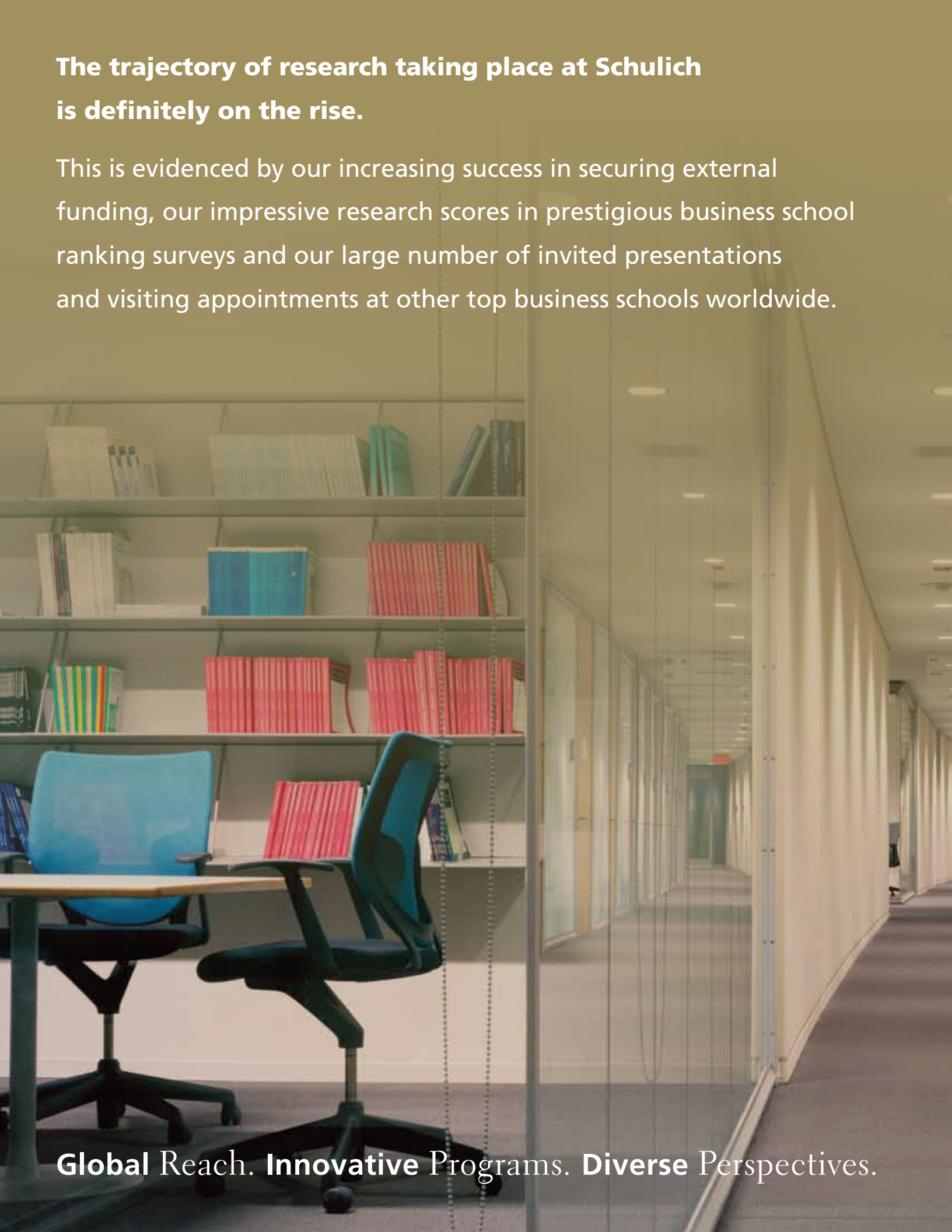


Schulich Spotlight on Research 2015



The background image shows a modern office environment. On the left, there are white bookshelves filled with books, some of which have colorful spines. In front of the shelves are two desks with blue ergonomic chairs. The scene is viewed through a glass partition that reflects the office space. The lighting is warm and even.

The trajectory of research taking place at Schulich is definitely on the rise.

This is evidenced by our increasing success in securing external funding, our impressive research scores in prestigious business school ranking surveys and our large number of invited presentations and visiting appointments at other top business schools worldwide.

Global Reach. Innovative Programs. Diverse Perspectives.

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New & Forthcoming Publications

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Welcome to the 2015 Research Newsletter of the Schulich School of Business

It is with great pride and a thorough sense of achievement that we present the 2015 Research Newsletter of the Schulich School of Business. We do so at a time when the School celebrates its 50th anniversary. Through this report, we offer a glimpse of Schulich's faculty research to our stakeholders, which include our students, other academics globally, our worldwide alumni community, and our generous donors.

One of the features that makes a school of business perform at a consistently high level over many decades is the quality of its researchers. Over the past five decades, scholars at Schulich have transformed the way management educators understand core issues in many areas, including Marketing, International Business, Accounting, Sustainability and Organization Theory, to name just a few.

In January 2015, we hosted our second Research Celebration Day to recognize the work Schulich faculty members have done more recently. We invite you to sift through the pages of this Newsletter and to learn more about the fascinating research work taking place at the School.

Rigour and Relevance

For academic researchers there are two dimensions that count. First, academics want to do research that holds up to the highest standards of academic work; they want to theorize consistently, analyze data professionally, document the results unequivocally, and draw conclusions that stand the test of reason. This is the 'rigour' dimension. But, secondly, academics also want to unearth knowledge about topics and issues that fundamentally matter to the real world. All too often, academic research may well meet the standards of the 'ivory tower', but the question about 'who cares' sometimes falls to the wayside.

Here at Schulich, we clearly do 'rigour'. The number of papers, books and other research outcomes documented in this newsletter are as good as ever. Our professors hit the top journals consistently, published their books with elite global publishing houses for academic research and reaped a solid number of prestigious awards.

What this report also showcases, though, is that the areas where our scholars contribute new knowledge are areas that are of utmost importance to the real world. In other words, we also do 'relevance'! Read the story of Professor Geoffrey Kistruck: his work is concerned with changing lives of people on

the ground in rural Ghana. Learn more about Professor Adam Diamant's work on big data management that is directly improving management systems at Toronto Western Hospital. And discover how projects by Professors Wesley Cragg and Melanie Cao address pressing business issues faced by companies such as Siemens and DBRS.

The Global and the Local

Schulich's unique selling proposition to our stakeholders has always been that we are a global school, based in Toronto, Canada. Reflecting Toronto's status as one of the most multicultural cities in the world, our research is not only focused on issues pertaining to all five continents, but it is also conducted by and in collaboration with researchers originating from all over the world. This is reflected in multiple partnerships with universities all over the globe attracting funding from governments in many countries, as the work by Professors Anoop Madhok (Spain) or Justin Tan (China) profiled in this report demonstrates.

At the same time, the School is still very much rooted locally here in Toronto and, more broadly, in Canada. As such, our global outlook has always been driven by the ambition of ensuring our global agenda works for business here in Canada. After all, this is where most of our graduates are initially going to apply their skills. You will find numerous examples in this report of research that is making a direct contribution to Canada's global competitiveness. For example, the research projects by Professors Ambrus Kecskés, Theodore Noseworthy and Henry Kim are all focused on enhancing the performance of Canadian companies in the global environment.

During the past year, we were successful in attracting government grants (e.g., SSHRC, NSERC, MITACS, etc.) as well as funding from industry. Most notably, this is the first year in which Schulich boasts a Tier 2 Canada Research Chair. You will find an interview with the newly appointed Professor in that role, Theodore Noseworthy, inside this report.

'There is nothing more practical than a good theory'

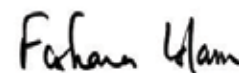
University researchers worldwide have often aspired to live up to this quote by the famous psychologist Kurt Lewin – but rarely has it been achieved. At Schulich, researchers aspire to square the circle of producing work that is both academically excellent and practically relevant. You will find multiple examples featured in this report. For instance, Marketing Professor Markus Giesler's work has reaped some of the highest acclaim in the world of academic publications. Yet his talk at York University's TEDx earlier this year had already scored more than 37,000 downloads within months of being posted on the Internet. In this report you will find an interview in which Professor Giesler shares some of his insights into how to achieve a balance between academic excellence and practical relevance, which he refers to as 'integrated scholarship'.

The 2015 edition of the Schulich Research Newsletter is a testament to a school that has academic excellence in research and real-world relevance at its core. We hope you enjoy reading about our exciting research work as much as we enjoy sharing it with you. And most of all, we would be happy to hear from you. Please email any feedback, suggestions or comments you may have to research@schulich.yorku.ca.



DR. DIRK MATTEN

Associate Dean, Research
Professor of Strategy and Hewlett Packard-Chair
Research in Corporate Social Responsibility
Schulich School of Business



DR. FARHANA ISLAM

Research Officer
Office of the Associate Dean, Research
Schulich School of Business

Faculty News & Research



New Schulich Faculty



THEODORE J. NOSEWORTHY

Associate Professor in Marketing & Canada Research Chair (CRC) in Entrepreneurial Innovation and the Public Good

Research Keywords

- Marketing – Technology
- Marketing Research
- Research Methodology

Theodore Noseworthy holds a Canada Research Chair (CRC) in Entrepreneurial Innovation and the Public Good and is a tenured Associate Professor of Marketing at the Schulich School of Business at York University. He is also an adjunct professor at the Carl H. Lindner College of Business at the University of Cincinnati. He earned his doctorate in Marketing at the Ivey School of Business, Western University, and has held previous faculty appointments at the University of Guelph.

Theo's primary focus of research and teaching is in the area of new product design and innovation. This work focuses on how people make sense of new innovative products and how marketers can better facilitate adoption. His primary theoretical interests are in the area of product categorization and visual processing.

Theo's primary focus of research and teaching is in the area of new product design and innovation.

Theo is Scientific Director of the NOESIS: Innovation, Design and Consumption Laboratory (funded by the Canadian Foundation for Innovation). The NOESIS lab is designed to foster innovative research into consumption, consumer behaviour, and design. Theo has developed this lab with the specific intent of conducting high quality research, training personnel, and facilitating knowledge mobilization.

Theo's work has appeared in the *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Business Ethics*, *Journal of Consumer Research*, *Journal of Consumer Psychology*, and *Psychology & Marketing*. His research has been covered by major news outlets around the globe, sparking interviews with the *National Post*, and an invite from the *Globe and Mail* to appear in "Canada's Leading Thinker Series" to share his insights into consumption innovation.

Prior to academia, Theo worked as a professional chef and hospitality consultant. Hence, when not in the behavioural lab, Theo can be found cooking for friends and family.

His primary theoretical interests are in the area of product categorization and visual processing.

Research Projects

Some of his recent projects include: exploring gender differences in the processing of visually incongruent products; exploring how consumers trade-off dominant product features for perceptual identity; exploring how certain types of positioning tactics influence how consumers make sense of visually incongruent products; and exploring how people make inferences based on the visual appearance of currency. ♦



Research Keywords

- Institutional Trading Behaviour
- Home Bias
- Exchange Exposure
- International Financial Markets
- Empirical Asset Pricing

Lilian Ng is the Scotiabank Professor of International Finance at the Schulich School of Business. Prior to joining Schulich in 2015, she was the Hans G. Storr Professor of International Finance at the University of Wisconsin and taught at several distinguished universities, including the University of Texas at Austin, Massachusetts Institute of Technology, University of Southern California, and University of California at Irvine. She is the Co-Editor of the *Review of Development Finance* and Associate Editor of the *Asia-Pacific Journal of Financial Studies*. She has served as Academic Director of the Midwest Finance Association and also on the Editorial Review Board of *Journal of International Business Studies*. She has acted as an ad hoc referee for over 30 financial and economic journals worldwide. Her research interests are in empirical asset pricing, international financial markets, and institutional trading behaviour. She has published extensively in leading financial, economic, and international journals, including the *Journal of Business*, *Journal of Finance*, *Journal of Financial Economics*, *Journal of Econometrics*, *Journal of International Money and Finance*, *Journal of Business Economics and Statistics*, *Journal of International Business Studies*, and *Management Science*. She has won several best research paper awards at national and international conferences and some of her works were featured in *The New York Times*, *SmartMoney*, *The Straits Times (Singapore)*, and *Singapore Business Times*.

Research Projects

Lilian's research focuses on empirical asset pricing models, with strong emphasis on empirical international finance research. She is working on a number of projects that attempt to provide significant insights into the trading behaviour of institutional investors around the world. Institutional investors have played an increasingly important role in the global financial market over the last decade, and as of 2014, the value of the assets they managed amounted to the size of the world GDP (i.e., US\$76 trillion). In one of her publications, her results indicate that mutual funds, a specific group of institutional investors

that she has examined, from both developed and developing countries, allocate a disproportionately larger fraction of their investment to domestic than to foreign equity markets. This evidence is widely known as the "home bias" phenomenon. Her study finds that the stock market development and familiarity variables have significant, but asymmetric, effects on the home bias.

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One current project expands her earlier study by investigating how institutional investors behave in times of crises in local and foreign markets. For example, during the 1997 Asian crisis and the 2008 global credit crisis, several studies have shown that financial intermediaries contribute to the excess co-movement in asset returns and that they play a role in crisis transmission. However, none of these studies have looked at how financial intermediaries rebalance their portfolios during crises. Lilian intends to examine whether different types of institutional investors from a broad spectrum of developed and developing countries, when hit by shocks that negatively affect the value of their assets in their home markets, have a tendency to rebalance their portfolios away from international markets to their domestic markets. Her study will address several important questions. When a foreign market is in turmoil, how do institutional investors respond to such crisis periods? Is there any evidence of flight-to-home, flight-to-liquidity, and flight-to-safety effects? That is, if institutional investors are to pull their capital out of the foreign market, where do they invest and why? What about when a local market is in turmoil? Do investors move their funds abroad and where? Lilian hopes to provide these answers to academics and practitioners by the end of the summer. ♦



ADAM DIAMANT
*Assistant Professor of Operations
Management and Information Systems*

Research Keywords

- Data Modelling
- Group and Team Dynamics
- Health Care Management
- Managerial Decision Processes
- Operations Management
- Organizational Learning

Adam Diamant is an Assistant Professor of Operations Management and Information Systems at the Schulich School of Business. He received his PhD in Operations Management from the Rotman School of Management (University of Toronto), his MSc. in mathematical finance from Boston University, and a BSc. in Computer Science and Physics from the University of Toronto. He has worked in a startup that provides solutions for big and real-time streaming data, has been a software consultant for firms engaged in high frequency trading, and has done atmospheric physics research. Adam's research uses stochastic modeling, queueing theory and econometric techniques to model and optimize systems in health care, finance, and urban development.

Adam's research uses stochastic modeling, queueing theory and econometric techniques to model and optimize systems in health care, finance, and urban development.

