RESEARCH

2016

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ACCOUNTING AND MANAGEMENT

Chattopadhyay, Akash, Matthew R. Lyle, and Charles C.Y. Wang. "Accounting Data, Market Values, and the Cross Section of Expected Returns Worldwide." HBS Working Paper 15-092, June 2015. (Revised January 2016.)

Deller, Carolyn, and Tatiana Sandino. "Do Incentive Plans for Exemplary Employees Lead to Productive or Counterproductive Outcomes?" HBS Working Paper 16-087, February 2016.

Deller, Carolyn, and Tatiana Sandino. "Who Should Select New Employees, the Head Office or the Unit Manager? Consequences of Centralizing Hiring at a Retail Chain." HBS Working Paper 16-088, February 2016.

Gow, Ian D., **Sa-Pyung Sean Shin**, and Suraj Srinivasan. "Activist Directors: Determinants and Consequences." HBS Working Paper 14-120, June 2014.

Gow, Ian D., **Sa-Pyung Sean Shin**, and Suraj Srinivasan. "Consequences to Directors of Shareholder Activism." HBS Working Paper 14-071, February 2014.

Grewal, Jyothika, Edward J. Riedl, and George Serafeim. "Market Reaction to Mandatory Nonfinancial Disclosure." HBS Working Paper 16-025, September 2015.

Ioannou, Ioannis, **Shelley Xin Li**, and George Serafeim. "The Effect of Target Difficulty on Target Completion: The Case of Reducing Carbon Emissions." *Accounting Review* (forthcoming).

Khan, Mozaffar, George Serafeim, and **Aaron Yoon**. "Corporate Sustainability: First Evidence on Materiality." *Accounting Review* (forthcoming).

Li, Shelley Xin. "Boss, Cut Me Some Slack so That I Can Innovate—Relaxing Time Constraints on Execution Tasks and Employee-initiated Innovation." Working Paper, March 2015.

ABSTRACT

Chattopadhyay, Akash. "Shareholder Activism and Earnings Management." Working Paper, March 2016.

I investigate whether managers respond to the pressure of a shareholder activism campaign by strategically managing earnings upwards to mask operational underperformance. Sample firms report significantly higher abnormal and total accruals in the quarter following the launch of an activism campaign, concurrent with a short-lived improvement in profitability. This effect is significantly stronger for firms facing higher shareholder discontent and capital market pressure where the market reacts more positively to the campaign announcement, for firms with poorer operational performance at the time of the campaign and with higher analyst coverage. Finally I document that the market anticipates the increased incentives for managerial bias in that the value relevance of earnings surprises in the quarter following activism is substantially dampened. Collectively, the evidence sheds light on how financial reporting is used and interpreted by managers and investors in the context of shareholder activism.

ABSTRACT

Deller, Carolyn, and Tatiana Sandino. "Do Incentive Plans for Exemplary Employees Lead to Productive or Counterproductive Outcomes?" HBS Working Paper 16-087, February 2016.

Using data from a retail chain, this paper studies the effects of a preferential plan providing incentives only to exemplary employees. Such plans incorporate elements of tournaments (through the selection of employees chosen largely on the basis of past performance but incorporating some managerial discretion) and linear incentives to align employees with company goals and values. We find that, on average, the implementation of the preferential incentive plan was associated with improvements in sales. Also, we find that this plan was associated with greater improvements in sales and gross profits as well as reductions in the incidence of bad audits in stores where employees were initially less likely to be aligned with company goals. However, the plan was associated with lower sales and gross profits and higher incidence of bad audits, absenteeism, and turnover in some situations where employees could have perceived the plan to be unattainable or unfair. Our study sheds light on the impact of preferential incentive plans and the conditions under which these plans are more or less effective.

BUSINESS ECONOMICS

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Barro, Robert J., and **Gordon Y. Liao**. "Options-Pricing Formula with Disaster Risk." NBER Working Paper 21888, January 2016.

