhibits a convex then concave shape in effort. We identify a new source of allocation inefficiency across tasks: excessive concentration, and its consequence, insufficient risk taking. A general characteristic of optimal incentive schemes in our environment is that they are "fragile": small unanticipated changes in fundamentals can cause the agent's effort to collapse.

Armando Gomes: "SEC Regulation Fair Disclosure, Information, and the Cost of Capital", with Gary Gorton and Leonardo Madureira, *Journal of Corporate Finance*, 13 (2), p. 300-334.

Abstract: We empirically investigate the effects of the adoption of Regulation Fair Disclosure ("Reg FD") by the U.S. Securities and Exchange Commission in October 2000. This rule was intended to stop the practice of "selective disclosure," in which companies give material information only to a few analysts and institutional investors prior to disclosing it publicly. We find that the adoption of Reg FD caused a significant reallocation of information-producing resources, resulting in a welfare loss for small firms, which now face a higher cost of capital. The loss of the "selective disclosure" channel for information flows could not be compensated for via other information transmission channels. This effect was more pronounced for firms communicating complex information and, consistent with the investor recognition hypothesis, for those losing analyst coverage. Moreover, we find no significant relationship of the different responses with litigation risks and agency costs. Our cross-sectional results suggest that Reg FD had unintended consequences and that "information" in financial markets may be more complicated than current finance theory admits.

Lubomir Litov: "Can Mutual Fund Managers Pick Stocks? Evidence from Their Trades Prior to Earnings Announcements", with Malcolm Baker, Jessica Wachter, and Jeffrey Wurgler, conditionally accepted, *Journal of Financial and Quantitative Analysis*.

Abstract: We consider measures of stock-picking skill of mutual fund managers based on the earnings announcement returns of the stocks that they hold and trade. Relative to standard approaches, this approach focuses on an especially informative subset of the returns data, potentially increasing power to detect skilled trading, and also sheds light on the sources of skilled trading. We find that the average fund's recent buys significantly outperform its recent sells around subsequent earnings announcements. We find that mutual fund trades also forecast EPS surprises. The point estimates suggest that skilled trading around earnings announcements, deriving from an ability to forecast economic fundamentals, represents a disproportionate fraction of the total abnormal returns to skilled trading by mutual funds estimated in prior work.

Lubomir Litov: "Earnings Persistence", *invited discussion with Richard Frankel*, forthcoming, *Journal of Accounting and Economics*.

Abstract: Dichev and Tang (2008) (this issue) document the incremental predictive power of past earnings volatility for the persistence of current earnings. We revisit their findings by allowing for several theoretically motivated factors (firm size, earnings growth, and the extent of managerial accounting discretion as detected by abnormal accruals) in order to verify the robustness of this effect. We also study if the predictive power of past earnings volatility is priced in stock returns. Our findings indicate that the predictive power of past earnings volatility is robust to the additional controls and to a correction for sampling bias. We also find that the incremental predictive power of past earnings volatility for current earnings persistence is not reflected in stock returns.

Lubomir Litov: "Corporate Governance and Managerial Risk Taking", with Kose John and Bernard Yeung, *Journal of Finance*, 2008, Vol. 63-1679-1728.

Abstract: This paper examines the relationship between investor protection and corporate insiders' incentive to take value-enhancing risks. In a poor investor protection environment corporations are often run by entrenched insiders who appropriate considerable corporate resources as personal benefits. When these private benefits are large, insiders may undertake sub-optimally conservative investment decisions to preserve them. Better investor protection reduces these private benefits and may therefore induce riskier but value enhancing investment policy. Such a relationship can also result from risk-averse behavior on the part of dominant shareholders with undiversified exposure in their own firms, which is again more prevalent in countries with poorer investor protection. If prominent non-equity stakeholders such as banks, labor unions or the government can influence corporate investment, and their influence is decreasing in investor protection, that can also give rise to a positive relationship between investor protection and investment risk. We test these predictions using a large cross-country panel. We find empirical confirmation that corporate risk-taking and firm growth rates are positively related to the quality of investor protection. On the other hand, the data do not lead to consistent evidence for the alternative channels.

Anjan Thakor: "Overconfidence, CEO Selection, and Corporate Governance", with Anand Goel, *The Journal of Finance*, Volume 63: Issue 6, December 2008, pp.2737-2784

Abstract: We develop a model that shows that an overconfident manager, who sometimes makes value-destroying investments, has a higher likelihood than a rational manager of being deliberately promoted to CEO under *value-maximizing* corporate governance. Moreover, a risk-averse CEO's overconfidence enhances firm value up to a point, but the effect is *nonmonotonic* and differs from that of lower risk aversion. Overconfident CEOs also underinvest in information production. The board fires both excessively diffident and excessively overconfident CEOs. Finally, Sarbanes-Oxley is predicted to improve the precision of information provided to investors, but to reduce project investment.

Guofu Zhou: "Technical Analysis: An Asset Allocation Perspective on the Use of Moving Averages", with Yingzi Zhu, forthcoming in the *Journal of Financial Economics*.

Abstract: In this paper, we analyze the usefulness of technical analysis, specifically the widely used moving average trading rule from an asset allocation perspective. We show that when stock returns are predictable, technical analysis adds value to commonly used allocation rules that invest fixed proportions of wealth in stocks. When there is uncertainty about predictability which is likely in practice, the fixed allocation rules combined with technical analysis can outperform the prior-dependent optimal learning rule when the prior is not too informative. Moreover, the technical trading rules are robust to model specification, and they tend to substantially outperform the model-based optimal trading strategies when there is uncertainty about the model governing the stock price.

Guofu Zhou: "On the Fundamental Law of Active Portfolio Management: How to Make Conditional Investments Unconditionally Optimal?", forthcoming in *Journal of Portfolio Management*.

Abstract: The fundamental law of active portfolio management tells an active manager how to transform his alpha forecasts into the value-added of his active portfolio by using a linear strategy with active positions proportional to the forecasts. This linear strategy is conditionally optimal because it is optimal each period conditional on the forecasts at that time. However, the unconditional value-added (the value-added over the long haul or over multiple periods) is what usually the manager strives earnestly for. Under this unconditional objective, the linear strategy can approach zero value-added if the forecasts or signals have a high kurtosis. To overcome this problem, we provide an investment strategy that maximizes the unconditional value-added with the optimal use of conditional information. Our strategy is nonlinear in the forecasts, but has a simple economic interpretation. When the alpha forecasts are high, we invest less aggressively than the linear strategy, and when the forecasts are low, we invest more aggressively. In this way, we tend to smooth our value-added over time, and hence, on a risk-adjusted basis, our long-term unconditional value-added will in most cases be substantially higher than that based on the linear strategy, particularly when the alpha forecasts experience high kurtosis.

MARKETING

Amar Cheema: (2008), "Relative Importance of Online versus Offline Information for Internet Purchases: The Effect of Product Category and Internet Experience," with Purushottam Papatla, forthcoming in **Journal of Business Research** (Special Issue on Internet Customer Behavior).