Research Projects

His first research project applies queueing theory to the modeling of crossing networks, alternative trading systems where submitted orders are hidden from other market participants. Crossing networks differ from transparent exchanges in that parties do not observe the buy/sell queues in the system. Traders submit anonymous buy/sell orders for a security along with the order size and the maximum time (i.e., deadline) to carry out the transaction. If an order is not completely filled by its deadline, the unfilled portion of the order immediately leaves the system. Impatient traders have a deadline of zero, while patient traders have a non-zero deadline and may queue. Prior to this research, the operation of crossing networks and how fill rates and system times were affected by operational characteristics had not been examined.

The system is modeled as double-sided queue with type- and side-dependent arrival rates, batch sizes, and abandonment behaviour. The steady-state queue length distribution is derived and closed-form system-level

performance measures are obtained. These are the first closed-form results for a double-sided queueing model with batch arrivals and abandonment. The expected fill rate and system time as a function of order size and abandonment deadline for an individual customer who arrives to the system in steady-state are also derived. The proposed theoretical model explains several phenomena observed in practice. For instance, it is demonstrated that there is an incentive for patient customers to become more impatient and submit smaller orders which is also observed in practice.

His second research project develops a quantitative model to manage the inventory of reusable surgical supplies at Mount Sinai Hospital. The sterilization process of reusable instrument sets is modeled as a discrete-time Markov chain. The corresponding steady-state probabilities, an expression for the probability that there is insufficient inventory to meet demand (i.e., a stock-out event), and the optimal number of reusable instruments to procure are derived. Several structural results are presented and the effectiveness of the theoretical model is demonstrated by applying it to usage data collected between 2010–2011. The results will guide future procurement decisions based on the tradeoff between desired service-levels and expected stock-out costs.

In another project, the scheduling practices of a multi-assessment, outpatient, health care program are investigated. The system is modeled as a Markov Decision Process (MDP). The objective is to maximize throughput (patients who complete all assessments) while minimizing the number of vacant appointment slots due to no-shows (patients who schedule an appointment but do not show up) and the time patients spend in the system. Optimal scheduling actions are obtained and a simulation model is presented to compare the proposed scheduling actions with several ad hoc policies. It is demonstrated that the proposed scheduling policies significantly reduce the time patients spend in the system and the number of unused appointments slots due to no-shows. To further demonstrate the effectiveness of the proposed scheduling policies, they are applied to the Bariatric Surgery Program run out of Toronto Western Hospital to improve current operating procedures. ♦



HONGPING TAN
Associate Professor of Finance
& Accounting

Research Keywords

- Financial Disclosure
- Analyst Forecasts
- International Capital Market

Hongping Tan is an Associate Professor of Finance & Accounting at the Schulich School of Business. He earned his PhD degree from Queen's School of Business. He is cross-appointed in the finance and accounting areas.

Hongping's research interests include financial disclosure, analyst forecasts and international capital markets. In particular, he is interested in the impact of information asymmetry due to various factors such as geography distance, accounting standard difference, media coverage and culture value on some major market participants including financial analysts and institutional investors. He has published papers in the Top Three accounting journals (*Journal of Accounting and Economics*, *Accounting Review*, and *Journal of Accounting Research*) and the Top Three finance journals (e.g., *Journal of Financial Economics*) in recent years. Hongping has received four SSHRC grants (two as principal investigator and two as co-applicants) and four best-paper awards from finance association annual meetings in recent years. He has served as an ad hoc referee for many accounting, finance and management journals, including top-tier journals such as *Accounting Review*, *Journal of Finance*, *Review of Financial Studies*, *Journal of Financial and Quantitative Analysis*, *Management Science*, and *Contemporary Accounting Research*.

Research Projects

Hongping's research falls into two streams. He has five working papers that investigate the determinants and impact of analysts' coverage. This line of research is a natural follow-up to his earlier publications. He applies analyst forecasts (including earnings and target prices)

to various contexts including IPO, culture and international markets to examine the impact of external forces such as culture, societal trust and country-level institutional characteristics on analyst forecast behaviour.

Hongping has published papers in the Top Three accounting journals (*Journal of Accounting and Economics*, *Accounting Review*, and *Journal of Accounting Research*) and the Top Three finance journals in recent years.

His second stream of research focuses on the textual analysis of unstructured data from various sources, including mandatory 10-K and 10-Q filings, analyst field trip reports, news releases, and analyst research reports. The major content information extracted includes the readability measures (such as Gunning-Fog index and the Flesch-Kincaid scale) and the positive-negative tones based on two major approaches: dictionary-based approach and naïve Bayes classification approach. For analyst reports, he has also extracted the valuation model use, disclosure of conflict of interests and other information. He plans to use a content analysis approach to better understand the determinants of information disclosure and its value implications to various market participants including financial analysts and institutional investors. ♦

Newly Funded Projects

Schulich researchers continue to successfully secure external funding from Canada's Federal Tri-council agencies. The Tri-council agencies are the major source of funds for research and scholarship within Canadian academic institutions. Schulich faculty members primarily receive funding from The Social Sciences and Humanities Research Council (SSHRC) and The Natural Sciences and Engineering Research Council (NSERC). This year's achievements are exceptional as Schulich gained its first Canada Research Chair.

Canada Research Chair in Entrepreneurial Innovation and the Public Good

Theodore J. Noseworthy

The proposed research programs under the tenure of this Chair will advance our understanding of how consumers respond to innovation. The goal is to develop theory while informing business and policymakers not only about the benefits of properly communicated innovation, but also about the potential costs to susceptible consumers and society. This Chair position coincides with an infrastructure grant from the Canadian Foundation for Innovation (CFI) to develop a world-class behavioural lab (The Innovation, Design, and Consumption Laboratory). The CRC/CFI combination presents an ideal balance to help Dr. Noseworthy examine three of his most pressing research programs:

1. How marketers can better communicate disruptive innovation;
2. How consumers may be susceptible to certain food innovations; and
3. How behaviours alter with the introduction of certain monetary innovations. This CRC position was designed to help combat Canada's innovation deficit by helping the private sector transfer knowledge into sustainable commercialized products and services to grow the economy.

The Canadian Foundation for Innovation (CFI) Grant

The NOESIS: Innovation, Design, and Consumption Laboratory

Principal Investigator: Theodore J. Noseworthy

The proposed infrastructure will assist in advancing our current understanding of how consumers make sense of innovation, and how marketers can better communicate innovative goods and services to facilitate adoption. The end goal is to inform business and policymakers not only about the benefits of properly communicated innovation, but also about the potential costs of ambiguous products to susceptible consumers and society at large. This lab is designed to further three research programs that collectively examine:

1. How marketers can better communicate radical (disruptive) innovation;
2. How consumers can be susceptible to food innovations; and
3. How behaviours can alter with the introduction of monetary/currency innovation. The *Innovation, Design, and Consumption Laboratory* will be located in room W254 at the Schulich School of Business. At the broadest level, the proposed infrastructure will allow Dr. Noseworthy to bridge the divide between scholarly advances on innovation and private sector awareness, and ultimately contribute to enhancing the future economic sustainability of Canadian businesses.

Social Sciences and Humanities Research Council (SSHRC)

SSHRC INSIGHT GRANT

Free Trade and Innovation: Evidence from Canada and Around the World

Principal Investigator: Ambrus Kecskés

According to the World Trade Organization, global trade stands at around \$45 trillion (as of 2012) or 64% of gross world product. For many countries, international trade accounts for a large proportion of economic output, and it is therefore central to their prosperity. The objective of this study is to examine the effect of international trade on investment in innovation. There are persuasive arguments in favour of free trade and much supportive evidence on countries but limited evidence on the businesses through which commerce is conducted. This study uses micro data to show that greater openness to international trade fosters the growth of new products and services.

SSHRC INSIGHT GRANT

Effects of National Level Trust on Bank Risk Taking, Performance and Financial Reporting

Principal Investigator: Kiridaran Kanagaretnam
Collaborator: Gerry Lobo (University of Houston)

The most recent financial crisis has been characterized by many as a trust crisis. The opportunistic behaviour of bank managers has eroded the trust in banks and bankers, and is an important reason for the stock market collapse during the crisis. Given the importance of trust, the primary objective of our research program is to study whether and how national-level trust influences bank financial reporting, risk taking and performance. We plan to address these questions by analyzing a sample of banks from over 70 countries during the period 2000–2006 (prior to the financial crisis) and the period 2010–2014 (after the crisis).

SSHRC INSIGHT GRANT

Fundamental Valuation and Applications to Behavioural Finance

Principal Investigator: Mark J. Kamstra

Co-Investigator: Lisa A. Kramer (University of Toronto)

The importance of market rationality in setting asset prices has gained new currency with recent periods of market turmoil. The prices of financial assets seem influenced, at least in part, by “fads” of investor sentiment. The objective of this research is to test for deviations from fundamental value resulting from changes in investor risk aversion, and to extend these techniques to evaluate deviations from fundamental prices caused by investor sentiment. This research builds on my work on behavioural finance and my work on fundamental valuation. My research on behavioural finance finds large and robust seasonal patterns in asset returns related to a pervasive mood disorder, seasonal affective disorder, or SAD. My research on fundamental valuation, developing valuation models for pricing assets, allows the estimation of prices. If investors exhibit seasonally varying risk aversion, then market prices will appear to be both too low relative to the simulated constant risk aversion fundamental prices in the fall. The results of this research will bear importantly on the determination of appropriate policy reactions to extreme events in financial markets.

SSHRC INSIGHT DEVELOPMENT GRANT

Developing Business Analytics Capability for Competitive Advantage

Principal Investigator: Murat Kristal

This research will draw on both streams of research, and focus on driving insights from multiple case studies to develop constructs and a theoretical framework on dynamic Business Analytics (BA) capability development. My research will address the following questions:

- How does an organization develop successful dynamic business analytics capabilities?
- How can this development be measured and benchmarked?
- What are the important antecedents that a firm starting out on BA capability development should possess?
- What are common pitfalls that firms investing in BA capability should avoid?
- Why are some organizations more successful than others at implementing dynamic BA capabilities?

The final results from this study and the broader research program will contribute to knowledge of both the use of business analytics in organizations, and the development of dynamic capabilities.

SSHRC INSIGHT DEVELOPMENT GRANT

Moral Reasoning, Social Preferences, and Honest Reporting

Principal Investigator: Sylvia Hsu

Co-Investigator: Janne Chung

The purpose of this project is to examine the interaction between moral reasoning and social preferences in individuals’ ethical decision making. Conventional economic theory suggests that ethics is of “no value” in self-interested agents’ decision making. However, recent empirical research shows that a proportion of ethical people forego economic payoffs in preference of behaving ethically. Because of social preference concerns, individuals’ behaviour may differ from that predicted by agency theory. In contrast to conventional

economics theory, social psychology suggests that individuals’ decisions are influenced by moral motivation. When individuals resolve ethical dilemmas, they evaluate two important moral concerns: harm/care and fairness. Kohlberg (1969, 1976) proposes a cognitive moral development model to theorize the cognitive aspect of moral decision making. The objectives of this project are to address two previously untested research questions by integrating the economics and social psychology literature. First, how does distributional fairness affect the ethical decisions of individuals with different moral cognitive processes? Second, when facing different levels of monetary payoff for misreporting, how do managers with different levels of moral reasoning provide financial reporting? The results will contribute to business and ethics research and provide implications for business management in enhancing moral behaviour.

SSHRC CONNECTIONS GRANT

Social Impact Research Lab Project Planning Workshop

Principal Investigator: Geoffrey Kistruck

The Social Impact Research Lab (SIRlab) is a participatory action research initiative housed at the Schulich School of Business. It is comprised of a global network of business scholars that draws upon a diverse range of management theories to help not-for-profit organizations and social enterprises design and pilot test improvements to their poverty alleviation models. To date, the team of scholars has undertaken projects in over 30 different counties in Africa, Asia, and Latin America. SIRlab’s network of scholars decided to begin to focus their collective efforts on a single geographic region each year (e.g., 2015 on Ghana). The country of Ghana was selected for several reasons, including its geographic centrality (SIRlab’s network of scholars exists in North America, Europe, and Asia), its relatively stable political system, and a growing opportunity for establishing new market linkages between the rural poor and flourishing urban centres. The inaugural workshop at Schulich acts as a catalyst in building direct relationships between SIRlab scholars, Ghanaian scholars, and Ghanaian practitioners.

SSHRC PARTNERSHIP DEVELOPMENT GRANT

Social Impact Research Lab

Principal Investigator: Geoffrey Kistruck

The Social Impact Research Lab (SIRlab) is a newly formed partnership based at the Schulich School of Business. It is a collaborative effort comprised of three primary types of actors:

1. Strategic management scholars from developed country institutions (e.g., Canada, the U.S., etc.) that possess a passion for designing and pilot testing theoretically-based improvements to poverty alleviation models;
2. Management scholars from developing country institutions (e.g., Ghana, Tanzania, etc.) that possess a desire to strengthen their knowledge of current management theories and combined qualitative and quantitative research methodologies in the context of poverty alleviation; and
3. Non-profit organizations and social enterprises (e.g., CARE, Technoserve, Accion, etc.) that are willing to acknowledge shortcomings in their existing programming, and to experiment with potential solutions in order to achieve greater impact and efficiency in the scaling of their overall efforts. Thus, the overarching goal of the SIRlab partnership is to build stronger networks between both academic and non-academic audiences from diverse contexts for the direct sharing and co-creation of knowledge with regard to the role of business in poverty alleviation.

Newly Funded Projects cont'd

Natural Sciences and Engineering Research Council of Canada (NSERC)

NSERC DISCOVERY GRANT

Simulation-Optimization Methods and Modelling-to-Generate-Alternatives for Planning Under Uncertainty

Principal Investigator: Julian S. Yeomans

Simulation-optimization (SO) is a computational approach for incorporating significant uncertainties into the determination of best solutions to complex planning problems. This research will investigate a variety of methods that improve the performance of SO both by decreasing its computing time and by producing better quality solutions. Furthermore, most large, real-world applications typically contain components that are very difficult to incorporate into corresponding computational models and tend to be riddled with unquantifiable design specifications. While mathematically optimal solutions might provide the best solutions to these modelled problems, they are generally not the best answers to the underlying real problems as there are invariably unmodelled objectives and unquantified issues not considered during model construction. Hence, in practice, it is considered more desirable to generate a number of very dissimilar alternatives that supply completely distinct perspectives to the formulated problem. In response to this multi-solution creation requirement, several approaches referred to as modelling-to-generate-alternatives (MGA) have been developed. This project will demonstrate that SO can be used as an effective MGA method for large-scale policy planning under uncertainty.