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Bottero, Margherita, Simone Lenzu, and **Filippo Mezzanotti**. "Sovereign Debt Exposure and the Bank Lending Channel: Impact on Credit Supply and the Real Economy." Temi di Discussion (Working Paper Series) Bank of Italy, October 2015.

Chalfin, Aaron, **Oren Danieli**, **Andrew Hillis**, Zubin Jelveh, Michael Luca, Jens Ludwig, and Sendhil Mullainathan. "Productivity and Selection of Human Capital with Machine Learning." *American Economic Review: Papers and Proceedings* (forthcoming).

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Glaeser, Edward, **Andrew Hillis**, Scott Duke Kominers, and Michael Luca. "Crowdsourcing City Government: Using Tournaments to Improve Inspection Accuracy." *American Economic Review: Papers and Proceedings* (forthcoming).

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Kekre, Rohan. "Firm vs. Bank Leverage over Business Cycle." Working Paper, May 2014.

Kekre, Rohan. "Labor Market Heterogeneity in Currency Union." Working Paper, March 2016.

Kekre, Rohan. "Unemployment Insurance in Macroeconomic Stabilization." Working Paper, March 2016.

Liao, Gordon Y. "Credit Migration and Covered Interest Rate Parity." Working Paper, April 2016.

Lockwood, Benjamin B. "Optimal Income Taxation with Present Bias." Working Paper, 2016.

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Lockwood, Benjamin B., and Matthew Weinzierl. "Positive and Normative Judgments Implicit in U.S. Tax Policy, and the Costs of Unequal Growth and Recessions." *Journal of Monetary Economics* (forthcoming).

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Slonim, Robert, **Carmen Wang**, and Ellen Garbarino. "The Market for Blood." *Journal of Economic Perspectives* 28, no. 2 (Spring 2014): 177–196.

Slonim, Robert, **Carmen Wang**, Ellen Garbarino, and Danielle Merrett. "Opting-in: Participation Bias in Economic Experiments." *Journal of Economic Behavior and Organization* 90 (June 2013): 43–70.

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Svirsky, Daniel. "Money Is No Object: Testing the Endowment Effect in Exchange Goods." *Journal of Economic Behavior and Organization* 106 (October 2014): 227–234.

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ABSTRACT

Liao, Gordon Y. "Credit Migration and Covered Interest Rate Parity." Working Paper, April 2016.

I provide a theory of liability-driven international capital flows in which firms act as cross-market arbitrageurs in the global credit market. I show that credit markets are segmented along currency fault lines. The relative pricing of credit risks denominated in different currencies is prone to demand shocks, such as Quantitative Easing, and is slow to revert. Through the choice of the issuing currency, firms act as cross-market arbitrageurs helping to partially integrate separate markets. This arbitrage exposes firms to FX risk, which they partially hedge. The currency hedging activities in turn generate violations of covered interest rate parity (CIP) as an equilibrium outcome. I document large and sustained violations of long-term CIP and offer explanations of these violations in the context of liability-driven capital flows. I further explore the price dynamics of cross-currency basis swaps, the market instrument for trading CIP deviations. Consistent with my theory, CIP deviations function as an indicator for imbalances in the supply and demand of relative funding conditions. Full integration of global credit markets is hindered by capacity constraints of the currency forward market. Segmentation in the credit market at different maturities also provides an equilibrium characterization of the term structure of CIP violations.

ABSTRACT

Glaeser, Edward, **Andrew Hillis**, Scott Duke Kominers, and Michael Luca. "Crowdsourcing City Government: Using Tournaments to Improve Inspection Accuracy." *American Economic Review: Papers and Proceedings* (forthcoming).