Abstract: Across three studies we examine the relative importance of online versus offline information for internet purchases. Study 1 reveals that the relative importance of online information is higher for utilitarian products (computer hardware and software) than for hedonic products (books, music, and movies). Study 2 shows that, in the case of online purchases, the relative importance of online information decreases with increasing consumer internet experience. Consequently, offline information becomes relatively more important for consumers with high levels of internet experience. In addition, the relative importance of online information is higher for utilitarian products than for hedonic products, supporting study 1 results. Study 3 suggests a possible mechanism for the effect of internet experience on decreasing importance of online information, showing that consumers' trust of online search engine information decreases with increasing internet experience. We conclude with implications of our results for firms that sell products on the internet.

Selin Malkoc: "How Behavioral Decision Research can Enhance Consumer Welfare: From Freedom of Choice to Paternalistic Intervention," with Rebecca Ratner, Dilip Soman, Gal Zauberan, Dan Ariely, Ziv Carmon, Punam A. Keller, B. Kyu Kim, Fern Lin, Deborah A. Small, and Klaus Wertenbroch, forthcoming in **Marketing Letters**. * Special issue on the 7th Invitational Choice Symposium

Abstract: Decision-making researchers have largely focused on showing errors and biases in consumers' decision-making processes without paying much attention to the social welfare and policy implications of these systematic behaviors. In this paper, we explore how findings and methods in behavioral decision research can be used to help consumers improve their decision making and enhance their well-being. We first review select findings in behavioral decision research to explain why consumers need help in decisions, and based on these findings, suggest various interventions that could be effective within the scope of libertarian paternalism. Ethics and effectiveness of the interventions are also discussed.

Selin Malkoc: "Discounting Time and Time Discounting: Subjective Time Perception and Intertemporal Preferences." with Gal Zauberan, B. Kyu Kim, and James R. Bettman, forthcoming in **Journal of Marketing Research**.

Abstract: Consumers often make decisions about outcomes and events that occur over time. Our research examines consumers' sensitivity to the prospective duration relevant to their decisions and the implications of such sensitivity for intertemporal tradeoffs, especially the degree of present-bias (i.e., hyperbolic discounting). We show that participants' subjective perceptions of prospective duration are not sufficiently sensitive to changes in objective duration and are nonlinear and concave in objective time, consistent with psychophysical principles. More importantly, we show that this lack of sensitivity can explain hyperbolic discounting. Our results replicate standard hyperbolic discounting effects with respect to objective time but show a relatively constant rate of discounting with respect to subjective time perceptions. Our results replicate between (Experiment 1) and within subjects (Experiments 2), with multiple time horizons and multiple descriptors, and with different measurement orders. Furthermore, we show that when duration is primed, subjective time perception is altered (Experiment 4) and hyperbolic discounting is reduced (Experiment 3).

OPERATIONS AND MANUFACTURING MANAGEMENT

Panos Kouvelis: "Coordination by Matching" appeared in **Management Science** 54, 11, pgs. 1861-1875, November 2008.

Abstract: We study competitive marketplaces with multiple suppliers and multiple buyers dealing with a single product. A buyer chooses the supplier who offers the best price for his order profile, as described by his order size and delivery frequency. A supplier's offering price reflects her logistic cost structure as captured by relevant economies of scale in a "setup cost" component, and storage- and distribution-related costs in a "holding cost per unit" component. We argue that the matching of buyers' order profiles to suppliers' cost structures is

the main source of supply chain coordination benefit in this many-to-many supply chain. Such cost-effective matching can be achieved naturally through price competition among suppliers. We identify the segment of the buyer's order space that each supplier can win, and perform market share sensitivity analysis when a supplier's cost structure changes. The winning supplier, at the equilibrium of price competition, offers the lowest price of her closest competitor instead of the lowest price she can offer.

Panos Kouvelis: "Adoption of Cost Reducing Technology by Asymmetric Duopolists in Stochastically Evolving Markets" to appear in *IIE Transactions* 41:2,145-157, 2009 (available for download online as of November 2008)

Abstract: This work considers the adoption of technology that will reduce unit production costs by one or two players sharing a single market. Three models are developed involving a monopolist, a Stackelberg game with two firms and a designated order of adoption, and an open loop game with no prespecified order of adoption. In the "two-firm" cases the firms are allowed to differ in per unit production costs both before and after technology adoption, as well as the capital outlay required for adoption. In each setting, an evolution of market size is manifested by the level of an exogenous parameter which evolves according to geometric Brownian motion. Structural and numerical results are presented that help to explain the logic and optimal timing of technology adoption. The inclusion of cost and investment level asymmetry leads to a variety of cases. In some instances the high-cost firm is the first to adopt, and adopts at the point that maximizes its profits. In other cases, the higher-cost firm is the first to adopt but the timing of its adoption is dictated by the threat that its rival can make a pre-emptive move. In some cases the lower-cost firm does pre-empt its higher-cost rival and it is optimal for the higher-cost firm to sit idle while this happens. Such an outcome is possible even when both firms have the same per unit production costs after adoption. This work expands on existing literature in that it is the first to consider output rate selection, pricing decisions and technology investments in a continuous time framework while considering a real deferral option and asymmetric players.

ORGANIZATIONAL BEHAVIOR

Stuart Bunderson: "The call of the wild: Zookeepers and the dual edges of deeply meaningful work", with J.A. Thompson, forthcoming in *Administrative Science Quarterly*.

Abstract: Our in-depth examination of work meaning within the zookeeping profession pointed to the centrality of the notion of work as a personal calling. The view of calling expressed by zookeepers, however, was closer in basic structure to the classical conceptualization of the Protestant reformers than it was to more recent formulations. We explore the implications of this neoclassical conceptualization of calling for the relationship between individuals and their work. We find that a neoclassical calling is both binding and ennobling, both a source of identification, meaning, and significance as well as a source of duty, sacrifice, and vigilance. Hypotheses suggested by this emergent theoretical model were supported within a sample of zookeepers from 230 different zoos. These results highlight the double-edged nature of deeply meaningful work.

Kurt Dirks: "The repair of trust: A dynamic bi-lateral perspective and multi-level conceptualization", with P.H. Kim, and C.D. Cooper, forthcoming in the *Academy of Management Review*.

Abstract: This paper investigates the repair of trust by examining the cognitive and interpersonal processes through which people resolve differences in their interpersonal beliefs. It begins by discussing the phenomenon of trust, the ease with which trust can be violated, and the challenge of trust repair. It then draws on numerous literatures to develop a multi-level conceptualization of how trust repair may be pursued. Finally, it integrates these insights to identify three overarching implications for research.

Hillary Anger Elfenbein: "Getting off on the right foot: Subjective value versus economic value in predicting longitudinal job outcomes from job offer negotiations", with J.R. Curhan & G. J. Kilduff, forthcoming in the *Journal of Applied Psychology*.