NSERC ENGAGE GRANTS

Leveraging Supply Chain Automation Expertise to Develop Supply Chain Analytics Capabilities

Principal Investigator: Henry Kim

According to IDC, firms worldwide spent \$35 billion on analytics software in 2012, and the market is expected to exceed \$50 billion by 2016. This substantial and high-growth market complements the revolution in 'Big Data.' Therefore, this market is of strategic importance in ensuring the competitiveness of Canadian Information and Communications Technologies (ICT) industries, and so Canadian companies such as QLogitek are looking to invest in raising their presence in this market. QLogitek is interested in leveraging its expertise and relationships in the supply chain space and in capitalizing on current opportunities in analytics to strengthen and develop its capabilities in supply chain analytics. QLogitek's core competencies include:

1. Its expertise in supply chain automation and integration services;
2. Its knowledge of, and relationships with, its clients in key industries as well as SEB partners; and
3. Its access to clients' and SEB partners' data assets. With support from the ENGAGE grant, the objectives of this research collaboration are to develop a strategic plan for new solutions in supply chain analytics that best leverage QLogitek's core competencies, and to develop a use case/prototype of the most promising offerings.

Other External Grants

CANADIAN INTERNET REGISTRATION AUTHORITY

How Do Canadian Organizations Benefit From Helping Develop the Firefox Web Browser

Principal Investigator: Ellen R. Auster

Co-Investigator: Mekki MacAulay

The purpose of this research, which is part of a broader research agenda into open source strategy, is to help understand how the participation of Canadian organizations in Mozilla's Firefox project has contributed to their competitiveness, skills development, network, reputation, and/or growth over time. The benefit for researchers is that it challenges the standard business assumption that "giving it away" is "bad for business".

THE SWIFT INSTITUTE

The Scope of International Mutual Fund Outsourcing

Principal Investigator: Douglas Cumming

Co-Investigators: Armin Schwienbacher and Feng Zhan

This research examines the causes and consequences of mutual fund outsourcing to different types of service providers: advisors, custodians, administrators, and transfer agents. The data indicates outsourcing is less common among bank-managed funds and funds of leading groups, but more common among funds that are distributed through third parties. Moreover, initial subscription fees are lower among funds that outsource non-advisory services, while annual management fees are not different among funds that outsource. The effect of service outsourcing on subscription fees occurs only for funds targeting institutional investors; retail investors enjoy no fee gains. The outsourcing of advisor services is associated with greater fund risk, but also with higher risk-adjusted performance (Sharpe ratio). However, the positive link with performance disappears when controlling for endogeneity, suggesting that fund managers optimally outsource advisory services in response to expected performance gains. Consistent with our predictions, outsourcing of other services does not impact portfolio decisions. Their impact is through lower subscription fees.

Other External Grants *continued*

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

Culture, Scripts and Negotiation

Principal Investigator: Christopher Bell

Co-Investigators: S. Quratulain and A.K. Khan

We explore how culture- and society-specific negotiation scripts are related to outcomes of naïve negotiators in complex, multi-issue negotiations. A script is a cognitive knowledge structure that integrates mental representations of events, behaviours, objects, and ideas. Cultures or societies may differ in the types or content of situations they provide, with correspondingly different scripts for similar situations. In Pakistan and China, retail exchanges are typically characterized by bargaining and competitive negotiation. In Canada, most retail marketplace experiences are structured exchanges with clearly set prices and little opportunity to bargain. These differences in the form and availability of bargaining experiences will be integrated into negotiators' scripts. Pakistani and Chinese negotiators' performance will be determined by a script characterizing negotiation as a competitive, distributive, zero-sum game, whereas Canadian negotiators' performance will be relatively more consistent with a cooperative interaction between partners.

MITACS OF CANADA

Credit Ratings for Small and Medium Enterprises

Principal Investigator: Melanie Cao

Co-investigators: Huaxiong Huang (York University), and Sebastian Jaimungal (University of Toronto)

Our industry partner for this grant is the Dominion Bond Rating Service Ltd. (DBRS), a privately-owned Canadian company. DBRS is a globally-recognized credit rating agency. It provides timely credit rating opinions for a broad range of entities, including financial institutions, corporate entities, government bodies and various structured finance products in North America, Europe, Australasia and South America. The objective of this grant is to help DBRS build a regression model to evaluate credit ratings for small and medium enterprises. The challenge of this project is that most of small and medium enterprises are private companies that do not have stock market data. My co-applicants and I intend to propose a theoretical framework to overcome this challenge.

SIEMENS AG, VIA THE CENTRAL EUROPEAN UNIVERSITY

Conference on "Educating for Integrity"

Principal Investigator: Wesley Cragg

This grant is from Siemens, the German multinational via the Central European University to organize a conference on "Educating for Integrity" to be held at York University in November, 2015. The conference will bring together scholars, business, government, and voluntary sector leaders from North and Central America to examine and discuss the issue of corruption and bribery; how to effectively address the challenges it poses for business and the economy through education and the development of courses and training on the part of business schools, institutions of higher education generally; and executive training on the part of universities, professional organizations and associations and corporations.

STATE SECRETARIAT OF RESEARCH, DEVELOPMENT AND INNOVATION, MINISTRY OF ECONOMY AND COMPETITIVENESS, SPAIN

The Globalization of Spanish Firms in Latin America: Springboard Subsidiaries, Innovation and Local Spillovers

Principal Investigator: Anoop Madhok

Co-Investigators: J. Pla-Berber and C. Pilar

This project is focused on analyzing investments in Latin America carried out by multinational firms through their subsidiaries located in Spain, i.e., units acting as headquarters out of their domestic region (extra-regional headquarters). These subsidiaries become key actors creating high added value for the various entities involved and offer unique competencies for the network that are very useful to enhance global competitiveness. In addition, the project identifies and explores the organization mechanisms critical to create and gain access to relevant knowledge in order to achieve better innovative performance. The project contributes to recent literature on the relationship between headquarters and subsidiaries, and also includes aspects from the literature on economic geography, competence creation and innovation.

NATIONAL SCIENCE FOUNDATION OF CHINA

The Relationship between Alliance Network and Firm Innovation Performance: A Cross-level and Dynamic Perspective

Principal Investigator: Justin Tan

This project attempts to investigate how factors at different levels of alliance networks work on the innovation performance of firms, and how organizational innovation mechanisms co-evolve with the development of alliance networks, by integrating the three broad theoretical perspectives: network theory, cross-level theory and co-evolution theory. A multiple method design, including meta analysis, case study, and simulation, is adopted in our research. We would first identify the factors at three levels of an alliance network that work on organizational innovation performance, with a longitudinal study of the Chinese 3G industry based on TD-SCDMA standard, and meta analysis of literature. After that, a simulation model based on multi-agent theory will be built to facilitate the analysis, to investigate how factors across the three levels of alliance network work on the organizational innovation performance, and how organizational innovation mechanisms and alliance networks co-evolve with each other. This project has potential to contribute to the social network analysis, and Chinese-based theory building and empirical practice. ♦

List of Endowed Chairs and Professorships



Ann Brown Chair of Organization Studies (Established in 2010)

CHARLENE ZIETSMAS

BA (Wilfrid Laurier); MBA (Simon Fraser);
PhD (University of British Columbia)
Associate Professor of Organization Studies
Director of Entrepreneurial Studies



CIT Chair in Financial Services (Established in 1998)

JAMES DARROCH

BA & MA & PhD (Toronto); MBA & PhD (York)
Associate Professor of Policy
Area Coordinator, Policy/Strategy
Director, Financial Services Program



Anne & Max Tanenbaum Chair in Entrepreneurship and Family Enterprise (Established in 1999)

EILEEN FISCHER

BA & MAs (Waterloo); PhD (Queen's)
Professor of Marketing
Director, PhD Program



Bell Media Professorship in Media Management (Established in 2002)

DOUGLAS BARRETT

BA Hons (York); MSc (Syracuse); LLB (Dalhousie)
Visiting Scholar in Broadcast Management



Bob Finlayson Chair in International Finance (Established in 2011)

KEE-HONG BAE

BS & MS (Korea); PhD (Ohio State)
Professor of Finance



Erivan K. Haub Chair in Business and Sustainability (Established in 1993)

BRYAN HUSTED (until June 2015)

BA & MBA & JD (Brigham Young);
PhD (California, Berkeley)
Professor of Policy/Strategy



Canada Research Chair in Entrepreneurial Innovation and the Public Good (Established in 2014)

THEODORE J. NOSEWORTHY

MBA, MSc (University of Guelph); PhD (Ivey, Western)
Associate Professor of Marketing, Scientific Director of the
NOESIS: Innovation, Design, and Consumption Laboratory



Export Development Canada Professorship in International Business (Established in 2011)

LORNA WRIGHT

BA (Wilfrid Laurier); MA (Essex, UK);
MM (Thunderbird); PhD (UWO)
Associate Professor of Organization Studies and
International Business, Director, Centre for Global Enterprise



CPA Ontario Chair in International Entrepreneurship (Established in 2011)

MOREN LÉVESQUE

BA & MA (Laval University);
PhD (University of British Columbia)
Professor of Operations Management and
Information Systems



George R. Gardiner Professorship in Business Ethics (Established in 1992)

ANDREW CRANE

BSc (Warwick, UK); PhD (Nottingham, UK)
Professor of Policy/Strategy
Director, Centre for Excellence in Responsible Business



Chair in Business History (Established in 2003)

MATTHIAS KIPPING

MA (Sorbonne, France); MPA (Harvard);
Dipl. (EHESS, France); DPhil (München, Germany)
Professor of Policy/Strategy



Gordon Charlton Shaw Professorship in Management Science (Established in 2003)

WADE D. COOK

BSc (Mt. Allison); MSc (Queen's); PhD (Dalhousie)
Professor of Operations Management &
Information Systems



CIBC Professorship in Financial Services (Established in 1994)

GORDON S. ROBERTS

BA (Oberlin College); MA & PhD (Boston College)
Professor of Finance



Henry J. Knowles Chair in Organizational Strategy (Established in 2002)

CHRISTINE OLIVER

BA (Queen's); MBA & PhD (Toronto)
Professor of Organization Studies



Hewlett-Packard Canada Chair in Corporate Social Responsibility (Established in 2003)

DIRK MATTEN

Dipl.-Kfm. (Essen, Germany), Dr.rer.pol. & Dr.habil. (Düsseldorf, Germany)
Professor of Policy/Strategy
Associate Dean, Research



Pierre Lassonde Chair in International Business (Established in 1997)

PREET AULAKH

BSc & MA (Punjab, India); PhD (Texas-Austin)
Professor of Policy/Strategy and International Business



Inmet Chair in Global Mining Management (Established in 2013)

RICHARD ROSS

BCom (Toronto), CPA
Executive in Residence, Schulich School of Business
Former Chairman and Chief Executive Officer, Inmet Mining Corporation



Ron Binns Chair in Entrepreneurship (Established in 2010)

GEOFFREY KISTRUCK

BA (Western); MBA (McMaster); PhD (Western)
Associate Professor of Entrepreneurial Studies



Jarislowsky-Dimma-Mooney Chair in Corporate Governance (joint appointment with Osgoode Hall Law School) (Established in 2005)

EDWARD J. WAITZER

LLB & LLM (Toronto)
Professor of Policy/Strategy



Royal Bank Professorship in Nonprofit Management & Leadership (Established in 1997)

BRENDA GAINER

BA Hons (Alberta); MA (Carleton); MBA (Maine); PhD (York)
Associate Professor of Marketing
Director, Social Sector and Management Program



Kraft Foods Canada Chair in Marketing (Established in 2004) (formerly Nabisco founded in 1985)

RUSSELL BELK

BS & PhD (Minnesota)
Professor of Marketing
University Distinguished Professor (York)



Scotiabank Chair in International Finance (Established in 2013)

LILIAN NG

BBA (National University of Singapore); MBA (Binghamton, NY); PhD (Pennsylvania)
Professor of Finance



Newmont Mining Chair in Business Strategy (Established in 2003)

JUSTIN TAN

BBA (Tianjin, China); MA (Kansas); PhD (Virginia Tech)
Professor of Policy/Strategy



Scotiabank Professorship in International Business (Established in 1998)

ANOOP MADHOK

BCom (Calcutta, India); MBA (Cincinnati); MA (John Hopkins); PhD (McGill)
Professor of Strategic Management/Policy



Nigel Martin Chair in Finance (Established in 1996)

ELIEZER Z. PRISMAN

BA (Hebrew, Israel); MSc & DSc (Technion, Israel)
Professor of Finance



Tanna H. Schulich Chair in Strategic Management (Established in 1996)

DEZSŐ J. HORVÁTH, CM

Electrical Eng (Malmö, Sweden); MBA & PhD (Umeå, Sweden)
Dean, Schulich School of Business
Professor of Policy/Strategy



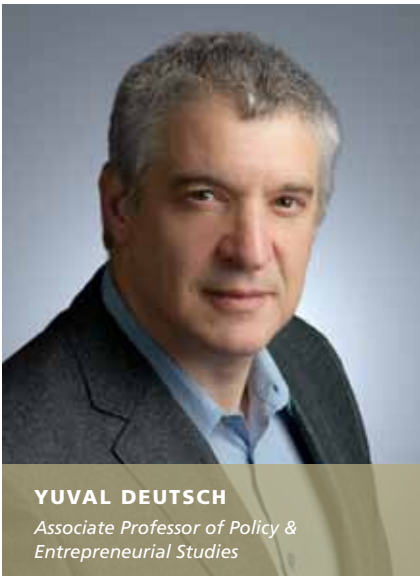
Ontario Research Chair in Economics & Cross Cultural Studies: Public Policy and Enterprise Competitiveness (Established in 2005)

DOUGLAS CUMMING

BCom Hons (McGill); MA (Queen's); JD & PhD (Toronto); CFA
Professor of Finance and Entrepreneurship

Schulich Fellowship in Research Achievement

The Schulich Fellowship in Research Achievement is awarded annually to a small number of Faculty members at the Schulich School of Business. These fellowships provide a release time from teaching as well as funds to support research. The intention of these awards is to free up research time, and thus enhance the holder's research productivity.



YUVAL DEUTSCH
Associate Professor of Policy &
Entrepreneurial Studies

During the fellowship year I worked on four of my ongoing research projects. The first research project with T. Keil, T. Laamanen and M. Maula re-evaluates the theoretical frameworks used to explain firms' engagement in M&As. We argue that decision-making in large and small acquisitions is quite different and, as a consequence, different theories might be needed to explain each type. This collaboration has resulted in multiple international conference presentations and two journal articles, one in *Strategic Management Journal* and one in *Journal of Management*. An additional paper is being revised and resubmitted to *Organization Science*.

The second project with my Schulich colleague Dr. David Weitzner is aimed to address two glaring omissions in the stakeholder salience model. These omissions not only reduce the framework's predictive power, but in many cases may also lead to wrong predictions. The collaboration with Dr. Weitzner has resulted in multiple international conference presentations. Recently, the first paper of this project was accepted to *Organization Studies*, and the second paper is under second review with *Journal of Management Studies*. In addition, we are working on two chapters that we were asked to write for *The Encyclopedia of Business*.