Can open tournaments improve the quality of city services? The proliferation of big data makes it possible to use predictive analytics to better target services like hygiene inspections, but city governments rarely have the in-house talent needed for developing prediction algorithms. Cities could hire consultants, but a cheaper alternative is to crowdsource competence by making data public and offering a reward for the best algorithm. This paper provides a simple model suggesting that open tournaments dominate consulting contracts when cities have a reasonable tolerance for risk and when there is enough labor with low opportunity costs of time. We also illustrate how tournaments can be successful by reporting on a Boston-based restaurant hygiene prediction tournament that we helped coordinate. The Boston tournament yielded algorithms—at low cost—that proved reasonably accurate when tested "out-of-sample" on hygiene inspections occurring after the algorithms were submitted. We draw upon our experience in working with Boston to provide practical suggestions for governments and other organizations seeking to run prediction tournaments in the future.

HEALTH POLICY MANAGEMENT

Fairfield, Kathleen M., **Bethany S. Gerstein**, Carrie A. Levin, Vickie Stringfellow, Heidi Wierman, and Mary McNaughton-Collins. "Decisions About Medication Use and Cancer Screening Across Age Groups in the United States." *Patient Education and Counseling* 98, no. 3 (March 2015): 338–343.

Fowler, Floyd J., Jr., **Bethany S. Gerstein**, and Michael J. Barry. "How Patient Centered Are Medical Decisions? Results of a National Survey." *JAMA Internal Medicine* 173, no. 13 (July 8, 2013): 1215–1221.

Hoffman, Richard M., Joanne G. Elmore, Kathleen M. Fairfield, **Bethany S. Gerstein**, Carrie A. Levin, and Michael P. Pignone. "Lack of Shared Decision Making in Cancer Screening Discussions: Results from a National Survey." *American Journal of Preventive Medicine* 47, no. 3 (September 2014): 251–259.

Kerrissey, Michaela, **Patricia Satterstrom**, Nicholas Leydon, Gordon Schiff, and Sara J. Singer. "Integrating: A Managerial Practice That Enables Implementation in Fragmented Healthcare Environments." *Health Care Management Review* (forthcoming).

Song, Hummy, Alyna T. Chien, Josephine Fisher, Julia Martin, Antoinette S. Peters, Karen Hacker, Meredith B. Rosenthal, and Sara J. Singer. "Development and Validation of the Primary Care Team Dynamics Survey." *Health Services Research* 50, no. 3 (June 2015): 897–921.

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Song, Hummy, Molly Ryan, Shalini Tendulkar, Josephine Fisher, Julia Martin, Antoinette S. Peters, Joseph P. Frolkis, Meredith B. Rosenthal, Alyna T. Chien, and Sara J. Singer. "Team Dynamics, Clinical Work Satisfaction, and Patient Care Coordination Between Primary Care Providers: A Mixed Methods Study." *Health Care Management Review* (forthcoming).

Song, Hummy, Anita L. Tucker, and Karen L. Murrell. "The Diseconomies of Queue Pooling: An Empirical Investigation of Emergency Department Length of Stay." *Management Science* 61, no. 12 (December 2015): 3032–3053.

Song, Hummy, Anita L. Tucker, Karen L. Murrell, and David R. Vinson. "Public Relative Performance Feedback in Complex Service Systems: Improving Productivity Through the Adoption of Best Practices." HBS Working Paper 16-043, October 2015.

ABSTRACT

Song, Hummy, Anita L. Tucker, and Karen L. Murrell. "The Diseconomies of Queue Pooling: An Empirical Investigation of Emergency Department Length of Stay." *Management Science* 61, no. 12 (December 2015): 3032–3053.