Abstract: Although negotiation experiences can affect a negotiator's ensuing attitudes and behavior, little is known about their long-term consequences. Using a longitudinal survey design, we test the degree to which economic and subjective value achieved in job offer

negotiations predicts employees' subsequent job attitudes and intentions to turnover. Results indicate that subjective value predicts greater compensation satisfaction and job satisfaction and lower turnover intention measured one year later. Surprisingly, the economic outcomes that negotiators achieved had no apparent effects on these factors. Implications, limitations, and future directions are discussed.

Hillary Anger Eifenbein: "Are some negotiators better than others? Individual differences in bargaining outcomes", J.R. Curhan, N. Eisenkraft, A. Shirako & L. Baccaro, L., forthcoming in the *Journal of Research in Personality*.

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

STRATEGY

Anne Marie Knott: "R&D/Returns Causality: Absorptive Capacity or Organizational IQ", forthcoming in *Management Science*.

Abstract: Absorptive capacity is the principle that assimilating new knowledge requires prior knowledge. The attendant prescription is to invest more in R&D to derive greater benefit from the R&D of others (spillovers). Empirical tests of R&D productivity typically find absorptive capacity (R&D* rival R&D) to be significant. This result poses a puzzle, however: What can a firm conducting 50% of industry R&D learn from a set of firms each conducting 5%? Aren't the laggard firms merely playing catch-up? Yet, if this is so, why is the interaction term significant? One possible resolution to this puzzle is that the correlation between R&D spending and returns is really about innate ability (IQ) rather than investment behavior (absorptive capacity). In this view the causality between capability and behavior is reversed. It is not that firms obtain higher returns by investing more in R&D; it is that some firms have higher returns to R&D, thus they invest more. I conduct an empirical test of the competing views and find that (1) firms differ in the output elasticities of their own R&D (IQ) as well as the elasticities of spillovers from rivals, (2) absorptive capacity becomes insignificant when accounting for that heterogeneity, (3) R&D investment increases with IQ, but (4) R&D investment has no impact on a firm's ability to benefit from spillovers.

Anne Marie Knott: "Spillover Asymmetry and Why It Matters", with Hart Posen, forthcoming in *Management Science*.

Abstract: Although spillovers are a crucial factor in determining the optimal environment for innovation, there is no consensus regarding their impact on firm behavior. One reason for this may be that models differ in their assumptions for the functional form of the spillover pool. In industrial organization and economic geography, for example, the predominant convention is that all innovation within an industry/region contributes to a spillover pool that has a common value for all firms. An alternative convention prevalent in endogenous growth and evolutionary economics is that spillovers have directionality—the size of the relevant pool differs across firms. Knowing the correct functional form may facilitate theoretical consensus, either analytically (by modifying models' assumptions) or empirically (by supporting a critical test of competing theories). We characterize and test the functional form of spillover pools for efficiency-enhancing innovation across 50 markets in the banking industry. Our results in that setting are consistent with expectations for asymmetric spillovers but inconsistent with expectations for pooled spillovers.

Romel Mostafa: "Myopic Risk-Seeking: The Impact of Narrow Decision Bracketing on Lottery Play," with E. Haisley, G. Loewenstein, *Journal of Risk and Uncertainty* 37 (1), pp 57-75.

Abstract: In two experiments conducted with low-income participants, we find that individuals are more likely to buy state lottery tickets when they make several purchase decisions one-at-a-time, i.e. myopically, than when they make one decision about how many tickets to purchase. These results extend earlier findings showing that "broad bracketing" of decisions encourages behavior consistent with expected value maximization. Additionally, the results suggest that the combination of myopic decision making and the "peanuts effect"—greater risk seeking for low stakes than high stakes gambles—can help explain the popularity of state lotteries.

Romel Mostafa: "Subjective Relative Income and Lottery Ticket Purchases," with E. Haisley and G. Loewenstein, *Journal of Behavioral Decision Making*, Issue 21 (1), pp 283 – 295.

Abstract: Despite a return of only \$.53 on the dollar, state lotteries are extremely popular, especially among the poor, who play the most but can least afford to play. In two experiments conducted with low-income participants, we examine how implicit comparisons with other income classes increase low-income individuals' desire to play the lottery. In Experiment 1, participants were more likely to purchase lottery tickets when they were primed to perceive that their own income was low relative to an implicit standard. In Experiment 2, participants purchased more tickets when they considered situations in which rich people or poor people receive advantages, implicitly highlighting the fact that everyone has an equal chance of winning the lottery.

Romel Mostafa: Press coverage: BusinessWeek, Chicago Tribune, among others.

Jackson Nickerson: "Envy, Comparison Costs, and the Economic Theory of the Firm," with Todd Zenger, forthcoming in the *Strategic Management Journal*.

Abstract: An economic theory of the firm must explain both when firms supplant markets and when markets supplant firms. While theories of when markets fail are well developed, the extant literature provides a less than adequate explanation of why and when hierarchies fail and of actions managers take to mitigate such failure. In this article, we seek to develop a more complete theory of the firm by theorizing about the causes and consequences of organizational failure. Our theory focuses on the concept of social comparison costs that arise through social comparison processes and envy. While transaction costs in the market provide an impetus to move activities inside the boundaries of the firm, we argue that envy and resulting social comparison costs motivate moving activities outside the boundary of the firm. More specifically, our theory provides an explanation for "managerial" diseconomies of both scale and scope arguments that are independent from traditional measurement, rent seeking, and competency arguments - that provides new insights into the theory of the firm. In our theory, hierarchies fail as they expand in scale because social comparison costs imposed on firms escalate and hinder the capacity of managers to optimally structure incentives and production. Further, hierarchy fails as a firm expands in scope for the simple reason that the costs of differentially structuring compensation within the firm to match the increasing diversity of activities also rises with increasing scope. In addition, we explore how social comparison costs influence the design of the firm through selection of production technologies and compensation structures within the firm.

Jackson Nickerson: "Interorganizational-trust: the Choice of Make, Buy, or Ally; and the Performance of Interorganizational Relationships in the U.S. Auto Industry," with R. Gulati, *Organization Science*, 19(5): 688-708.

Abstract: This paper looks at when and how preexisting interorganizational trust influences the choice of governance and in turn the performance of exchange relationships. We theorize that preexisting interorganizational trust complements the choice of governance mode (make, ally, or buy) and also promotes substitution effects on governance mode choice while impacting exchange performance. We evaluate hypotheses using a novel three-stage switching regression model and a sample of 222 component-sourcing arrangements of two assemblers in the automobile industry. Analysis of our data broadly supports our hypotheses. High levels of preexisting interorganizational trust increased the probability that a less formal, and thus less costly, mode of governance was chosen over a more formal one. This finding suggests a substitution effect of interorganizational trust on governance mode choice that in turn shapes exchange performance. We also found a complementary effect of trust on performance: regardless of the governance mode chosen for an exchange, trust enhanced exchange performance. Additional evidence of the complementary effect of trust on performance was that trust somewhat reduced interorganizational conflict.

Lamar Pierce: "Big Losses in Ecosystem Niches: How Core Firm Decisions Drive Complementary Product Shakeout," forthcoming in *Strategic Management Journal*.