In the third project, with Deutsch Salamon, we depart from traditional organizational

behaviour literature by adopting a signaling perspective (Spence, 1973; Zahavi, 1975) to offer a novel rationale as to why players may choose to adopt seemingly irrational behaviours. We show that by doing so, an individual can signal credible information about his/her otherwise unobservable superior ability. These behaviours serve as a credible signal because less able individuals cannot afford to imitate this behaviour as it will expose them to costs or risks that they cannot withstand. This collaboration has resulted in multiple international conference presentations and a paper in *Journal of Organizational Behaviour*. Recently, another paper was accepted for publication as a book chapter.

The fourth project, with M. Keyhani, and Schulich Professors Moren Lévesque and Anoop Madhok, explores the interdependency among entry strategy, resource allocation strategy, and exit strategy to build theories of entrepreneurship strategy that cover the entire scope from entry to exit of start-ups. Its main objective is to better understand the returns to entrepreneurial action (entry and resource allocation in pursuit of opportunities) in terms of performance, survival and exit outcomes. Recently the first paper of this project was accepted for publication in *Frontiers of Entrepreneurship Research BCERC Proceedings*.



CHRIS BELL

*Associate Professor of
Organization Studies*

My fellowship research is grounded in models of uncertainty management or reduction. The **Uncertainty Management Model (UMM)** proposes that when individuals feel uncertain, they use fairness judgments to cope with their uncertainty (Ven den Bos & Lind, 2002b). The **Uncertainty-Identity Theory (UIT)** proposes that when individuals feel uncertain, they identify with groups to manage uncertainty (Hogg, 2007, 2009). **System Justification Theory** (Jost & Hyunady, 2005) proposes that people who are disadvantaged by a system sometimes still support it, especially under conditions of uncertainty.

Kevin McKague (Schulich PhD, 2013) and I studied rural Bangladeshi female dairy producers' cooperatives, organized by CARE NGO, finding that the effect of group fairness and relational social capital on subjective well-being becomes stronger as intolerance of uncertainty increases. These findings counter the dominant model in humanitarian aid, whereby well-being is determined primarily by economic factors.

Sara Ruhani (BBA, 2014) and I found that justice effects are stronger when people are

uncertain about the right or wrong thing to do. Nikola Peric (BBA, 2015) and I expect that social identity effects will be enhanced when considering a moral dilemma because identity prescribes moral and ethical behaviour. However, justice effects will be stronger after making a moral decision because people want to be treated fairly for the decision and its outcomes. This research clarifies when and how UMM or UIT plays a role in moral reasoning and behaviour.

Art Assoiants (Psychology BA, 2015) and I found that employees judge supervisors to be fairer and more ethical to the extent they are tough disciplinarians, or the employee endorses power distance, the idea that subordinates should accede to authority. Joyce Tan (BBA, 2015) and I followed up with Schulich BBAs who made first impression judgments of photos of authority figures. Ethicality was positively related to power distance and negatively to rigid authoritativeness, especially under conditions of uncertainty. This research suggests that perceptions of ethical leadership are positively related to norm enforcement (but not rigid authoritativeness) and system justification, particularly under conditions of uncertainty.



ANOOP MADHOK

*Professor of Strategy
Scotiabank Chair in International Business
and Entrepreneurship*

My research interests broadly span both strategy and international management. The intent of my research, titled "Towards an action-based perspective on firm competition", is to address the following question: How can the 'ordinary' firm, i.e. one that seems to lack specific sources of competitive advantage, become a contender in highly competitive markets?

As the title suggests, in this research I aim to develop an 'action-based' perspective (ABP) on competition, based on Austrian economics-based notions of entrepreneurship, as an alternative lens towards firm competition. Traditional theoretical frameworks emphasize industry position or the possession of strategic resources as a source of competitiveness. Scholars have begun to fault these industry- and resource-based perspectives for their equilibrium-oriented logic and largely static orientation. Notably, today's more dynamic environment, characterized by constant uncertainty and hyper-competition, can rapidly render extant competitive advantages obsolete while simultaneously creating new competitive opportunities. In such a context, traditional notions of competitive advantage are slowly becoming outmoded as competitive advantage becomes more temporary and transient. Compared to the position and possession logics, where strategy tends to be more systematic and

deliberate, in the ABP, with its action orientation and corresponding focus on firm action(s), strategy and opportunities are created and/or enacted, for instance by spotting an opportunity earlier and seizing it ahead of others or by adapting in real time to environmental and technological shifts.

In my research, I investigate the ABP logic within the context of multinational firms from emerging economics. Although this is my focal context, the argument can, however, with minor adaptations, be comfortably generalized to newly established entrepreneurial firms.

The ABP argument allows scholars to better understand inter-firm rivalry and dynamics in fast-changing environments, and potentially shifts the frame in three important ways: first, it shifts the focus from equilibrium to disequilibrium; second, it relaxes the assumption that resources have to start off being valuable; and third, it shifts the focus of competition from the lens of firm ability to firm agility. In line with the above, the emphasis shifts from what a firm *has* to what a firm *does* with what it has, i.e. its actions.

I intend to sharpen my theorizing as well as put together some case profiles as initial illustrative evidence, based on secondary data of firms that reflect the ABP profile, i.e. entrepreneurial and action-oriented.

Schulich Fellowship in Research Achievement cont'd



MING DONG

Associate Professor of Finance

My current research projects focus on behavioural finance – how the emotions of investors and company executives affect trading or corporate decisions. Behavioural finance is one of the fastest growing areas of finance. Through my own research, I am convinced of the pervasive role of investor psychology in affecting market valuation and corporate decisions. This fellowship supports me in coordinating my four ongoing research projects.

The first project, “Does Management Earnings Guidance Benefit Shareholders?”, supported by a SSHRC grant, empirically tests whether an investor behavioural bias named loss aversion helps to explain why firms provide earnings guidance, and whether management earnings guidance benefits stock performance, especially in the case of bad news earnings guidance.

The second collaborative project, “Does Market Overvaluation Promote Corporate Innovation?”, supported by a National Center of Middle Market Grant, explores whether misvaluation affects innovation input (R&D expense) and output (measured by patents and citations, using the newly updated NBER

patent/citation dataset). We find stock overvaluation is associated with greater innovative output, but this effect is much weaker than the effect on R&D expenditure, suggesting substantial agency costs of overvalued equity.

In the third paper, “Rationalizing the Irrationality: Diffusion of Misvaluation through Economic Links”, supported by a SSHRC Grant, my co-authors and I aim to establish that when investors are attention-constrained, the channel for information flows can also facilitate the diffusion of misvaluation, using a hand-collected sample of supplier-customer company pairs.

In the fourth paper, “CEO Overconfidence and Corporate Fraud”, my co-author and I examine how CEO overconfidence affects corporate fraud. In contrast to the literature which documents that executives tend to unintentionally overstate profitability, which starts them on a “slippery slope” path to frauds, our evidence indicates that extremely overconfident CEOs intentionally commit fraud that are substantially more severe than frauds committed by non-overconfident CEOs.



LINDA THORNE

Professor of Accounting

My area of research generally aims at understanding the ethical decisions and decision process of professionals, and in particular professional accountants. This involves different methodologies including experimental, survey and qualitative research techniques.

In the past year, I have made significant progress in collaborating with my former PhD student Jonathan Farrar (presently Assistant Professor, Ryerson University, Toronto) in investigating how to increase voluntary tax compliance and mitigate tax evasion. This stream of research combines the strengths of Jonathan's expertise in tax research with my interests in ethics research and experimental methods. Previously, we received research funding for two projects investigating how procedural, and more specifically interactional fairness, influence taxpayers' compliance. These projects have received funding from the CPA Schulich Alliance in 2012 and 2013.

Our first project involves investigating how an important, previously unexplored aspect of procedural fairness, interactional fairness, influences taxpayers' compliance.

Interactional fairness is taxpayers' perceived fairness of communications by and with the tax authority. We have collected data and written a preliminary paper that shows the importance of a key aspect of interactional fairness, information, in affecting subsequent taxpayers' compliance. Our paper has been presented at the Canadian Academic Accounting Association and the European Academic Accounting Association Conference.

For the second project, we are in the process of developing a model of taxpayers' whistleblowing, integrating insights from several models of whistleblowing (Dozier & Miceli 1985, Gundlach et al. 2003, Keil et al, 2010) and a fairness perspective. We aim to establish that perceptions of fairness mediate taxpayers' propensity to whistle blow when they encounter others' tax evasion. This second project extends the empirical findings of the research on fairness and compliance to consider how procedural fairness influences taxpayers' whistleblowing. We plan on using this model as a basis for a SSHRC grant submission in the Fall 2015. ♦

Features





Schulich Research Day Celebration 2015

50 years of innovation, research excellence and collaboration



The CIBC Marketplace at the Schulich School of Business was abuzz during the School's second Research Day on January 28, 2015, an event that invited academics and practitioners from the research community to showcase their investigative work through engaging poster exhibits.



Nearly 150 students, alumni, academics, business guests and staff attended Schulich's second Research Day to celebrate the formidable work of faculty, post-doctoral and PhD students on January 28. A gallery in Schulich's CIBC Marketplace showcased 27 posters highlighting research on topics ranging from "Gender Diversity and Securities Fraud" to "Accountability, Performativity, and the Ethical Self". The celebration offered a fascinating tour of cutting-edge research with real implications for today's business leaders. Researchers were available to elaborate on their research and answer questions.

Several of the research projects had been carried out in collaboration with researchers from other departments at York University or other universities, lending an interesting cross-discipline approach to the topics. Academic books by faculty were also available for review.

Later, a panel discussion on "Research Frontiers at Schulich: Past, Present and Future" followed a keynote speech by Professor Dirk Matten, Associate Dean,

Research, and Hewlett-Packard Chair in Corporate Social Responsibility.

"This milestone event provides us with an opportunity to celebrate a half-century of achievements and our School's transformational role as a global leader in management education, captured in the slogan 'Business Education Transformed'."

DEZSÖ J. HORVÁTH
Dean, Schulich School of Business

"Over the last 50 years, Schulich has established itself firmly in the top tier of global business schools through its world class education performance at all levels. Schulich faculty members have done an absolutely fabulous job to ensure that our credibility as a school is deeply rooted in world leading research contributions," Professor Matten said.

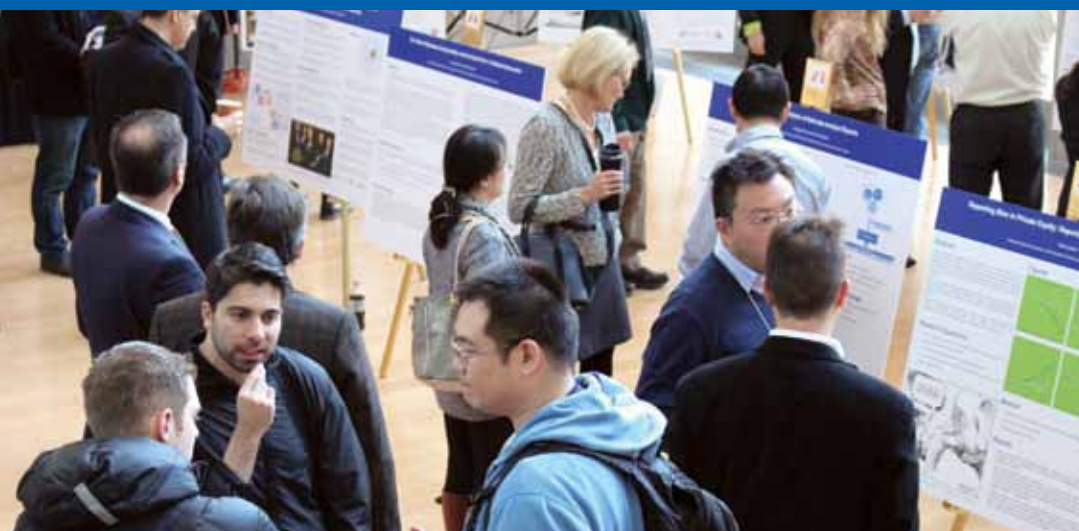
Schulich Dean Dezső J. Horváth outlined in the welcome message, "This milestone event provides us with an opportunity to

celebrate a half-century of achievements and our School's transformational role as a global leader in management education, captured in the slogan 'Business Education Transformed'. At the same time, we intend to inspire and engage the next generation of leaders and achievers".

Associate Marketing Professor Markus Giesler, who was named "one of the most outstanding business school professors under 40 in the world," and who co-ordinates the Marketing PhD program, moderated the panel discussion between Eileen Fischer, Professor of Marketing, Anne & Max Tanenbaum Chair in Entrepreneurship and Family Enterprise; Gareth Morgan, Distinguished Research Professor and Professor of Organization Studies; Geoffrey Kistruck, Associate Professor and Ron Binns Chair in Entrepreneurship; and Irene Henriques, Professor of Sustainability and Economics. The panelists shared memories of their years at Schulich and discussed plans to continue to transform the way management research is conducted at the school.



A gallery in Schulich's CIBC Marketplace showcased 27 posters highlighting research on topics ranging from "Gender Diversity and Securities Fraud" to "Accountability, Performativity, and the Ethical Self". The celebration offered a fascinating tour of cutting-edge research with real implications for today's business leaders. Researchers were available to elaborate on their research and answer questions.





50



50 years of innovation,
research excellence and
collaboration

150



150 students, alumni, academics,
business guests and staff attended
Schulich's second Research Day

27



A gallery in Schulich's
CIBC Marketplace showcased
27 posters on research topics



The Dean's Research Impact Awards presented at Schulich Research Day

The Schulich School of Business Dean's Research Impact Award for Lifetime Achievement was presented to Wade Cook, Professor of Operations Management and Information Systems and Shaw Professor of Management Science. Professor Cook is an international pioneer who has made a long-term

Professor Cook's teaching interests cover the areas of statistics, operations research, production/operations management and inventory control. He is also the recipient of the designation of 'University Professor' for his significant service and leadership to York University, his longstanding impact on the University's teaching mission, and his international recognition as a scholar.

Douglas Cumming, Professor in Finance and Entrepreneurship and Ontario Research Chair in Economics & Cross

Press, Wiley Press, and Oxford University Press. His teaching ratings have consistently been very high throughout his academic career and he has been nominated for teaching awards at various institutions where he has worked.

Anton Siebert, a Schulich doctoral student visiting from Witten/Herdecke University in Germany, and Professor Markus Giesler won the Best Poster Award for "Emotional Consumption Systems and the Globalization of



Professor Wade Cook receives the Dean's Research Impact Award for Lifetime Achievement from Professor Markus Biehl, Associate Dean, Academic



From left, Professor Markus Giesler and Anton Siebert receive award for Best Poster at Schulich Research Day (see page 61)



Professor Douglas Cumming receives the Dean's Research Impact Award for Emerging Leader from Professor Markus Biehl, Associate Dean, Academic

impact on the field of Operational Research, which involves the development and application of quantitative and computer-based tools for addressing processing problems in industry, the public sector, health care, education and business. He has published an impressive volume of high-quality work in the form of journal articles, book chapters and conference proceedings (numbering about 175 articles in total, with 155 of these being journal articles), books (seven) and edited special issues of journal (four).