We conduct an empirical investigation of the impact of queue management on patients' average wait time and length of stay (LOS). Using an emergency department's (ED) patient-level data from 2007 to 2010, we find that patients' average wait time and LOS are longer when physicians are assigned patients under a pooled queuing system with a fairness constraint compared to a dedicated queuing system with the same fairness constraint. Using a difference-in-differences approach, we find the dedicated queuing system is associated with a 17% decrease in average LOS and a 9% decrease in average wait time relative to the control group—a 39-minute reduction in LOS and a four-minute reduction in wait time for an average patient of medium severity in this ED. Interviews and observations of physicians suggest that the improved performance stems from the physicians' increased ownership over patients and resources that is afforded by a dedicated queuing system, which enables physicians to more actively manage the flow of patients into and out of ED beds. Our findings suggest that the benefits from improved flow management in a dedicated queuing system can be large enough to overcome the longer wait time predicted to arise from nonpooled queues. We conduct additional analyses to rule out alternate explanations for the reduced average wait time and LOS in the dedicated system, such as stinting and decreased quality of care. Our paper has implications for healthcare organizations and others seeking to reduce patient wait time and LOS without increasing costs.

ABSTRACT

Kerrissey, Michaela, **Patricia Satterstrom**, Nicholas Leydon, Gordon Schiff, and Sara J. Singer. "Integrating: A Managerial Practice That Enables Implementation in Fragmented Healthcare Environments." *Health Care Management Review* (forthcoming).

BACKGROUND: How some organizations improve while others remain stagnant is a key question in healthcare research. Studies identifying how organizations can implement improvement despite barriers are needed, particularly in primary care.

PURPOSES: This inductive qualitative study examines primary care clinics implementing improvement efforts in order to identify mechanisms that enable implementation despite common barriers such as lack of time and fragmentation across stakeholder groups.

METHODOLOGY: Using an embedded multiple case study design, we leverage a longitudinal dataset of field notes, meeting minutes, and interviews from 16 primary care clinics implementing improvement over 15 months. We segment clinics into those that implemented more versus those that implemented less, comparing similarities and differences. We identify interpersonal mechanisms promoting implementation, develop a conceptual model of our key findings, and test the relationship with performance using pre/post patient surveys.

FINDINGS: Nine clinics implemented more successfully over the study period, while seven implemented less. Successfully implementing clinics exhibited the managerial practice of integrating, which we define as achieving unity of effort among stakeholder groups in the pursuit of a shared and mutually developed goal. We theorize that integrating is critical in improvement implementation due to the fragmentation observed in healthcare settings, and we extend theory about clinic managers' roles in implementation. We identify four integrating mechanisms that clinic managers enacted: *engaging groups*, *bridging communication*, *sensemaking*, and *negotiating*. The mean patient survey results for integrating clinics improved by 0.070 units over time, whereas the other clinics' survey scores declined by 0.075 units on a scale of five (p=0.018).

PRACTICE IMPLICATIONS: Our research explores an understudied element of how clinics can implement improvement despite barriers: integrating stakeholders within and outside the clinic into the process. It provides clinic managers with an actionable path for implementing improvement.

MANAGEMENT

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Kerrissey, Michaela, **Patricia Satterstrom**, Nicholas Leydon, Gordon Schiff, and Sara J. Singer. "Integrating: A Managerial Practice That Enables Implementation in Fragmented Healthcare Environments." *Health Care Management Review* (forthcoming).

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Ramarajan, Lakshmi, **Daniel Brown**, and Julie Battilana. “Do You Value My Values? The Benefits of Integrating Corporate Social Responsibility into the Performance Appraisal Process.” Working Paper, September 2015.

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Vassolo, Roberto, and **Luciana Silvestri**. *Dirección estratégica en países emergentes: Elementos fundamentales para plantear el crecimiento de las empresas latinoamericanas* [Strategic Management in Emerging Countries: Fundamental Tools to Plan the Growth of Latin American Firms]. Buenos Aires: Ediciones Granica, 2011, Spanish ed.

ABSTRACT

Brown, Daniel. “Re-Evaluating Firm Value: The Effect of Financializing Firm Value on Stakeholders’ Satisfaction.” Working Paper, February 2016.