Abstract: This paper examines shakeouts in the context of business ecosystems. Market turbulence generated by core firm decisions in competing differentiated ecosystems can generate financial losses and exit for complementary niche market firms. I develop hypotheses predicting which niche markets will suffer larger losses and be more susceptible to shakeouts, and how core firm decisions will drive

complementor performance and survival. I then apply these hypotheses to brand-based differentiated ecosystems in the automotive industry, where networks of suppliers, customers, and complementors surround car manufacturers. More specifically, I study the complementary niche market of automotive leasing, where manufacturers sway leasing markets through product change, entry, and subsidization. To test the hypotheses, I use a proprietary dataset of 200,000 individual car leases between 1997-2002 to identify how manufacturer product design and niche market entry drive complementor losses and exit. These data allow a unique opportunity to understand how the strategic choices of core firms can have substantial and often devastating effects on niche markets in their ecosystem. Further, the results suggest how the dynamic capabilities to adapt to core firm behavior might improve performance for certain niche market complementors.

Lamar Pierce: “Ethical Spillovers in Firms: Evidence from Vehicle Emissions Testing,” with J. Snyder, in *Management Science* 54 (11): 1891-1903.

Abstract: In this paper we explore how organizations influence the unethical behavior of their employees. Using a unique dataset of over 3 million vehicle emissions tests, we find strong evidence of ethical spillovers from firms to individuals. When inspectors work across different organizations, they adjust the rate at which they pass vehicles to the norms of those with whom they work. These spillovers are strongest at large facilities and corporate chains, and weakest for the large-volume inspectors. These results are consistent with the economics literature on productivity spillovers from organizations and peers and suggest that managers can influence the ethics of employee behavior through both formal norms and incentives. The results also suggest that employees have persistent ethics that limit the magnitude of this influence. These results imply that if ethical conformity is important to the financial and legal health of the organization, managers must be vigilant in their hiring, training, and monitoring in order to ensure that employee behavior is consistent with firm objectives.

Todd Zenger: “Dealing with the Paradox of Embeddedness: The Role of Contracts and Trust in Facilitating Movement out of Committed Relationships,” with S. Lazzarini and G. Miller, *Organization Science*, 19(5): 709-278.

Abstract: When there are constantly new, valuable opportunities to transact with alternative partners—a situation we refer to as exchange value uncertainty—long-term or committed transactions among the same individuals are discouraged. But when opportunism creates exchange hazards, which escalate in non-recurring transactions, individuals will be reluctant to take full advantage of the gains from switching to more valuable partners, thereby leading to “overembedded” exchanges. Two mechanisms may encourage movement out of committed relationships in those conditions. First, formal contracts should serve as a safeguard to market participants, in the sense that they limit potential losses due to opportunistic behavior. Second, trust in general others (as opposed to trust in familiar people) reduces participants’ perception of hazards in market exchanges and hence promotes transactions among strangers. By increasing the propensity to initiate new exchanges, general trust also diminishes the role of contracts in causing movement out of committed relationships. In this paper, we present experimental evidence largely consistent with this theory of the interplay between formal and informal mechanisms in the determination of social mobility.

CONFERENCE ACCEPTANCES/PRESENTATIONS

ACCOUNTING

Gauri Bhat: Presented “Risk Relevance of Fair Value Gains and Losses, and the Impact of Disclosure and Corporate Governance” at the American Accounting Association Annual Meeting, Anaheim, CA on August 6, 2008.

Gauri Bhat: Presented “Impact of Disclosure and Corporate Governance on the Association Between Fair Value Gains and Losses and Stock Returns in the Commercial Banking Industry” at the Journal of Accounting, Auditing and Finance in New York, on September 19, 2008.

Xiumin Martin: Presented "The Private Demand for Audits: The Role of Firm Incentives and Country-Level Factors", joint with Jere Francis, Inder Khurana and Raynolde Pereira, at the 2008 Journal of Contemporary Accounting Research Conference in Quebec City on November 7 and 8, 2008.

ECONOMICS

Kelly Bishop: Presented "Simple, Consistent Estimation of the Marginal Willingness to Pay Function: Recovering Rosen's Second Stage without Instrumental Variables," joint with Chris Timmins, at the Camp Resources XV Conference in Wilmington, NC August 7, 2008.

Robert Pollak: Presented "Allocation within Marriage and Sorting in Marriage Markets" at the European Society for Population Economics (ESPE), London, on June 19, 2008.

Robert Pollak: Presented "Allocation within Marriage and Sorting in Marriage Markets" at the MacArthur Network on the Family, Princeton, August 28, 2008.

Robert Pollak: Presented "Family Bargaining and Long-Term Care of the Disabled Elderly" at Vanderbilt University Law School on September 12, 2008.

Robert Pollak: Presented "Allocation within Marriage and Sorting in Marriage Markets" at Vanderbilt University Economics Department on September 12, 2008.

Robert Pollak: Presented "Allocation within Marriage and Sorting in Marriage Markets", at the University of Chicago on November 14, 2008.

FINANCE

Long Chen: Presented "What Drives Stock Price Movement?" at the Western Finance Association 2008 Annual Meeting in Hawaii in June 2008.

Long Chen: Presented "Neoclassical Factors" at the Center for Research in Security Prices (CRSP) Forum 2008 in Chicago in November 2008.

Phil Dybvig: Presented "Consensus in Diverse Corporate Boards," joint with Nina Baranchuk at Fudan University in Shanghai, China on March 25, 2008.

Phil Dybvig: Invited to be the Plenary Speaker at the 2008 World Congress of the Bachelier Society, the premier international organization promoting mathematical finance, held in London at the Royal Geographical Society on July 17, 2008.

Phil Dybvig: Invited to be the keynote speaker at the Northern Finance Association meetings in Calgary, Canada on September 6, 2008.

Phil Dybvig: Presented “renegotiation-Proof Contracting, Disclosure, and Incentives for Efficient Investment”, joint with Nina Baranchuk and Jun Yang at the University of Bergen in Bergen, Norway on September 19, 2008.

Phil Dybvig: Presented “Strategies for PhD Students” which included advice for approaching studies and specific comments on the students’ research, at Ajou University on August 27, 2008.

Phil Dybvig: Presented “Renegotiation-Proof Contracting, Disclosure, and Incentives for Efficient Investment,” joint with Nina Baranchuk and Jun Yang at the University of Mannheim, September 22.

Phil Dybvig: Presented “High Hopes and Disappointments,” joint with L.C.G. Rogers at the University of Wien, Vienna, Austria on October 1, 2008.

Radhakrishnan Gopalan: Presented “How do defaults affect lead arranger reputation and activity in the loan syndication market?”, joint with Vikram Nanda and Vijay Yerramilli, at the European Finance Association Meetings in Athens, Greece, August 2008.

Radhakrishnan Gopalan: Presented “Conglomerates and Industry Distress”, joint with Kangzhen Xie, at the Financial Management Association Annual Meeting in Dallas, TX, October 8-11, 2008.