Professor Cook is an international pioneer who has made a long-term impact on the field of Operational Research, which involves the development and application of quantitative and computer-based tools for addressing processing problems in industry, the public sector, health care, education and business.

Cultural Studies, received the Dean's Research Impact Award for Emerging Leader. Professor Cumming was recognized for his research accomplishments, his commitment to fostering relationships in the research community and for advancing Schulich's international reputation for research excellence. His research spans law and finance, public policy, entrepreneurial finance, venture capital, private equity, IPOs, hedge funds, exchange regulation and surveillance.

Professor Cumming has published 127 refereed articles in leading academic journals. Professor Cumming is listed among the highest ranked authors in the world on Repec and SSRN in terms of downloaded papers, journal pages and citations. He has published 13 books on venture capital, private equity, entrepreneurial finance, hedge funds, and law and finance with leading publishers that include Elsevier Science Academic

Romantic Love," which explores the market shaping of emotions.

Professor Cumming is listed among the highest ranked authors in the world on Repec and SSRN in terms of downloaded papers, journal pages and citations.

Professor Giesler specializes in the study of markets as social systems and researches how ideas and things such as products, services, experiences, technologies, brands and intellectual property acquire value over time. "While we know much about emotions as motivators and outcomes of consumption, we know little about why consumers express and manage their emotions in certain ways and not in others," Siebert said. "Research Day has demonstrated how exciting the excellent research at Schulich is, and has inspired many new thoughts about my own work." ♦

Social Impact Research Lab

Improving the Implementation of International Poverty Solutions

Professor Geoffrey Kistruck launches new research initiative

Geoffrey Kistruck joined the Schulich School of Business two years ago as Associate Professor and Ron Binns Chair in Entrepreneurship. Coinciding with his arrival, he launched a new research initiative called the Social Impact Research Lab (SIRLab). SIRLab designs and tests solutions to management challenges faced by organizations that are working to alleviate poverty in an international context.

Fifteen years ago, Professor Geoff Kistruck was working for a publicly-listed Canadian company as vice-president of corporate development. Though he enjoyed the role, he felt unfulfilled and unhappy with what he was contributing to the world. Wanting to do more, he quit his job and returned to school to finish a PhD focusing on how businesses can contribute to solving some of society's most pressing problems. Combined with his love of international travel, this research triggered in Geoff a passion for poverty alleviation. He had found his path.

There were a limited number of studies within the management literature focused on market-based solutions to poverty alleviation, and those that existed were almost exclusively historical and case-oriented in nature.

Throughout the process of completing his PhD at the Richard Ivey School of Business, Western University, Professor Kistruck travelled extensively throughout Africa and Latin America to study how both nonprofit and for-profit organizations were using markets as a tool for social and economic development. Many projects involved establishing international supply chains between small-scale local producers and large-scale developed-country buyers. Other projects involved introducing new, low-cost products and services into impoverished communities as a means of improving their standard of living. While both of these 'supply' and 'demand' types of market-based approaches to poverty alleviation held

a great deal of potential, he quickly noticed that they were also fraught with a number of challenges.

Says Professor Kistruck: "These challenges often involved how to effectively govern market transactions in environments where formal legal institutions were weak or non-existent. At the same time, the organizations seeking to build market linkages faced a constant tension; they needed to provide enough support to impoverished communities to create new trade linkages, but they couldn't provide so much support that the local communities became dependent upon the organization for their survival."

In looking at the academic literature as a source of guidance for how to deal with these challenges, he quickly realized that current management theory was ill-equipped to provide adequate prescription. There were a limited number of studies within the management literature focused on market-based solutions to poverty alleviation, and those that existed were almost exclusively historical and case-oriented in nature.

In order to help redress these shortcomings, Professor Kistruck created the Social Impact Research Lab. SIRLab focuses solely on poverty-related challenges that are both practically relevant and theoretically interesting. 'Practically relevant' means that the focus is on real-time problems that are currently keeping managers awake at night. 'Theoretically interesting' means that the practical problem also represents a gap within current academic literature, and thus provides an opportunity to extend theories of organization more generally.

In order to help redress these shortcomings, Professor Kistruck created the Social Impact Research Lab (SIRLab).

For each project that SIRLab undertakes, Professor Kistruck forms a research team that consists of at least one senior scholar and one junior scholar from a developed-country context, one local scholar from a developing country context, and a representative from the poverty-focused organization. The team then spends approximately two weeks within the field interviewing organizational staff, community members, and other relevant stakeholders to gain multiple perspectives on the business problem. These field insights are then combined with current academic theory to help design a potential solution, and an implementation plan for the field experiment, or 'pilot', is created. Baseline measures are collected and the study participants are randomly assigned to either a 'treatment' or a 'control' group – the treatment group will experiment with the proposed solution, while the control group will continue to operate using the status quo. Upon completion of a pre-defined treatment period, post-hoc measures are collected and the quantitative data is analyzed. "The team also returns to the field to conduct follow-up interviews to gain greater insight into the findings of the experiment. The final output of the study consists of both a practitioner report to the poverty-focused organization, as well as a manuscript to be submitted for academic publication," he adds.



Year 1

Schulich Research Team with a construction committee in Sri Lanka



Children in Guatemala

In its first year, SIRlab undertook two research projects. The first was in Guatemala. SIRlab worked in partnership with a social enterprise that was attempting to distribute socially-valuable products (e.g., eye glasses, water purifiers, etc.) into rural markets. The second project took place in Sri Lanka in partnership with a nonprofit organization that was attempting to create a greater sense of community ownership over newly constructed school buildings. In both instances, SIRlab was successful in helping the organizations come up with a solution to their practical problem. Both projects also resulted in a significant contribution to theory, with both studies being accepted for publication in *the Academy of Management Journal*, and one study receiving the prestigious Carolyn Dexter Award at the 2014 Academy of Management annual meeting.

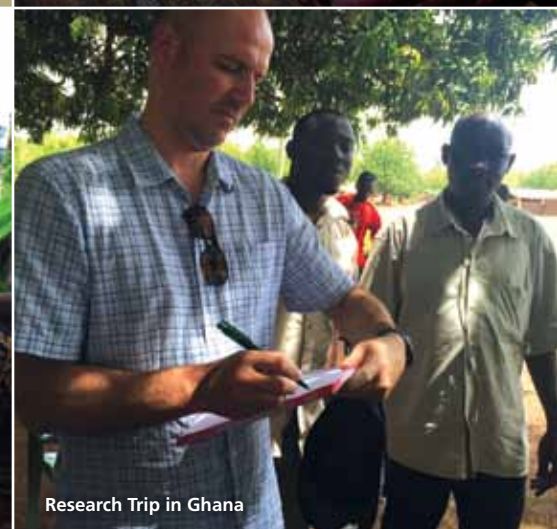


Woman working in Guatemala



Year 2

Ghanaian Women in a Cooperative Meeting



Research Trip in Ghana

In its second year, SIRlab elected to narrow its geographic focus, while at the same time expanding the number of research projects undertaken simultaneously. Ghana was selected as the country of focus, and Professor Kistruck, along with a small research team, set off on an exploratory trip in early 2014. "The purpose of the trip was to meet with a number of different organizations involved in poverty-alleviation projects within the country, and to assess their level of interest in partnering with SIRlab. In the end, we selected five organizations as collaborators who were facing a number of different challenges such as mitigating conflict in newly formed producer cooperatives, improving the psychometric screening for an entrepreneurship business plan competition, and designing salesperson training for distributing a nutritional product. I also felt it was important to bring together members from all the research teams to build the trust in each other and to introduce them to the SIRlab process," he notes.



Children in Ghana



Social Impact Research Lab Workshop at Schulich – November 2014



With a Connections Grant from the Social Sciences and Humanities Research Council of Canada, and with the support of matching funds on the part of Schulich Dean Dezső J. Horváth, Professor Kistruck began the process of planning a three-day workshop in Toronto. This event took place in November, 2014 at the Schulich School of Business.

In attendance were representatives of the poverty-focused organizations from Ghana (i.e., CARE, Technoserve, Canadian Cooperative Association), scholars from Ghanaian Business Schools (i.e., Ghana Institute of Management and Public Administration, Kwame Nkrumah University of Science and Technology, University of Ghana), and junior and senior-level scholars from developed-country institutions (i.e., The Ohio State University, Texas A&M, University of Toronto). Also attending was a representative of the organization that SIRlab had worked with previously in Sri Lanka, so the workshop participants could hear, first-hand, what to expect in their upcoming research projects.

“The outcome of this workshop has high potential to generate and pave the way for other exciting and meaningful research projects that can benefit both the academic and practitioner communities around the world,” says Christine Oliver, Schulich Professor of Organization Studies and Henry J. Knowles Chair in Organizational Strategy.

Professor Kistruck considers SIRlab’s Ghana workshop a success on multiple fronts: “First, it set the expectations on the part of both scholars and practitioners for the long research journey to come.

Second, it allowed practitioners and scholars to develop a common understanding of each other’s lexicons to improve communication as the projects developed. Finally, and perhaps most importantly, it allowed practitioners to see, first-hand, that the scholars in attendance had a sincere desire to help. Unfortunately, many poverty-focused organizations are not satisfied with academic partnerships – they have begun to see them as a ‘one-way street’ in which scholars gather copious amounts of information, but give very little back to the organizations in return. This workshop built up the trust that would be essential in the work to come by allowing practitioners to see the mutual benefit in the action-research approach of SIRlab.”

“The outcome of this workshop has high potential to generate and pave the way for other exciting and meaningful research projects that can benefit both the academic and practitioner communities around the world.”

CHRISTINE OLIVER

Schulich Professor of Organization Studies and Henry J. Knowles Chair in Organizational Strategy

Since November 2014, there have been multiple visits by members of the research teams to Ghana, and many of the field experiments are currently being launched. “For example, one field experiment will examine whether ‘promotion-focused’ or ‘prevention-focused’ approaches to conflict management are most effective. Another experiment will look at whether centralized or decentralized leadership structures are better suited to cooperative governance. Some of the experiments will conclude by the end of 2015, while others will continue into 2016 to determine longer-term outcomes,” says Professor Kistruck.

What’s next for SIRlab? The initiative intends to expand into Peru in 2016, and then Tanzania in 2017. To help fund this expansion, Professor Kistruck has recently received a Partnership Development Grant from the Social Sciences and Humanities Research Council of Canada. What has amazed him the most is the enthusiasm for the SIRlab approach that he has encountered from the Schulich research community, and from scholars and practitioners around the world. He hopes to leverage this enthusiasm to develop SIRlab into one of the world’s leading research institutes in the poverty alleviation field. ♦



GEOFFREY KISTRUCK

Professor Geoff Kistruck’s work has been published in journals such as the *Academy of Management Journal*, *Journal of Business Venturing*, *Entrepreneurship Theory & Practice*, *Journal of Management Studies*, *Journal of Management*, *Journal of Operations Management*, and *Strategic Entrepreneurship Journal*, and he currently sits on the editorial boards of the *Academy of Management Journal*, and *Journal of Management*. He has recently started a three-year term as an Editor for *Entrepreneurship Theory & Practice*, a leading scholarly journal in the field of Entrepreneurship studies and the official journal of the United States Association for Small Business and Entrepreneurship (USASBE).

Schulich Gains New Canada Research Chair in Entrepreneurial Innovation and the Public Good

Theodore J. Noseworthy – Canada Research Chair



Schulich School of Business welcomes the appointment of Dr. Theodore Noseworthy as its new Canada Research Chair (CRC) in Entrepreneurial Innovation and the Public Good. The Canada Research Chairs Program (CRCP) stands at the centre of a national strategy to make Canada one of the world's top countries in research and development, and attracts some of the world's most accomplished and promising minds.

The Chairholder aims to achieve research excellence and improves our depth of knowledge and quality of life, strengthens Canada's international competitiveness, and helps train the next generation of highly skilled people through student supervision, teaching, and the coordination of other researchers' work.

Dr. Noseworthy, an Associate Professor in Marketing at Schulich, is leading a research program to advance our understanding of how consumers respond to innovation. His goal is to develop theory while informing business and policy makers about the benefits of properly communicated innovation and the potential costs to susceptible consumers and society. His research project encompasses three branches that collectively examine how marketers can better communicate disruptive innovation, how consumers may be susceptible to certain food innovations, and how behaviours alter with monetary innovations. This research program is designed to help combat Canada's innovation deficit by helping the private sector transfer knowledge into commercialized products and services to grow the economy.

Professor Noseworthy has been awarded a sole-applicant SSHRC insight grant to explore how innovative ambiguous foods (e.g., calcium-enriched ice cream sandwiches) can cause people to over-consume by confusing category membership. He hopes to increase public awareness about the role that foodmarketing plays in obscuring the health costs of certain food products, and to inform policy-makers about how food ambiguity shapes consumer choice. Similarly, one of his more recent publications, which was published in the *Journal of Consumer Research*, was sparked by the Government of Canada's adoption of polymer currency. The project explored how peoples' spending behaviour differs based on the visual appearance of banknotes. The study was

picked up by over 1,600 newsfeeds around the globe. Some notable mentions were in the *Financial Times*, *Forbes*, *The Smithsonian*, *Bloomberg*, *The Wall Street Journal*, and *Time Magazine*, as well as a host of Canadian outlets such as the *Toronto Sun*, *Global News* and the *CBC*.

There are few researchers at the same stage in their careers with this level of productivity and international coverage. Furthermore, there are even fewer who can boast of multiple publications in the *Financial Times* list of the top 45 business journals in the world.

The Canadian Council for the Advancement of Education (CCAEE) awarded this research the silver medal for best English news release. The work led to connections with the US Federal Reserve, and led to speaking invitations at leading academic institutions (e.g., Kellogg at Northwestern). This research represents one of the newest extensions of Professor Noseworthy's work, which focuses on the unforeseen impacts of currency innovation.

Furthermore, in recognition of his already impressive accomplishments, Professor Noseworthy has been awarded a sole-applicant institutional infrastructure grant from the Canadian Foundation for Innovation (CFI) to build the NOESIS: Innovation, Design, and Consumption Laboratory, a world-class behavioural lab to extend his primary research programs. The NOESIS lab is designed to foster innovative research into consumption, consumer behaviour, and design. He has developed this lab with the specific intent of conducting high-quality research, training personnel, and facilitating knowledge mobilization.