Prevailing theories of the firm operationalize value for stakeholders financially, particularly through firm performance measures. Yet, little is known about the cognitive effects of financial performance measures on these stakeholders and their satisfaction with the firm. Through a series of experiments, I find that reporting financial performance measures, relative to nonfinancial performance measures, decreases stakeholders’ satisfaction, specifically for employees (studies 1 and 2), customers (study 3), and investors (study 4), but not for those stakeholders who have gone through the U.S. higher education system. I theorize that financial measures shift stakeholders’ framing of the firm’s activities from one of value creation to one of value distribution, as evidenced by prosocial motivation partially mediating the effect for employees (study 1) and investors (study 4), and that Western higher education moderates the effect through legitimizing financial performance and thus financial performance measures.

ABSTRACT

Satterstrom, Patricia. “Microwedges: Moving Teams from Rigid to Dynamic Social Hierarchy.” Working Paper, 2016.

Social hierarchies are ubiquitous and ever-present in teams. They can be conceptualized on a spectrum from more rigid to more dynamic; when they are rigid (i.e., the rank ordering of people is static), social hierarchies can prevent teams from recognizing and using all of their members’ contributions, which is particularly problematic for teams working in changing environments or on complex tasks. Such hierarchies are difficult to change, reinforced by conscious and unconscious factors as well as social-structural systems. There is evidence that social hierarchies can become more dynamic, yet we know little about the micro-processes that unfold over time that help create such change. I conducted a 31-month ethnographic investigation into these processes in “change teams” in primary health care clinics. These teams were specifically charged with moving their organization toward more dynamic social hierarchy to remain competitive in their industry; I studied how they did this within their own team. Through close observation of their weekly team meetings, coupled with interviews and examination of archival data, I identify the moments in a team’s life when a member engages in a microwedge—an extra-role behavior that provides information that undermines the status quo and that was not previously held by the team. These microwedges, over time, help to create cognitive changes in team members, prompting them to change their task strategies, role responsibilities, and communication patterns to promote dynamic social hierarchy in the team. This study extends and generates theory about social hierarchy, voice, and leadership. It also has practical implications for how team members can engage with the social hierarchy in which they are embedded, alter their teams’ processes, and help their organizations rethink taken-for-granted assumptions about the capabilities and preferences of their members.

MARKETING

Barasz, Kate, **Tami Kim**, and Leslie John. “The Role of (Dis)similarity in (Mis)predicting Others’ Preferences.” *Journal of Marketing Research (JMR)* (forthcoming).

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Buell, Ryan W., **Tami Kim**, and Chia-Jung Tsay. “Creating Reciprocal Value Through Operational Transparency.” *Management Science* (forthcoming).

Chung, Doug J., and **Lingling Zhang**. “The Air War versus the Ground Game: An Analysis of Multi-Channel Marketing in U.S. Presidential Elections.” HBS Working Paper 15-033, March 2016.

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Mann, Heather E., **Ximena Garcia-Rada**, Daniel Houser, and Dan Ariely. “Everybody Else Is Doing It: Exploring Social Transmission of Lying Behavior.” *PLoS ONE* 9, no. 10 (October 2014).

Mohan, Bhavya, Ryan W. Buell, and Leslie K. John. “Lifting the Veil: The Benefits of Cost Transparency.”

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Mohan, Bhavya, Michael I. Norton, and Rohit Deshpandé. "Paying Up for Fair Pay: Consumers Prefer Firms with Lower CEO-to-Worker Pay Ratios." HBS Working Paper 15-091, May 2015.

Zhang, Lingling, and Doug J. Chung. "Strategic Channel Selection with Online Platforms: An Empirical Analysis of the Daily Deal Industry." HBS Working Paper 16-107, March 2016.

Zhang, Lingling, and Anita Elberse. "Blurred Lines: Do Live-Music Sales Drive Recorded-Music Sales?" Working Paper, April 2015.

Zhang, Ting, **Tami Kim**, Alison Wood Brooks, Francesca Gino, and Michael I. Norton. "A 'Present' for the Future: The Unexpected Value of Rediscovery." *Psychological Science* 25, no. 10 (October 2014): 1851–1860.