Radhakrishnan Gopalan: Presented “Strategic Flexibility and the Optimality of Pay for Luck”, joint with **Todd Milbourn** and Fenghua Song, at the Financial Management Association Annual Meeting, in Dallas, TX, October 8-11, 2008.

Radhakrishnan Gopalan: Presented “Stock Market Liberalization and the Decision to go Public”, joint with **Todd Gormley**, at the World Bank Seminar, in October 2008.

Todd Gormley: Presented “Never Say Die? Corporate Responses to Adversity”, at the Research Symposium on the Empirical Studies of Civil Liability, Northwestern University, Oct. 9-10, 2008.

Lubo Litov: Will present “Creditor rights and corporate risk taking” at the University of Ghent "Bankruptcy and Reorganization" Conference, Belgium in December 2008. This paper is the lead paper in the conference.

Lubo Litov: Presented “Managerial Entrenchment and Capital Structure: New Evidence” at the European Corporate Governance Institute Corporate Governance Competition, University of Oxford in June 2008.

Lubo Litov: Presented “Creditor Rights and Corporate Risk Taking” at the Cornell University Empirical Legal Studies Conference in September 2008.

Lubo Litov: Presented “Creditor Rights and Corporate Risk Taking” at the University of North Carolina - Duke University Corporate Finance Conference in October 2008.

Todd Milbourn: Presented “Strategic Flexibility and the Optimality of Pay for Luck”, joint with **Radhakrishnan Gopalan** and Fenghua Song, at the University of British Columbia Summer Finance Conference 2008 in Whistler, British Columbia, July 27-29, 2008.

Todd Milbourn: Presented “Reputation and competition: evidence from the credit rating industry”, joint with Bo Becker, at the 2008 National Bureau of Economic Research (NBER) Corporate Finance Summer Institute, Cambridge, Massachusetts, July 2008.

Todd Milbourn: Chaired a session and discussed a paper at the 2008 Alaskan Financial Intermediation Research Society (FIRS) Conference, in June 2008.

Anjan Thakor: Presented “Disagreement Costs, Control and Corporate Finance”, at the Cass School of Business, London, U.K. in July 2008.

Anjan Thakor: Presented “Financial System Architecture and the Co-evolution of Banks and Markets”, joint with Fenghua Song, at the International Monetary Fund, Washington, D.C., in July 2008.

Anjan Thakor: Participated in a panel on “Securities Fraud Litigation and Reform”, at the Institutional Investors Institute Educational Foundation Conference in New York, December 2008.

Guofu Zhou: Presented “Being Naïve about Naïve Diversification: Can Investment Theory Be Consistently Useful?,” at the 2008 European Finance Association Meetings in Athens, Greece, August 2008.

Guofu Zhou: Served as both a Tutorial Faculty member (for PhDs) and a Session Chair at the 2008 European Finance Association Meetings, in Athens, Greece, August 2008.

MARKETING

Joseph Goodman: Presented “Simplify or Intensify? Best Seller Signage on Consumer Decision Making from Large Product Assortments”(in special session) at the 2008 meetings of the Association of Consumer Research, in San Francisco, CA., Oct 23-Oct 25.

Joseph Goodman: Presented “Screening from Large Assortments: The Use of Include and Exclude Strategies in Consideration Set Construction” (in special session) at the 2008 meetings of the Association of Consumer Research, in San Francisco, CA., Oct 23-Oct 25.

Chakravarthi Narasimhan: Presented "Price Coordination in a Supply Chain" at the annual Marketing Science Conference, in Vancouver, B.C., June 2008.

OPERATIONS AND MANUFACTURING MANAGEMENT

Sergio Chayet: Presented the paper “Product Line Design and Capacity Planning under Demand Uncertainty”, joint with Panos Kouvelis and Dennis Yu, at the Institute for Operations Research and The Management Sciences (INFORMS) Annual Meeting, Washington DC, October 12-15, 2008.

Sergio Chayet: Presented the paper “The Role of Flexibility on Product Line Design for Congested Production Systems”, joint with Panos Kouvelis and Dennis Yu, at the Institute for Operations Research and The Management Sciences (INFORMS) Annual Meeting, Washington DC, October 12-15, 2008.

Sergio Chayet: Chaired the Session “Product Line and Capacity Strategies,” at the Institute for Operations Research and The Management Sciences (INFORMS) Annual Meeting, October 12-15, 2008.

Ling Dong: Presented “Global Facility Network Design with Responsive Pricing” at the Manufacturing and Service Operations Conference in October 2008.

Panos Kouvelis: Presented a 90 minute tutorial session on "Global Supply Chain Finance" at Institute for Operations Research and The Management Sciences (INFORMS) Annual Meeting on October 14, 2008.

Panos Kouvelis: Presented "Financing the Newsvendor: Supplier vs. Bank, Optimal rates, and Alternative schemes" at Sauder School of Business, University of British Columbia, Vancouver, Canada on September 22, 2008.

Panos Kouvelis: Presented "Financing the Newsvendor: Supplier vs. Bank, Optimal rates, and Alternative schemes" at Haas School of Business, University of California-Berkeley, Berkeley, California on October 17, 2008.

Tava Olsen: Invited talk "Congestion-based Leadtime Quotation and Pricing for Revenue Maximization with Heterogeneous Customer," joint with B. Ata, at the Institute for Operations Research and The Management Sciences (INFORMS) National Meeting, Washington DC, October 2008.

Tava Olsen: Invited talk and served as session chair "Capacity Management with Strategic Customers," joint with H. Wang, at the Institute for Operations Research and The Management Sciences (INFORMS) National Meeting, Washington DC, October 2008.

Tava Olsen: Presented "Time Is Money: Dynamic Leadtime Quotation Under General Customer Utilities", at Mays Business School, Texas A&M, October 2008.

Tava Olsen: Presented "Time Is Money: Dynamic Leadtime Quotation Under General Customer Utilities", University of Chicago Graduate School of Business, November 2008.

Tava Olsen: Presented "Time Is Money: Dynamic Leadtime Quotation Under General Customer Utilities", at Wharton School of Business, University of Pennsylvania, November 2008.

Danko Turcic: Presented "Valuing Adaptive Quality and Shutdown Options in Production Systems" at the Institute for Operations Research and The Management Sciences (INFORMS) Annual Meeting in Washington D.C. in October 2008.

Fuqiang Zhang: Presented "On the value of inventory information and availability guarantees when selling to strategic consumers" at The Manufacturing and Service Operations Management Society (MSOM) Conference in Washington D.C., June, 2008.

Fuqiang Zhang: Presented "Procurement mechanism design in a two-echelon inventory system with price-sensitive demand" at the Overseas Chinese Scholars Association in Management Science and Engineering Conference, Shanghai, China, July, 2008.

Fuqiang Zhang: Presented "On the value of quantity commitment and availability guarantees when selling to strategic consumers" at the Institute for Operations Research and The Management Sciences (INFORMS) Annual Meeting in Washington, D.C., October, 2008.

Fuqiang Zhang: Presented "Procurement mechanism design in a two-echelon inventory system with price-sensitive demand" at the Institute for Operations Research and The Management Sciences (INFORMS) Annual Meeting in Washington, D.C., October, 2008.