There are few researchers at the same stage in their careers with this level of productivity and international coverage. Furthermore, there are even fewer who can boast of multiple publications in the *Financial Times* list of the top 45 business journals in the world. While only three years removed from his PhD, Professor Noseworthy currently has 11 publications in these journals. To put this in a Canadian context, there is not an existing CRC-II this young in his or her career that can match this record of quality.



12 Questions with Theodore J. Noseworthy

Earlier this year, the Schulich Research Office sat down with Professor Noseworthy and asked him some insights from his work and his vision for his new position at the School.

1 What pedagogical changes do you see on the horizon in your discipline through your research?

Although it's hard to speak for my discipline, I can say that much of my research on innovation, and in particular on the role of creativity, has led me to alter the way I approach my teaching. I see a growing need to foster entrepreneurship. This requires training that incorporates calculated ambiguity (i.e., less structure) while facilitating an unthreatening environment that embraces failure, as opposed to stigmatizing it. I see more cross-functional learning, with a hands-on project-oriented curriculum. My MKTG 6440 "New Products" is the culmination of these efforts.

2 How do you engage students in research, and more specifically, what are your training strategies?

My approach to training resembles an apprenticeship model (probably from my career as a chef). I start by bringing a student onto a developed project, and expose them to the review process. We then get more technical around methodologies and the crafting of logical arguments. As we move further in our relationship, the student becomes more of a colleague and starts to drive their own projects. I then assume the role of a coach and critic. The goal is to develop their confidence along with their capabilities.

3 If you had a chance to talk to our Prime Minister, what would you say?

I've met Prime Minister Harper very briefly during the 2015 pop-up research park at Parliament Hill. We never spoke of anything of particular note, but if I could sit down with him I would share some thoughts on Canada's Innovation deficit, and on rethinking how we approach and foster innovation in post-secondary business education.

4 How do you motivate your existing students to pursue their career as an academic researcher?

It's usually not hard to motivate students who have that natural tendency to ask "why" or to question conventional wisdom. I find it helps to put academia in perspective. I convey that our job is to inspire leaders, while researching pressing issues in a field of our choosing. If we're lucky, we may do something to better society. If we're *really* lucky, our legacy will be in our students who do something to better society. The greatest motivator, however, is showing a student how research works. This undoubtedly sparks the curiosity of anyone who has ever felt naturally inquisitive about the world around them.

5 Given your reputation as a high-quality researcher, what ordinary interests do you have that might surprise people?

It may or may not be surprising, given my background as a chef and my interest in category ambiguity, that I enjoy fusion cooking (combining different styles of cuisine from around the world). My wife and I do a lot of entertaining. I'm also a big basketball fan, and I regularly play basketball with members of the NOESIS lab. I also thoroughly enjoy working out, but it gets hard to keep up my routine with three kids and my research.

6 What academic breakthrough or advance would you like to see in your lifetime?

In my specific area of innovation, I am fascinated by artificial intelligence and creating a platform of self-awareness that mirrors human consciousness. It may sound like science fiction, but I'd like to see research that takes machine learning to a level where a computer can mirror episodic thought, and thus begin to situate itself in its surrounding environment and anticipate the

environment's response to it. Not to get too nerdy, but language and episodic projection may hold the key to synthesized consciousness. Once that happens, your Apple watch may be wearing you.

7 Have you ever had a great idea but been told that you could not implement it? How did you react? What did you do?

Tough question. Sure, I've been told, like many young scholars, that certain research questions shouldn't be attempted or certain schools of thought should never be challenged. This is frankly one of the biggest problems with PhD training or advice to junior scholars. I didn't react too well to this advice. Instead, I made a point in the majority of my work to challenge existing conventions. It's my view that, as academics, we signed up for this – theories are meant to be tested! That said, I can't say this philosophy always yields success. It can make for a challenging, but ultimately rewarding career.

8 What are one or two of your proudest professional accomplishments?

One of my proudest accomplishments as an academic is undoubtedly being acknowledged by York University, as well as my peers, as a Canada Research Chair. As for my second proudest accomplishment, I'd have to say it's a tie. The first, which I didn't appreciate until much later, was landing tenure right out of my PhD. My second, was having one of my first graduate students hit a top publication. It made me remember how that felt. We academics lose that feeling over time and it just becomes "the job." I remember what it's like to do the fist-pumps in the air and yell a primal scream of joy... err relief.

9 You found in one of your research projects that “peoples’ spending behaviour differs based on the visual appearance of banknotes” – can you talk a bit more about that?

Yes, it’s true. If I gave you a worn-looking \$20 bill you’d be more likely to spend it than if I gave you a crisp-looking \$20 bill. Much of this has to do with the normative belief that money is dirty, and thus people infer that a bill that looks worn must have been handled more than a bill that looks brand new. The importance of this is that people then place values on the bills that differ from the nominal (i.e., face value) of the bills. Obviously there’s a bit more to it than this, particularly with the experimental design and the intuitive explanations we controlled for, but that’s basically the gist of it. This isn’t too surprising when we think about our own everyday experiences. If Grandma gives you a crisp and clean \$50 bill for your birthday, you’re not going to go buy a case of beer (assuming you have such a proclivity), you’re going to go buy something more worthy of Grandma’s approval. It’s in this respect that money can maintain an essence from those who have previously touched it. The reason these findings are important is because they suggest that money isn’t as fungible as we might think. In the same way that diamonds, art, and real estate are not suitable as money, bills too may carry subjective assessments of value.

10 Would you like to tell us how to guard against several well-known biases that can lead to overconsumption?

That’s a complicated question given the number of biases. Much of it comes down to awareness, a healthy skepticism, and understanding that there’s no silver bullet, despite marketing claims to the contrary. There’s a natural asymmetry in consumption whereby the marketer is often privy to more information than the consumer, and thus, where the consumer is passively engaged as a recipient of the marketing message, the marketer is actively engaged in tactics of persuasion. This can manifest in numerous biases. For example, one of the most noteworthy is the fallacy of regression following claims that force a baseline response. What this means is watch out for those used carsalesmen claims like *“have you tried every doctor prescribed remedy out there with no results? Well now you’re in luck.”* The baseline is that they catch you at your worst when you’ve exhausted all options. Thus, after you try this magic remedy you will undoubtedly regress back to a natural state (i.e., even the terminally ill do not feel awful every second of the day... there’s variance in everything). We tend to misconstrue variance as causality, and thus any perceived relief from our baseline state ends up being misconstrued as a validation of the product’s efficacy. Marketers push these baselines in anything from amber teething rings for children to alternative medicines based on pseudo-science. It’s a real conundrum because people truly want to believe in magic, and marketers are very good at facilitating this desire.

consume more than they normally would under the belief they are engaging in something healthy. The reality of many food innovations is not to improve health, but to mitigate unhealthiness. The two are not equivalent. Something that makes you healthy should indeed scale. That is, if something makes you strong, then eating more of it should make you stronger (ignoring the “too much of a good thing” argument for a second). Conversely, if something makes you fat then eating more will make you fatter. The problem comes with “health” innovation that makes you “less fat.” What do people do? We treat these “health” products as if they will make us healthy – we treat them as if they scale. Thus, we consume more, offsetting the purpose of the innovation. This problem is compounded when we try to fortify foods that are traditionally considered junk. We do nothing to negate the negative aspect of the food. Instead, we augment them with positive aspects. The two do not cancel out, but consumption increases leaving many to consume more calories than they normally would. A similar phenomenon is occurring with packaging innovation, whereby inflation is manifesting in smaller package sizes because consumers are more sensitive to price increases. Marketers are taking the opportunity to position these new offerings as healthy, when in fact it’s nothing more than price inflation masquerading as portion control. The consequence? Exactly as above... people end up consuming multiple portions after categorizing the product as “healthy,” and in some cases they exceed the caloric content of the natural, unmodified counterpart.

11 How can food innovations have serious consequences to our health?

When given a choice of snacks that are branded ‘healthy’, it seems like a no-brainer to reach for that granola bar. And why not? After all, it tastes pretty darn good, and it’s healthy, right? Well, not really. Ignoring the fact that many granola bars have the equivalent caloric content as a Kit Kat bar, there’s another consequence whereby people will

12 The Schulich School of Business takes pride in close-knit ties to its alumni community. How could your research engage our alumni?

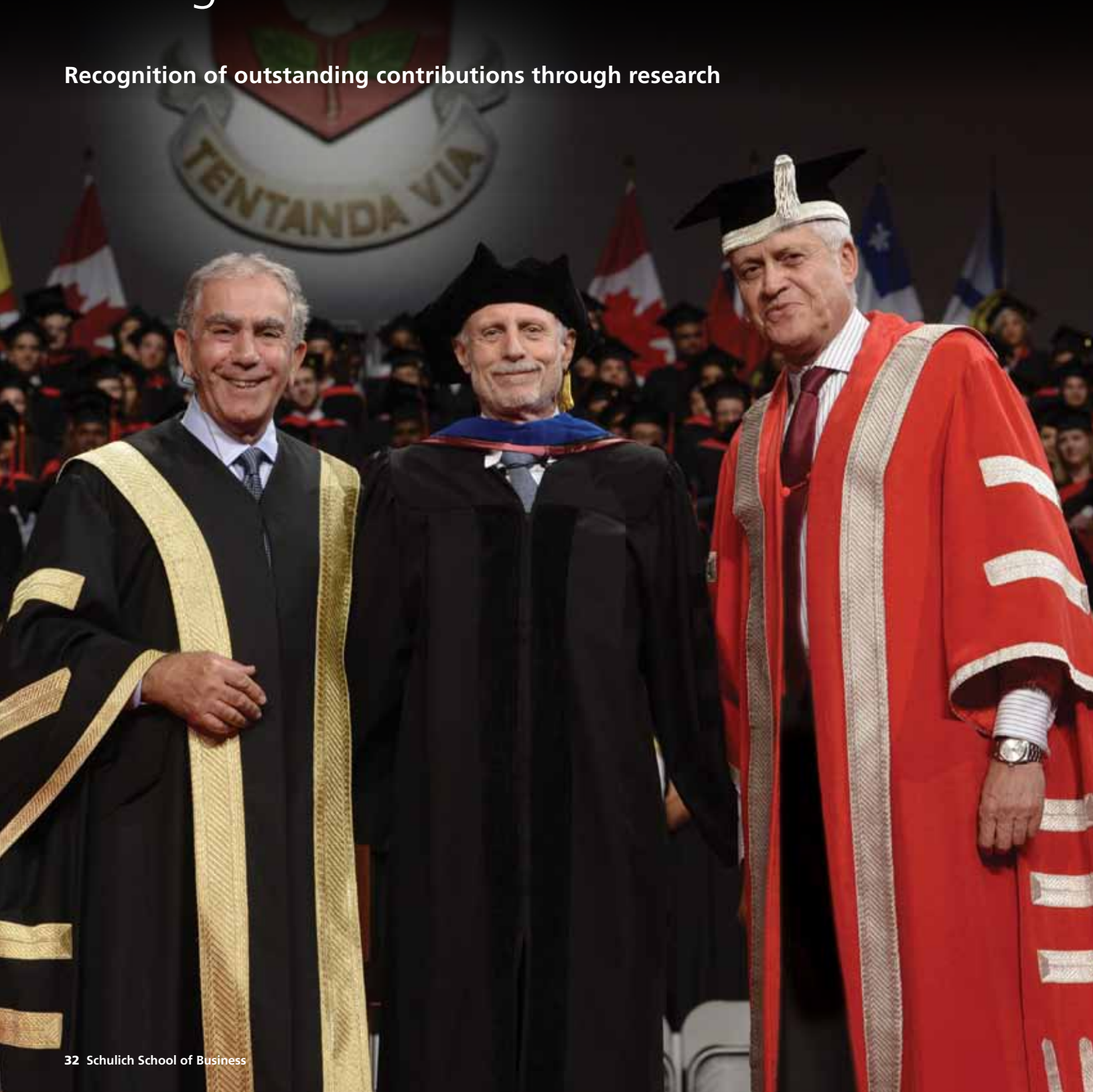
My research speaks to how marketers can better communicate product and service innovations to maximize adoption and awareness. In this respect, I believe alumni engaged in anything from product design, innovation, R&D, or even product positioning could benefit. ♦



Schulich Marketing Chair Russell W. Belk

Received Title of Distinguished Research Professor

Recognition of outstanding contributions through research





(Opposite page, L to R) Gregory Sorbara, Chancellor of York University, Russell Belk and Mamdouh Shoukri, President and Vice-Chancellor of York University; (Pictured above) Robert V. Kozinets, Professor of Marketing at Schulich, and Russell Belk

York University honored Schulich School of Business Professor Russell W. Belk with the title of Distinguished Research Professor at Spring Convocation in June 2014. The title is given to active faculty members in recognition of their outstanding contributions to the University through research. A Distinguished Research Professorship is awarded for life and evolves into a Distinguished Research Professor Emeritus upon retirement.

Professor Russell Belk is the Kraft Foods Canada Chair in Marketing at the Schulich School of Business, a position he has held since 2006. His research involves the meanings of possessions, collecting, gift-giving, sharing and materialism and his work is often cultural, visual, qualitative and interpretive.

Professor Belk has sustained an unprecedented degree of productivity over the course of his academic and research career, now spanning about four decades. The sheer number of published journal articles, books, book chapters, and conference proceedings that Professor Belk has authored or co-authored is astronomical. The majority of his articles have appeared in top tier journals and they have garnered numerous awards and accolades. Professor Belk's research has been cited more than 28,000 times (Google Scholar),

placing him among the most cited Canadian business school academics. His 118-page *curriculum vitae* lists over 550 publications and numerous books that he has co-authored and edited. They include *Consumer Culture Theory: Research in Consumer Behavior* (2014); *Russell Belk, Sage Legends in Consumer Behavior, 10-volumes* (2014); *Qualitative Consumer and Marketing Research* (2013); *Routledge Companion to Digital Consumption* (2013), and *The Routledge Companion to Identity and Consumption* (2013). His groundbreaking paper, "Possessions and the Extended Self", published in the *Journal of Consumer Research* in 1988, dramatically reshaped how people think about consumer identity. It is the most cited article in the 40-year history of the journal.

Widely considered by academics around the world to be "the father of

qualitative marketing research", Professor Belk was presented with the Schulich School of Business's inaugural Dean's Research Impact Award in January 2013. The award recognizes faculty members who have demonstrated excellence in research and whose work has had a major impact on management education.

Professor Belk has sustained an unprecedented degree of productivity over the course of his academic and research career, now spanning about four decades.

"Professor Belk has produced an extraordinary volume of top-calibre research of the sort that keeps Schulich among the world's leading business schools in management research," said Dean Dezső J. Horváth.



Dezső J. Horváth, Dean of the Schulich School of Business, presents Russell Belk with the inaugural Dean's Research Impact Award in 2013

Professor Belk has also received the prestigious Paul D. Converse Award for outstanding contributions to marketing scholarship, the Sheth Foundation/*Journal of Consumer Research* Award for Long Term Contribution to Consumer Research, the Society of Marketing Advances 2013 Distinguished Marketing Scholar Award, two Fulbright Fellowships and honorary professorships on four continents.