Zhang, Lingling, Clarence Lee, and Anita Elberse. "Viral Videos: The Dynamics of Online Video Advertising Campaigns." Working Paper, March 2016.

ABSTRACT

Buell, Ryan W., **Tami Kim**, and Chia-Jung Tsay. "Creating Reciprocal Value Through Operational Transparency." *Management Science* (forthcoming).

We investigate whether organizations can create value by introducing visual transparency between consumers and producers. Although operational transparency has been shown to improve consumer perceptions of service value, existing theory posits that increased contact between consumers and producers may diminish work performance. Two field and two laboratory experiments in food service settings suggest that transparency that 1) allows customers to observe operational processes (process transparency) and 2) allows employees to observe customers (customer transparency) not only improves customer perceptions, but also increases service quality and efficiency. The introduction of this transparency contributed to a 22.2% increase in customer-reported quality and reduced throughput times by 19.2%. Laboratory studies revealed that customers who observed process transparency perceived greater employee effort and thus were more appreciative of the employees and valued the service more. Employees who observed customer transparency felt that their work was more appreciated and more impactful and thus were more satisfied with their work and more willing to exert effort. We find that transparency, by visually revealing operating processes to consumers and beneficiaries to producers, generates a positive feedback loop through which value is created for both parties.

ABSTRACT

Zhang, Lingling, and Doug J. Chung. "Strategic Channel Selection with Online Platforms: An Empirical Analysis of the Daily Deal Industry." HBS Working Paper 16-107, March 2016.

The platform—a business model that creates value by connecting groups of users—is increasingly popular in many industries. Extant papers largely assume that platforms dominate the pricing decision, whereas in practice, prices in business-to-business transactions are often determined by a bargaining process. We study how the relative bargaining power of business partners affects pricing and competition in a two-sided market. We compile a unique and comprehensive dataset using sales data from the U.S. daily deal market and specify a structural model based on Nash bargaining solutions. We find that merchants' ability of price bargaining vary and that larger and chain merchants have a higher influence on setting prices than smaller and independent merchants. The size of platforms, the commission rate, and the allocation of bargaining power jointly determine how platforms are differentiated among different types of merchants.

ORGANIZATIONAL BEHAVIOR

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ABSTRACT

Chan, Curtis K., and Michel Anteby. "Task Segregation as a Mechanism for Within-Job Inequality: Women and Men of the Transportation Security Administration." *Administrative Science Quarterly* (published online October 9, 2015).

In this article, we examine a case of task segregation—when a group of workers is disproportionately allocated, relative to other groups, to spend more time on specific tasks in a given job—and argue that such segregation is a potential mechanism for generating within-job inequality in the quality of a job. When performing those tasks is undesirable, this allocation has unfavorable implications for that group's experienced job quality. We articulate the processes by which task segregation can lead to workplace inequality in job quality through an inductive, interview-based case study of airport security-screening workers at a unit of the U.S. Transportation Security Administration (TSA) at a large urban airport. Female workers were disproportionately allocated to the pat-down task, the manual screening of travelers for prohibited items. Our findings suggest that this segregation led to overall poorer job quality outcomes for women. Task segregation overexposed female workers to processes of physical exertion, emotional labor, and relational strain, giving rise to work intensity, emotional exhaustion, and lack of coping resources. Task segregation also disproportionately exposed female workers to managerial sanctions for taking recuperative time off and a narrowing of their skill set that may have contributed to worse promotion chances, pay, satisfaction, and turnover rates for women. We conclude with a theoretical model of how task segregation can act as a mechanism for generating within-job inequality in job quality.

ABSTRACT

Sezer, Ovul, Francesca Gino, and Michael I. Norton. "Humblebragging: A Distinct—and Ineffective—Self-Presentation Strategy." HBS Working Paper 15-080, April 2015.