Fuqiang Zhang: Presented "Dynamic capacity management under substitution" at the Industrial & Enterprise Systems Engineering Department, University of Illinois at Urbana-Champaign, October, 2008.

ORGANIZATIONAL BEHAVIOR

Markus Baer: Presented "Win or lose the battle for creativity: The power and perils of intergroup competition", joint with G.R. Oldham, R.T. Leenders and A. Vadera, at The Annual Meeting of the Academy of Management, Organizational Behavior Division, Anaheim, California, in August 2008.

Stuart Bunderson: Presented "Research methods for studying complex, interdependent work: Conducting research at the zoo" at The Annual Meeting of the Academy of Management, Profession Development, Anaheim, in August 2008.

Stuart Bunderson: Presented "The call of the wild: Zookeepers and the dual edges of deeply meaningful work", joint with J.A. Thompson, at The Annual Meeting of the Academy of Management, Symposium, Anaheim, in August 2008.

Kurt Dirks: Presented "The repair of trust: An attributional perspective" at Erasmus University, Netherlands, business school, May 2008.

Kurt Dirks: Presented "The repair of trust: An attributional perspective", at Tilburg University, Netherlands, faculties of psychology and law, 2008.

Kurt Dirks: Presented "Will you be Trustworthy after an Apology? An implicit theory model of why it depends on the violation and the violated," at The Annual Meeting of the Academy of Management, Anaheim, CA. in August 2008.

Kurt Dirks: Presented "The effects of board and CEO actions to repair trust in the aftermath of a CEO transgression," at The Annual Meeting of the Academy of Management, Anaheim, CA. in August 2008.

Kurt Dirks: Presented "Balancing the demands of an academic career," at Organizational Behavior junior faculty consortium at The Annual Meeting of the Academy of Management, Anaheim, CA. in August 2008.

Hillary Anger Elfenbein: Presented "Where do emotional dialects come from? A comparison of the understanding of emotion term between Gabon and Quebec", joint with U. Hess, P. Thibault & M. Levesque, at the 29th International Congress of Psychology, Berlin on July 20-25, 2008.

Hillary Anger Elfenbein: Presented "What the voice reveals: An investigation of vocal expressions of emotion in five cultures", joint with P. Laukka, W. Chiu, J. Althoff, T. Rockstuhl, N.S. Thingujam, & A. Zengeya, at the Meeting of the Emotions Network (Emonet), Fontainebleau, France, in June 2008.

Hillary Anger Elfenbein: Presented "Homophily and personality: A longitudinal approach", joint with A. Shirako, W. Ding & E. Choi, at The Annual Meeting of the Academy of Management, Anaheim, California, in August 2008.

Hillary Anger Elfenbein: Presented "Emotional styles in negotiation: Consistency and its consequences", joint with A. Shirako, N. Eisenkraft, A. Brown & J. R. Curhan, at The Annual Meeting of the Academy of Management, Anaheim, California, in August 2008.

Chris Long: Presented "Control in Perspective: Examining the Role of Managerial Authority in Portfolios of Managerial Actions", at the New Directions in Organizational Control Conference, Laguna Beach, CA., on August 8, 2008.

Chris Long: Presented "Examining Managers' Efforts to Integrate Their Control and Trustworthiness-Promotion Activities", at The Annual Meeting of the Academy of Management (AOM), Anaheim, CA, on August 11, 2008.

STRATEGY

Jackson Nickerson: Presented "A Theory of Strategic Problem Formulation" at the University of Virginia on September 12, 2008.

Lamar Pierce: Presented "The Abundance Effect: Unethical Behavior in the Presence of Wealth", joint with Francesca Gino at the Academy of Management, Los Angeles, CA on August 12, 2008.

Lamar Pierce: Presented "Manufacturer Lease Pricing and Adverse Selection" at the Institute for Operations Research and the Management Sciences (INFORMS) in Washington, DC on October 15, 2008.

Lamar Pierce: Presented "Compensation Structure and Productivity Spillovers in Co-Located Firms", joint with Tat Chan and Jia Li, at the Institutions and Innovation Conference at Harvard Business School on November 21, 2008.

Todd Zenger: Presented "Entrepreneurial Spawning of Scientists and Engineers: Stars, Slugs, and Small Firms", joint with Dan Elfenbein and Bart Hamilton, at the West Coast Entrepreneurship Conference in September 2008.

Todd Zenger: Presented "Sailing toward Exploration and Exploitation: Achieving Ambidexterity Through Organizational Vacillation," joint with Peter Boumgarden and **Jackson Nickerson** at The Annual Meeting of the Academy of Management in August 2008.

Todd Zenger: The keynote speaker presenting "Envy, Comparison Costs, and the Economic Theory of the Firm", joint with Jackson Nickerson, at the Third Annual Workshop on Institutions and Organizations in Sao Paulo, Brazil in October 2008.

Todd Zenger: Presented "Entrepreneurial Spawning of Scientists and Engineers: Stars, Slugs, and Small Firms", joint with Dan Elfenbein and Bart Hamilton, at the University of Minnesota in November 2008.

BOOK CHAPTERS

OPERATIONS AND MANUFACTURING MANAGEMENT

Fuqiang Zhang: "Strategic Customer Behavior and the Benefit of Decentralization" (with X. Su). To appear in *Operations Management Models with Customer-Driven Demand*, Edited by S. Netessine and C.S.Tang.

Robert Pollak: "Family Bargaining and Long-Term Care of the Disabled Elderly," with Liliana Pezzin and Barbara S. Schone in *Intergenerational Caregiving*, edited by Alan Booth, Ann C. Crouter, Suzanne M. Bianchi, and Judith A. Seltzer, Washington, DC: Urban Institute Press, 2008.

HONORS

FINANCE

Anjan Thakor: Invited by the U.S. Chamber of Commerce to be part of a blue ribbon group that will seek to formulate policy positions for members of Congress on issues of business competitiveness.

Anjan Thakor: served as Discussant for "Monitoring-Enhancing Credit Risk Transfer: The Incentives for Banks", by Gabriella Chiesa, at the FDIC-JFSR Fall Banking Research Conference, Arlington, VA, September 2008.

Anjan Thakor: His paper titled, "Rationality, Overconfidence and Leadership" was recently listed on SSRN's Top Ten download list for ML: Leadership Management & Authority (Topic), ML: Levels of Leadership (Topic) and Models of Leadership.

Guofu Zhou: Elected as a Director on the Board of Directors of the [Asian Finance Association](#).

MARKETING

Amar Cheema: Appointed to the Editorial Review Board of the *Journal of Consumer Research*, effective August 2008.

OPERATIONS MANAGEMENT

Ling Dong: Accepted the invitation to become an Associate Editor under the Department of Operations and Supply Chain Management of *Management Science*, starting January 1, 2009.

Panos Kouvelis: Renewed as an Associate Editor of *Operations Research and M&SOM* (under new editorship) for next academic year.