Over his career, Professor Belk has been awarded thousands of dollars in research funding from both the private and public sectors. After receiving an impressive three-year grant of approximately \$195,000 from SSHRC in 2013, he recently received another SSHRC grant, with regards to 'Psychological Drivers of the Discrepancy between Traditional and Touchscreen Equipment,' along with Ying Zhu.

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He is the past president of the Association for Consumer Research and the International Association of Marketing and Development. He is a fellow in the Association for Consumer Research

and the American Psychological Association, as well as the co-founder of the Association for Consumer Research Film Festival. He served as the director of the Consumer Culture Theory Consortium. In addition, for countless years, Professor Belk has been involved in many editorial roles. For instance, he sits on the advisory board for the *Journal of China Marketing*, *Journal of Islamic Marketing*, *Applied Economics Research Bulletin*, *Behavioral Marketing Abstracts*, among many others. He also sits on the editorial boards for a number of journals, including *Annals of Social Responsibility*, *International Journal of Business Anthropology*, *Journal of Marketing in Emerging Economies*, and *Journal of History Research in Marketing*.

Professor Belk is a phenomenal educator. He received the Best Professor in

PROFESSOR BELK'S AWARDS

2013	2012	2011	2010	2009	2006
Inaugural recipient of Dean's Research Impact Award, Schulich School of Business, York University Society of Marketing Advances Distinguished Marketing Scholar Award	Emerald 2012 Award for Excellence 'Highly Commended Paper' Best Professor in Marketing, World Education Congress	Sidney Levy Award Runner-up with Gülnur Tumbat	Universidad de los Andes School of Management Corona Chair, Distinguished Visitor's Program	Sidney Levy Award Runner-up with Xin Zhao Distinguished Visiting Scholar, Hong Kong University (Years Awarded: 2007–2009)	People's Choice Award, Asia-Pacific Association for Consumer Research Film Festival

Professor Belk, the 'Father of Qualitative marketing research',
has made a significant impact in the field of research



4 Decades

OF ACADEMIC & RESEARCH
PRODUCTIVITY

28,000

CITATIONS
(Google Scholar)

\$195,000

3 YEAR GRANT FROM
SSHRC IN 2013

550+

PUBLICATIONS

Marketing award by the World Education Congress in 2012. He has taught a variety of courses in the marketing field at both the graduate and undergraduate levels. He has played significant roles with the supervision of many graduate students. He has been a visiting scholar at Hong Kong University. He has also been a visiting professor at the University of Exeter, England; Auckland University of Technology, New Zealand; Lancaster University Management School, England; Davidson Institute, University of Michigan, USA; and University of British Columbia, Canada.

Over the course of his long career, Professor Belk has been instrumental in helping to advance the career of countless others. He has also invited people from schools around the world to co-edit books with him or to co-author

papers. A number of young scholars have benefited in this way from his generous spirit of intellectual adventure and engagement.

"Hiring Professor Belk in 2006 was a 'coup' for our department, but having him as a colleague has exceeded my expectations in every way. He is not just a celebrity scholar who increases our reputation, but a solid citizen in terms of teaching and service, willing to do what is needed and to go beyond the call of duty."

EILEEN FISCHER
Schulich Professor of Marketing and
Anne & Max Tanenbaum Chair in
Entrepreneurship and Family Enterprise

"If he sees someone with a bright mind, he is 'blind' to their institutional affiliation; he finds a way of working with them and in doing so he invariably helps integrate them into a broader network of scholars, and advance their publication records," said Eileen Fischer, Schulich's Professor of Marketing, Anne & Max Tanenbaum Chair in Entrepreneurship and Family Enterprise and the Director of PhD Program. "Hiring Professor Belk in 2006 was a 'coup' for our department, but having him as a colleague has exceeded my expectations in every way. He is not just a celebrity scholar who increases our reputation, but a solid citizen in terms of teaching and service, willing to do what is needed and to go beyond the call of duty." ♦

2005	2004	2003	2001	2000	1998	1995
Sheth Foundation/ Journal of Consumer Research Award for Long Term Contribution to Consumer Research	Paul D. Converse Award, American Marketing Association	Honorary Professor, Centrum fr konsumentenskap (Center for Consumer Science) Gteborg University, Gteborg, Sweden (Years Awarded: 2003–2006)	Reviewer of the Year, Journal of Advertising	Best Reviewer, Journal of Consumer Research (Years Awarded: 2000, 2002–2003)	Honorary Professor, Hong Kong City University (Years Awarded: 1998–2007) Kinear Best Paper Award Nominee, Journal of Public Policy and Marketing (Years Awarded: 1998–2000)	Foundation Visiting Research Professor (Years Awarded: 1995–2001)

From Top-Tier Pub to TEDx Talk and Back

Reaping the Benefits of Integrated Scholarship

With Dr. Markus Giesler, Associate Professor of Marketing





As our society is changing at a rapid pace, so too are our definitions of research excellence. To explore where this may take us both individually and as a research institution, we sat down with Dr. Markus Giesler, Associate Professor of Marketing at the Schulich School of Business.

How is scholarship changing in today's world?

I think there are two basic approaches and also an infinite amount of possible combinations between these two: the classic differentiated approach and a more recent integrated approach. In the classic approach, researchers look at their work like independent art directors look at their movies – something that inspires and transforms you and your tribe members but not many others beyond that. That's where the second model begins. In a world where 13-year-olds reshape entire industries only by using their Twitter and Instagram accounts, some researchers are asking why we do so little to allow other researchers, managers, policy makers, journalists, and the broader public to benefit from our work? So the goal in the integrated approach is to assemble larger institutional webs through a range of strategic devices from research studies and white papers to videos, blog posts, media interviews, industry partnerships, TED talks, and even tweets. Both models seem legitimate. But I personally lean more towards the latter.

Do you see this as being part of a larger trend in scholarship?

The fact that funding agencies such as the Social Sciences and Humanities Research Council of Canada are expecting us now to provide strong evidence of our ability as researchers to advance the interests and agendas of multiple stakeholders suggests that our definitions of excellence in scholarship may be dramatically changing. At the same time, taxpayers, politicians, students, and CEOs are asking why should we invest in your institution in exchange for knowledge that remains largely inaccessible to us? In the past, high numbers and quality of publications were enough. Now our stakeholders are asking more and more for concrete evidence that your research also informs and inspires boardrooms, classrooms, courtrooms, chat rooms, newsrooms, and even living rooms.

More than ever before scholarship is a team effort. And our flexible culture at Schulich enables this nicely.

It has been argued that this new logic puts a lot of pressure on researchers. What has your experience been in terms of time investment?

It certainly requires researchers to adopt a number of new roles and responsibilities. We are expected to be faster and more entrepreneurial, flexible, and tech-savvy. But I would also say that it depends a lot on your institutional environment. Ninety-nine percent of my research time goes into theory building. This entails the usual scholarly practices and processes such as designing studies, collecting data, writing papers, writing revision notes, etc. Everything else happens on the side. And Schulich is an excellent place for doing this efficiently. For example, my *Huffington Post* blog reaches over half a million monthly readers. But it only takes about an hour per week to manage. I usually write the post on the subway up to Schulich and by the time I reach campus, it's online. I wouldn't be able to do any of this without the technological infrastructure we have at Schulich as well as the support from our IT director Mark Orlan, Beth Marlin in our media department, our Research Officer Dr. Farhana Islam and my esteemed Schulich research colleagues have been equally supportive.



Let's talk about one of your recent initiatives. What was your TEDx talk all about?

TED is one of these knowledge communities where people of various stripe are looking for ideas and inspiration. It has an enormous reach and it is organized as a global franchise. Thanks to the leadership of Ross McMillan, a very engaged Assistant Director, YorkU Student Community, we have our own TEDx YorkU event. Ross and his team helped me translate my research into the TED language. In the final version, I used bird feeding as an accessible metaphor to demonstrate that market creation success is not merely about creating a powerful innovation or understanding consumer behaviour but about harmonizing the interests of multiple actors and elements. It's an act of network building. That's the central premise behind market system dynamics and design, the marketing subfield that I've created: marketers who look at and shape markets as social systems can be more successful than those who only think about birds and breadcrumbs.

The TEDx speaker group has begun to work together on a number of projects that add value to our schools and to the university at large such as paper collaborations, research fairs, and university marketing initiatives.

What concrete benefits did the talk generate?

Thus far, it has generated research-related awareness, interest, desire, and action. At this point, it has had more than 37,000 views and it has been shared by fellow researchers and researchers in other fields, media journalists, industry players, and policy makers at the United Nations and at the World Economic Forum in Davos. This reach has led to a solid increase in number of article downloads and Google Scholar citations as well as invitations for more talks. In addition, it has helped drive corporate donations for the Big Design Lab, a new bridge between marketing research and practice that our recent Schulich hire Ela Veresiu and I are currently institutionalizing.

On the local level, it has helped integrate Schulich research with the interests and agendas of the larger YorkU community. The TEDx speaker group has begun to work together on a number of projects that add value to our schools and to the university at large such as paper collaborations, research fairs, and university marketing initiatives. As well, the talk is helping us attract new students. Just the other day, I received an email from one of our incoming MBA students who wrote that the talk had played a key role in his decision to join Schulich this coming fall. This alone made it worthwhile. ♦

New & Forthcoming Publications



Books

The Research Office takes pride in presenting the accomplishments of our faculty members in the form of books and journal articles. Schulich researchers are conducting top-calibre research and have achieved recognition for business education and scholarship on the international stage.



Consumer Culture Theory: Research in Consumer Behavior

*Edited by: **Russell W. Belk**,
Diane Martin, and John Schouten*

Hardcover: 350 pages
Publisher: Emerald Group Publishing Limited
Publication Date: 2014
ISBN-10: 1784411582
ISBN-13: 978-1784411589



Legends in Consumer Behavior

*By: **Russell W. Belk** and
Jagdish N. Sheth*

Hardcover: 3782 pages
Publisher: Sage Publications
Publication Date: 2014
ISBN-10: 8132113179
ISBN-13: 978-8132113171



Data Envelopment Analysis: A Handbook on Modelling of Internal Structures and Networks

*By: **Wade D. Cook** and Joe Zhu*

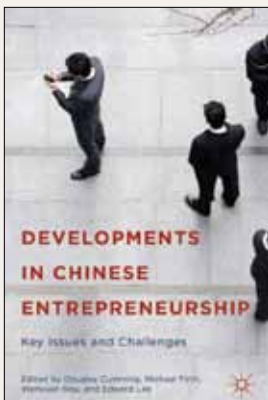
Hardcover: 599 pages
Publisher: Springer Science
Publication Date: 2014
ISBN-10: 1489980679
ISBN-13: 978-1489980670



Social Partnerships and Responsible Business: A Research Handbook

*Edited by: May M. Seitanidi and
Andrew Crane*

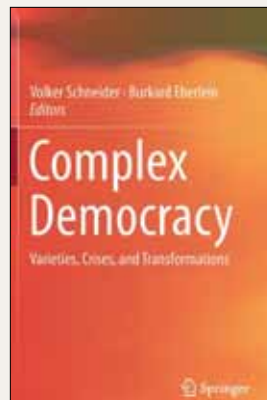
Hardcover: 432 pages
Publisher: Routledge
Publication Date: 2014
ISBN-10: 0415678633
ISBN-13: 978-0415678636



Developments in Chinese Entrepreneurship: Key Issues and Challenges

*Edited By: **D.J. Cumming**,
M. Firth, W. Hou and E. Lee*

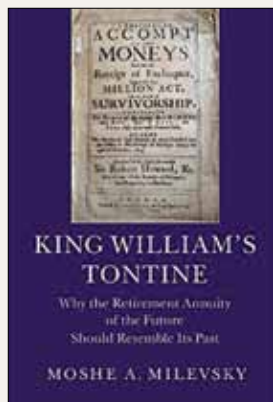
Hardcover: 228 pages
Publisher: Palgrave MacMillan
Publication Date: 2015
ISBN-10: 1137412496
ISBN-13: 978-1137412492



Complex Democracy: Varieties, Crises, and Transformations

*Edited by: V. Schneider
and **B. Eberlein***

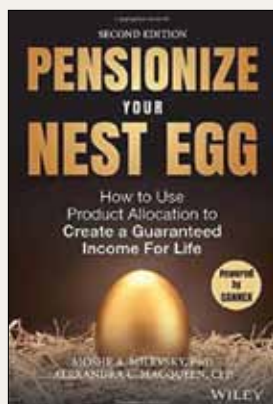
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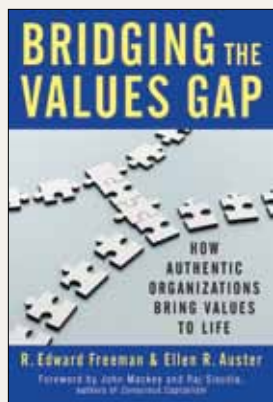
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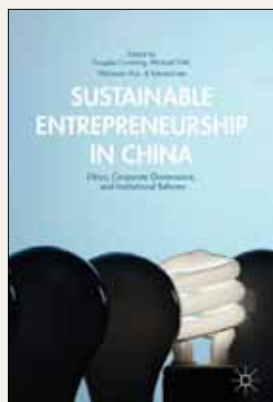
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**Sustainable Entrepreneurship
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Journal Articles

Those articles that appear in the list of *Financial Times of London* "Top 45 Academic and Practitioner Journals in Business" are marked by an asterisk.

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Cumming, Douglas (2014), "Valuation of Restricted Shares by Conflicting Shareholders in the Split Share Structure Reform," *European Journal of Finance*, 20(7-9), 778-802. (with W. Hou)

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* **Cumming, Douglas** (2015), "The Role of Agents in Private Entrepreneurial Finance," *Entrepreneurship Theory and Practice*, 39(2), 345-374. (with J.A. Pandes and M.J. Robinson)

* **Cumming, Douglas** (Forthcoming), "A Review of Business Ethics in China," *Journal of Business Ethics*, conditionally accepted. (with W. Hou and E. Lee)

* **Cumming, Douglas** (Forthcoming), "Business Ethics in China," *Journal of Business Ethics*. (with W. Hou and E. Lee)

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Those articles that appear in the list of *Financial Times of London* "Top 45 Academic and Practitioner Journals in Business" are marked by an asterisk.