Self-presentation is a fundamental aspect of social life. We identify humblebragging—bragging masked by a complaint—as a distinct and increasingly ubiquitous form of self-promotion. In seven studies, we show that although people often choose to humblebrag when motivated to make a good impression, it is an ineffective self-promotion strategy due to the perceptions of insincerity it induces. Study 1a and Study 1b show that humblebragging is a ubiquitous strategy in everyday life, used frequently when people attempt to impress others. Study 2a and Study 2b demonstrate that individuals use humblebragging in a strategic effort to elicit both liking and respect. Study 3 and Study 4 show that humblebragging is less effective than simply bragging or complaining, as it has both global costs—reducing liking and perceived sincerity—and specific costs: it is even ineffective in signaling the specific trait that a person wants to promote. Study 5 provides evidence that these perceptions impact people's generosity towards humblebraggers. Studies 3, 4, and 5 show that despite people's belief that combining bragging and complaining confers the benefits of both self-promotion strategies, humblebragging backfires because it is seen as insincere.

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ABSTRACT

Eisenhardt, Kathleen, Rory McDonald, and **Cheng Gao**. "Competition as Strategic Interaction." HBS Working Paper 15-067, February 2015.

Strategic interaction has been a topic of scholarly inquiry dating back to the 1960s. Drawing on several seminal examples, we explore the nature of the concept, comparing it to other forms of competition in strategy and organizations. Next, we organize and review the findings of three ostensibly separate theoretical perspectives that have arisen from game theory, competitive dynamics, and institutional theory—each with its own assumptions, constructs, methods, and findings—and we identify core insights about how firms compete against one

another in established markets. Based on our evaluation, we argue that a promising research opportunity for strategy lies in exploring how firms strategically interact in new markets and which moves are most effective in these contexts.

TECHNOLOGY & OPERATIONS MANAGEMENT

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ABSTRACT

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Mobile money agents exchange cash for electronic value and vice versa, forming the backbone of an emerging electronic currency ecosystem in the developing world. Unfortunately, low agent inventory service levels are a major impediment to the further development of these ecosystems. We model the agent's inventory problem, unique in that the satisfaction of demand for cash (electronic value) corresponds to an equivalent increase in inventory of electronic value (cash). We develop an analytical heuristic based on the newsvendor model to determine stocking levels for cash and electronic value given an agent's historical demand. We then show, with a large dataset of mobile money agent transactions in an East African country, that following heuristic recommendations could have significantly increased agent profitability by reducing stockouts and in some cases could have also reduced inventory holding.

ABSTRACT

Ibanez, Maria, Jonathan R. Clark, Robert S. Huckman, and Bradley R. Staats. "Discretionary Task Ordering: Queue Management in Radiological Services." HBS Working Paper 16-051, October 2015.

A long line of research examines how best to schedule work to improve operational performance. This literature traditionally takes the perspective of a central planner who can structure work and then expect individuals to execute tasks in a prescribed order. In many settings, however, workers have discretion to deviate from the assigned order. This paper considers the operational implications of "discretionary task ordering," defined as the task sequence resulting from an individual's ability to select which task to complete next from a work queue. Using data from 91 physicians reading a total of more than 2.4 million radiological studies over a period of two and a half years, we examine the conditions under which discretion is exercised and the performance effects of those choices. We find that, on average, deviations lead to slower read times. Doctors tend to deviate more with experience and when they have more variety within their queue. Interestingly, deviations tend to be more effective under those conditions, yet the improvement is not enough to offset the average deviation penalty. To develop our results further, we explore two common ordering heuristics: shortest expected processing time and batching similar cases. We find that choosing the shortest cases first is particularly detrimental for speed. Finally, batching is associated with better performance when it occurs naturally, but not when it results from using discretion. Our research offers a behavioral perspective on queue management and highlights that managers must be careful when allowing discretion within worker queues.

HARVARD BUSINESS SCHOOL
DOCTORAL PROGRAMS
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