Panos Kouvelis: Continues to serve as the Department Editor for *POM in Manufacturing Operations*.

Panos Kouvelis: Finalizing the Editorship for the special Issue in *Management Science* on "Operations-Finance Interfaces", to appear in the next year or so.

Panos Kouvelis: Serves as Advisor to the Editorial Board of *International Journal of Revenue Management*.

Panos Kouvelis: Serves as Senior Editor on the *Flexible Services and Manufacturing Journal*.

Panos Kouvelis: Serves on the Editorial Board of the *International Journal of Inventory Research*.

Panos Kouvelis: Serve on the Editorial Board of *Computational Management Science*.

Panos Kouvelis: Served on the INFORMS Lanchester Prize Committee for the best published work in operations research and management science. He will be chairing this committee in 2009.

Panos Kouvelis: Chairing the Wickham Skinner POM Award for Early Career Research Accomplishments for 2009.

EVENTS

ACCOUNTING

2008 Nicholas Dopuch Accounting Conference
November 6-7, 2008

Conference Schedule

Thursday, November 6, 2008

12:00 - 12:45 pm	Lunch buffet in the Knight Center dining hall
1:00 - 2:15 pm	Michelle Hanlon Associate Professor of Accounting, University of Michigan
2:30 - 3:45 pm	Sudarshan Jayaraman Assistant Professor of Accounting, Washington University in St. Louis
4:00 - 5:15 pm	Regina Wittenberg-Moerman Assistant Professor of Accounting, University of Pennsylvania
6:30 pm –	Cocktails and dinner at the Whittemore House

Friday, November 7, 2008

6:30 - 9:00 am	A continental breakfast will be available in the 2nd floor break area.
8:30 - 9:45 am	Michael Kimbrough Associate Professor of Business Administration, Harvard University
9:45 - 11:00 noon	Xiumin Martin Assistant Professor of Accounting, Washington University in St. Louis
1:15 - 12:30 noon	Ross L. Watts Professor of Economics, Finance & Accounting, Massachusetts Institute of Technology

FINANCE

The Fifth Annual Conference on Corporate Finance was held on October 30-31, 2008. Following the successes of the four previous corporate finance conferences, Olin Business School at Washington University and the Center for Finance and Accounting Research (CFAR) co-hosted the fifth annual conference titled Corporate Finance, October 30-31, 2008, at the Charles F. Knight Center on the Washington University in St. Louis campus.

The topics of interest for the conference are broad, including mergers and acquisitions, private equity, corporate control and organization, international issues in corporate finance, capital structure, payout decisions, behavioral aspects of finance, corporate investment decisions, and corporate governance.

The organizing committee consists of Armando Gomes, Ohad Kadan, Todd Milbourn and Anjan Thakor.

Program Schedule

Wednesday, October 29, 2008

6:30 p.m. - Reception at the Knight Center Pub

Thursday, October 30, 2008

8:30 a.m. - Continental Breakfast

Session 1:

Chair: Anjan V. Thakor (Washington University in St. Louis)

9:00 - 9:45 "[Love & Loans: The Effect of Beauty and Personal Characteristics in Credit Markets](#)" by Enrichetta Ravina (Columbia University)

Discussant: David Matsa (Northwestern University)

9:45 - 10:30 "[The Effect of Trading Commissions on Analysts](#)" by Anne Beyer (Stanford University) and Ilan Guttman (Stanford University)

Discussant: Robert Marquez (Arizona State University)

10:30 - 11:00 Break

Session 2:

Chair: Andrew Ellul (Indiana University)

11:00-11:45 "[Renegotiation of Financial Contracts: Evidence from Private Credit Agreements](#)" by Michael Roberts (University of Pennsylvania) and Amir Sufi (University of Chicago)

Discussant: Vijay Yerramilli (Indiana University)

11:45-12:30 "[Lending Relationship and Information Rents: Do Banks Exploit their Information Advantages?](#)" by Carola Schenone (University of Virginia)

Discussant: Ayako Yasuda (University of Pennsylvania)

12:30 - 2:00 Lunch

Session 3:

Chair: Eliezer Fich (Drexel University)

2:00-2:45 "[Pyramids: Empirical Evidence on the Costs and Benefits of Family Business Groups](#)" by Peter Kien Pham (University of New South Wales), Ron Masulis (Vanderbilt University) and Jason Zein (University of New South Wales)

Discussant: Vikram Nanda (Georgia Tech University)

2:45-3:30 "[Collateral, Financial Intermediation, and Distribution of Debt Capacity](#)" by Adriano Rampini (Duke University) and S.

Viswanathan (Duke University)

Discussant: Christine Parlour (University of California-Berkeley)

3:30 - 4:00 Break

Session 4:

Chair: Todd Milbourn (Washington University in St. Louis)

4:00-5:30 Short presentations of early ideas: Todd Gormley (Washington University in St. Louis), Christine Parlour (University of California-Berkeley), Natalia Reisel (Southern Methodist University), Radhakrishnan Gopalan (Washington University in St. Louis), Teodora Paligorova (Bank of Canada), David Goldreich (University of Toronto), Jacob Sagi (Vanderbilt University) and Eliezer Fich (Drexel University)

6:15 Dinner - Top of the Riverfront Restaurant

Friday, October 31, 2008

8:00 a.m. - Continental Breakfast

Session 5:

Chair: Jacob Sagi (Vanderbilt University)

8:30-9:15 "[Takeover Activity and Target Valuation: Evidence of Feedback in Financial Markets](#)" by Alex Edmans (University of Pennsylvania), Itay Goldstein (University of Pennsylvania) and Wei Jiang (Columbia University)

Discussant: Thomas Bates (University of Arizona)

9:15-10:00 "[The New Game in Town: Competitive Effects of IPOs](#)" by Scott Hsu (University of North Carolina), Adam Reed (University of North Carolina) and Jörg Rocholl (European School of Management and Technology)

Discussant: David Goldreich (University of Toronto)

10:00-10:30 Break

Session 6: Current Issues Facing Financial Markets

10:30-11:15 "Economic Principles and the Financial 'Crisis', Lessons and Challenges," Chester Spatt (Carnegie Mellon University and former Chief Economist and Director, Office of Economic Analysis, U.S. Securities and Exchange Commission)

11:15-12:00 Panel and Discussion: Stuart Greenbaum (Washington University in St. Louis), Chester Spatt (CMU), Anjan Thakor (Washington University in St. Louis) and Murray Weidenbaum (Washington University in St. Louis)

12:00-1:30 Lunch

Session 7:

Chair: Murillo Campello (University of Illinois at Urbana-Champaign)

1:30-2:15 "[Firm Boundaries in the New Economy: Theory and Evidence](#)" by Krishnamurthy Subramanian (Emory University)

Discussant: Eitan Goldman (Indiana University)

2:15-3:00 "[Do Cultural Differences between Contracting Parties Matter? Evidence from Syndicated Bank Loans](#)" by Mariassunta Giannetti (Stockholm School of Economics) and Yishay Yafeh (Hebrew University)

Discussant: Sreedhar Bharath (University of Michigan)

WORKSHOPS HELD

ACCOUNTING

Friday, September 26, 2008	Anne Beaty (Ohio State University) "Why Do Banks Contractually Obligate Borrowers to Engage in Interest Rate Protection?"
Friday, October 3, 2008	Masako N. Darrough (<i>The City University of New York</i>) "Warranty Reserve: Contingent Liability, Informational Signal, or Earnings Management Tool"
Friday, October 10, 2008	Gil Sadka (Columbia University) "Are Accounting Standards Diversifiable? Evidence of the Aggregate Effects of Standards"
Friday, October 24, 2008	Brett Trueman (University of California - Los Angeles) "Limited Attention and the Earnings Announcement Returns of Past Stock"
Friday, October 31, 2008	Anwer Ahmed (Texas A&M University) "Equity Incentives, Corporate Governance, and Earnings Management"
Friday, November 14, 2008	Partha Mohanram (<i>Columbia University</i>) "Improving the Relationship between Implied Cost of Capital and Realized"

ECONOMICS

Thursday, August 28, 2008	Tom Hubbard (Northwestern University - Kellogg School of Management) "The Economics of "Radiator Springs": Industry Dynamics, Sunk Costs, and Spatial Demand Shifts"
Thursday, September 4, 2008	Julie Mortimer (Harvard University) "Demand Estimation Under Incomplete Product Availability"
Thursday, September 18, 2008	Emily Oster (University of Chicago) "Peer Effects in Menstrual Cup Adoption"
Thursday, September 25, 2008	Daniel Silverman (University of Michigan) "Consumption, Retirement and Social Security: Evaluating the Efficiency of Reform that Encourages Longer Careers"

Thursday, October 2, 2008	Holger Sieg (Carnegie Mellon University) "The Dynamics of Neighborhood Formation"
Thursday, October 9, 2008	Jon Levin (Stanford University) "Contract Pricing in Consumer Credit Markets"
Thursday, October 16, 2008	John List (University of Chicago) "Field Experiments in Economics: With Specific Applications"
Thursday, October 23, 2008	Shannon Seitz (Boston College) "The Collective Marriage Matching Model: Identification, Estimation, and Testing"
Thursday, October 30, 2008	David Ross (Columbia University) "Organizational Form, the Business Environment, and Competitive Strategy"
Thursday, November 13, 2008	Ben Olken (MIT) "Climate Shocks & Economic Growth: Evidence from the Last Half Century"
Thursday, December 4, 2008	Moshe Buchinsky (UCLA) "Residential Location, Work Location, & Labor Market Outcomes of Immigrants in Israel"

FINANCE

Friday, August 29, 2008	Sheridan Titman (University of Texas and NBER) RATINGS_WASH_U.pdf "Credit Rating Targets and Corporate Decisions"
Friday, September 5, 2008	Michael W. Brandt (Duke University) secflows.pdf "What Does Equity Sector Orderflow Tell Us about the Economy?"
Friday, September 12, 2008	Jonathan Berk (Stanford University) ability.pdf "Human Capital, Bankruptcy and Capital Structure"
Friday, September 19, 2008	Harrison Hong (Princeton University) "What Drives Time-Varying Expected Commodity Returns?"
Friday, September 26, 2008	Atif Mian (University of Chicago - GSB) "The Political Economy of the U.S. Mortgage Default Crisis"
Friday, October 3, 2008	Lubos Pastor (University of Chicago - GSB) "Are Stocks Really Less Volatile in the Long Run?"

Friday, October 17, 2008	Amit Seru (University of Chicago - GSB) "Did Securitization Lead to Lax Screening? Evidence From Subprime Loans"
Monday, October 27, 2008	Aneel Keswani (Cass Business School) "Mutual Fund Distribution Channels and Investor Reaction to Past Performance"
Friday, November 14, 2008	Michael Fishman (Northwestern University – Kellogg School) "Dynamic Agency and the q Theory of Investment"
Friday, November 21, 2008	Tobias Adrian (FRB) "Financial Intermediary Leverage and Value-at-Risk"
Friday, December 5, 2008	Micah S. Officer (University of Southern California, Marshall) "Club Deals in Leveraged Buyouts"

MARKETING

Tuesday, September 16, 2008	Cynthia Cryder (Carnegie Mellon) "The Critical Link Between Tangibility and Generosity"
Tuesday, September 23, 2008	Kanishka Misra (Northwestern University) Understanding Retail Assortments in Competitive Markets"
Thursday, September 25, 2008	Anirban Mukherjee (Cornell University) "The Competitive Dynamics of DVD Release Timing and Pricing"
Monday, October 6, 2008	Hema Yoganarasimhan (Yale University) "Cloak or Flaunt?—The Firm's Fashion Dilemma"
Tuesday, October 14, 2008	Jura Liaukonyte (University of Virginia) "Is Comparative Advertising an Active Ingredient in the Market for Pain Relief? An Empirical Model of Advertising Content"
Wednesday, October 15, 2008	Kelly Goldsmith (Yale University) "Ironic Effects of Goal Activation on Choice"
Tuesday, October 28, 2008	Sumon Datta (Yale University) "Sleeping with the Frenemy: The Agglomeration-Differentiation Tradeoff in Spatial Location Choice"
Thursday, October 30, 2008	Lisa Cavanaugh (Duke University) "Feeling Good and Doing Better: Understanding How Different Positive Emotions Influence Consumer Choice and Well-Being"

Wednesday, November 5, 2008	Andrew Stephen (Columbia University) "Deriving Value from Social Commerce Networks"
Wednesday, November 19, 2008	Dinah Vernik (Duke University) "Digital Music Set Free: The Flip Side of DRM"

ORGANIZATIONAL BEHAVIOR

Thursday, November 6, 2008	Francis Flynn (Stanford University) "If you need help, just ask: Underestimating compliance with direct requests for help"
Thursday, November 20, 2008	Randall Peterson (London Business School) "Lessons for a Decade's Research on Managing Conflict in Teams"

STRATEGY

Wednesday, September 3, 2008	Shane Greenstein (Northwestern) "The Internet & Local Wages: Convergence or Divergence?"
Wednesday, September 17, 2008	Ian Larkin (Harvard Business School) "Bargain-then-riposffs: Innovation, Pricing, & Lock-in In Enterprise Software"
Friday, October 3, 2008	Bill McEvily (Rotman School of Management) "Not All Ties Are Equal: Temporal and Historical Dynamics of Professional Networks on Law Firm Performance"
Friday, October 10, 2008	Emilio Castilla (MIT) "Gender, Race, and Meritocracy in Organizational Careers"
Friday, October 24, 2008	Sonali Shah (University of Washington - Foster School of Business) "Founder Identity as a Source of Firm Heterogeneity"

Wednesday, November 12, 2008	Mike Lenox (Duke University) “Private Environmental Activism and the Selection and Response of Firm Targets”
Wednesday, December 3, 2008	Myles Shaver (University of Minnesota) “On Confounding Changes in Averages with Marginal Effects When Assessing Strategic Investments”