- Cumming, Douglas** (Forthcoming), "Cameras Tracking Shoppers: The Economics of Retail Video Surveillance," *Eurasian Business Review*. (with **Sofia Johan**)
- Cumming, Douglas** (Forthcoming), "Corporate Defaults, Workouts and the Rise of the Distressed Asset Investment Industry," *Business History Review*. (with G. Fleming)
- * **Cumming, Douglas** (Forthcoming), "Corporate Fraud, CEO Turnover, and State Ownership in China," *Journal of Business Ethics*. (with J. Chen, W. Hou, and E. Lee)
- Cumming, Douglas** (Forthcoming), "Developing China's Capital Market," *European Journal of Finance*. (with A. Guariglia, W. Hou, and E. Lee)
- * **Cumming, Douglas** (Forthcoming), "Does the External Monitoring Effect of Analysts Deter Corporate Fraud in China?," *Journal of Business Ethics*. (with J. Chen, W. Hou, and E. Lee)
- Cumming, Douglas** (Forthcoming), "Exchange Trading Rules, Surveillance, and Insider Trading," *Journal of Corporate Finance*. (with M. Aitken and F. Zhan)
- Cumming, Douglas** (Forthcoming), "Exploring Entrepreneurial Activity and Small Business Issues in the Chinese Economy," *International Small Business Journal*. (with A. Guariglia, W. Hou, and E. Lee)
- Cumming, Douglas** (Forthcoming), "Firm Size, Institutional Quality and the Impact of Securities Regulation," *Journal of Comparative Economics*. (with A. Knill and N. Richardson)
- * **Cumming, Douglas** (Forthcoming), "Gender Diversity and Securities Fraud," *Academy of Management Journal*. (with L. Tak Yan and O.M. Rui)
- Cumming, Douglas** (Forthcoming), "Government and Independent Venture Capital Investments in Europe: A Firm-Level Performance Analysis," *Journal of Corporate Finance*. (with L. Grilli and S. Murtinu)
- Cumming, Douglas** (Forthcoming), "Governmental Venture Capital for Innovative Young Firms," *Journal of Technology Transfer*. (with M.G. Colombo and S. Vismara)
- Cumming, Douglas** (Forthcoming), "High Frequency Trading and End-of-Day Price Dislocation," *Journal of Banking and Finance*. (with M. Aitken and F. Zhan)
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- Cumming, Douglas** (Forthcoming), "One-Child Policy, Dynastic Management and Discontinuity of Family Firms in China," *Journal of Corporate Finance*. (with J. Cao and X. Wang)
- Cumming, Douglas** (Forthcoming), "Publicly Funded Business Advisory Services and Entrepreneurial Internationalization," *International Small Business Journal*. (with **E. Fischer** and **T. Peridis**)
- * **Cumming, Douglas** (Forthcoming), "Signaling in Equity Crowdfunding," *Entrepreneurship Theory and Practice*. (with G.K.C. Ahlers, C. Guenther, and D. Schweizer)
- Cumming, Douglas** (Forthcoming), "Taking China Private: The Carlyle Group, Leveraged Buyouts and Financial Capitalism in Greater China," *Business History*. (with G. Fleming)
- Cumming, Douglas** (Forthcoming), "The Fast Track IPO – Success Factors for Taking Firms Public with SPACs," *Journal of Banking and Finance*. (with L.H. Haß and D. Schweizer)
- Cumming, Douglas** (Forthcoming), "The Scope of International Mutual Fund Outsourcing: Fees, Performance and Risks," *Journal of International Financial Markets, Institutions and Money*. (with A. Schwienbacher and F. Zhan)
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- Cumming, Douglas** (Forthcoming), "Venture's Economic Impact in Australia," *Journal of Technology Transfer*. (with **S.A. Johan**)
- * **Darke, Peter** (2014), "I'd Like To Be That Attractive, But At Least I'm Smart: How Exposure To Ideal Advertising Models Motivates Improved Decision-Making," *Journal of Consumer Psychology*, 24(4), 533-544. (with K. Sobol)
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- * **Deutsch, Yuval** (Forthcoming), "Understanding Motivation and Social Influence in Stakeholder Prioritization," *Organization Studies*. (with **D. Weitzner**)
- Diamant, Adam** (2014), "Analysis of Patient Attrition in a Publicly Funded Bariatric Surgery Program," *Journal of the American College of Surgeons*, 219(5), 1047-1055. (with J. Milner, M. Cleghorn, S. Sockalingam, A. Okrainec, T.D. Jackson, and F.A. Quereshty)
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POSTER
2015

Microaccountability and Biopolitics: Commercial Microfinance in Sri Lanka

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Introduction

- What makes microfinance work?
- How are people held accountable in a post-institutional world?
- How does neoliberalism enlist the poorest people on the planet?

Theorization

The limits of accountability (Messner 2009)

- Opacity of the self creates impossible ethical burden
- Demand for accountability cannot be undone
- Discursive structures limit what we can say about ourselves

Neoliberalism and biopolitics (Foucault 1979)

- Rationality of governance through markets & private enterprise
- Requires the construction of *homo economicus*

Post-institutional society of control (Hardt & Negri 2000)

- Governance through networks, not institutions:
 - Labour is immersed in the social.
 - Subjectivization through communication and language.
- Capitalism feeds on difference: the local drives profit.
- The poor have a central productive function: poor individuals and countries are integrated into global order but remain poor.



Method

Field research in three Sri Lankan villages

- Microfinance program of a for-profit bank
- Attended weekly meetings of women's borrowing circle
- Visited microbusinesses and interviewed borrowers
- Interviewed bank officials

Document analysis

- Borrowers' deposit records, loan books
- Bank microfinance policies, accounting statements

26.04.09	35011	40	12.64	1000
19.05.09	35021	55	13.24	
19.06.09	35034	20	13.44	
20.07.09	35054	10	13.54	
		10	13.64	



The Case

- Calculations like "poverty line" are instrumental.
- "Animators" drive local restructuring of village.
 - Threat of force explicit but unacknowledged.
- Microfinance formalizes and monetizes women's domain.
 - Pooling of financial resources already existed.
 - Shared labour practices become individualized.
 - Microloans enforced by peer-to-peer microaccountability.
- Microentrepreneur becomes dependent on bank.

Discussion

Women's borrowing circles:

- Reduce the ethical gap through microaccountability.
- Multiply the number of others to whom one is held to account.
- Sublimate the interests of the bank into the interests of the group.
- Mediate accounting to the bank through the mutually-provided social accounts of the women.

Rural villages:

- Social structures are formalized and monetized.
- Village becomes corporatized.
- Women are harnessed to engine of finance.

Paradox of microfinance:

- Individualization through social relationships.

Conclusions

- Neoliberal governance permeates life to integrate it to the economy.
- Culture is produced and monetized.
- Not just a "third world" phenomenon.
- Microaccountability drives bank profits just like it drives market value of Facebook and Twitter.
- The poor stay poor, the users stay used.



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Acknowledgements: We appreciate the support of local research participants.
Project was partially funded by CPA Ontario.

Accountability, Performativity and the Ethical Self

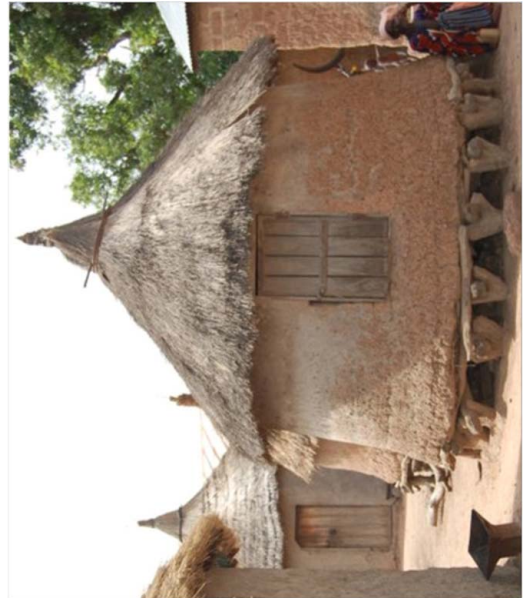
Claudine Grisard, Cameron Graham, Marcia Annisette
Schulich School of Business, York University, Toronto, Canada

Introduction

- Serving the poor and the shareholder
- Can "Bottom of the Pyramid" programs serve two masters?
- How does a manager construct her accountable self?
- Accounting research ignores accountability theory
- Person subjectivized through power/knowledge but individual treated in isolation
- Must bring *ethics* back into accountability

Research Methods

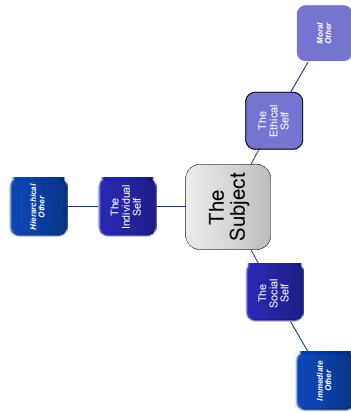
- Field research in French multinational companies
- Focus on *for-profit* poverty reduction programs
- Fourteen companies
- Extended interviews with program managers
- One company
- Two-year participant observation with poverty reduction team



Theorization

- Literature
- Foucauldian research on the construction of the disciplined person via accounting technologies
- The possibilities of accountability (Roberts 1991)
- Performativity (Butler 1990, 2005)
- The subject
- The person in society (not the isolated individual)
- Person and society produced simultaneously
- Connotes power
- The ethical self
- The subject invokes the moral other (e.g., "the poor")

Performing the Ethical Self



Discussion

- The construction of the self through accountability
- Ethical elements incorporated in account provided to hierarchy
- Personal voice of the employee in relation to hierarchy
- Offers specific and political representation of the self
- Performance of accountability as political act



Conclusions

- Face-to-face accountability is not the whole story
- People incorporate "moral other" in decision making
- Fundamental to ethical behaviour and self-formation
- Leads to construction of a socially aware subject



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Acknowledgements: We appreciate the support of the anonymous corporation where the field work was conducted

Materiality in Charity Performance Reporting

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Introduction

- There is increasing demand for credible accounts of a charity performance. Charities are being asked to disclose what is *material*, not what is favorable.
- The financial accounting definition (omission or misstatement would alter decisions) has awkward application to charity performance.
- Little is known about how materiality should be understood in the context of charity reporting.

Research Questions

- How is the materiality understood and practiced among professional charity analysts?

Same organization, different accounts



Method

Teams of Social Impact Analysts, recruited through a professional association, were each given data from a real charity and asked to prepare a report "to inform stakeholders about the performance of the organization."

- Seven cases, with replication logic, representing different practices.
- Interpretive content analysis of the reports produced.
- (Observations, surveys and interviews not analyzed here).

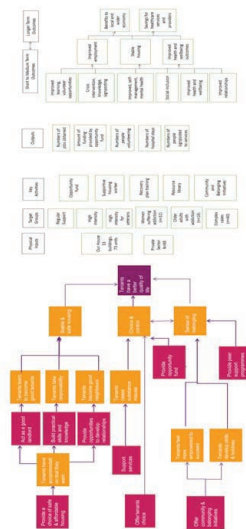
Preliminary Results

- Three strata of materiality judgments were identified: category, evidence and disclosure materiality.
- Each group claimed their category-level materiality judgments were *emic* however some were *emic-to-management*, some *emic-to-stakeholders* and some *emic-to-intervention*, resulting in different performance assessments, from effective to ineffective.
- Evidence was selected for its materiality to category, not entity-specific measures such as spending, staff and beneficiaries affected. As a result, minor activities (4% of beneficiaries, >1% of budget) were highlighted, and major activities (100% of beneficiaries, 84% of budget) were omitted.
- Approaches were sometimes used in contradictory ways. For example, applying financial proxies (for SROI or cost-benefit analysis) weighted outcomes in ways that contradicted earlier materiality judgments.

Discussion

- This research found that materiality is multi-layered issue with each layer posing a distinct technical and conceptual questions.
- Recommending charities disclose what is material is only helpful with a better conception of what materiality is in this space. The categories of materiality indetermined help to structure guidance.

Analysts began by creating a hierarchy of data based on their understanding of the construct 'performance'



Take Away Message

- **Practical:** crisper articulation of materiality in the context of social performance reporting is needed before improvements in the reliability of charity reports are possible.
- **Theoretical:** materiality is not a singular concept applied repeatedly in a process, but is a multi-strata construct that influences the analysis, presentation and assessment of results at multiple points.

Moral Reasoning, Distributional Fairness and Honest Reporting

Sylvia Hsu and Janne Chung

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Introduction

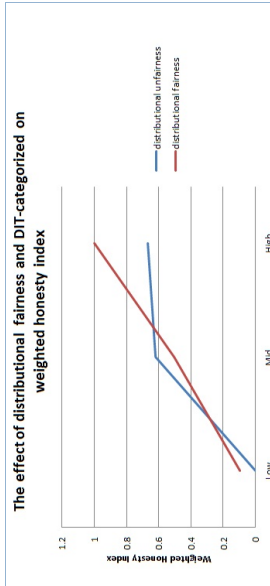
- The purpose of this project is to examine the interaction between moral reasoning and distributional fairness on managers' honest reporting.
- Kohlberg (1969, 1976) proposes a cognitive moral development model (CMD) and classifies the cognitive aspect of moral decision making into three levels: the pre-conventional person is self-interested, the conventional one makes ethical decisions based on social norms, and the post-conventional individual makes ethical decision based on universal values.
- Recent economics literature suggests that people lie to adjust the final distribution of payoffs because they are concerned that the payoff distribution between themselves and others may not be fair (Bolton & Ockenfels, 2000; Fehr & Schmidt, 1999).

Hypotheses

- H1: Honest reporting made by pre-conventional individuals are unaffected by distributional fairness because they value only their own interest.
- H2: Conventional and post-conventional people are more likely to provide a honest report when payoffs are more fairly distributed between manager and the firm. Because fairness is a moral virtue, individuals are less likely to display opportunistic behaviors when they are treated fairly by the others.
- H3 (in a null form): There is no difference in the effect of distributional fairness on honest reporting between conventional and post-conventional people.



Figure 1



Method

- We used computer networks to conduct a multi-period economic-choice experiment. Undergraduate students were recruited and were asked to assume the role of manager and to submit production budgets to headquarters to obtain the funds for production. Participants were provided with the actual product cost and were told that the corporation did not know their actual production cost. Excess funds will increase participants' personal earnings. We used the submitted production budgets to calculate a honesty index.
- After submitting the budgets for eight periods, participants were asked to complete DIT questionnaire.
- We adjusted product price to manipulate distributional fairness.

Results

- Distributional fairness does not affect the honesty index of pre-conventional managers.
- Distributional fairness affects the honesty index in both conventional and post-conventional managers.
- Distributional fairness has a greater influence on the honesty index of post-conventional managers than that of conventional managers.

Table 1 – Regression Results for Pooled Data

Dependent variable = honesty index					
Variables	Coefficients	Std. Error	t	Sig.	
DIT type-preconventional	4.14	0.821	5.04	0.0005	
DIT type-conventional	4.69	0.807	5.82	0.0002	
DIT type-postconventional	4.58	0.797	5.75	0.0002	
Fairness *DIT type-preconventional	0.10	0.142	0.73	0.4846	
Fairness *DIT type-conventional	0.25	0.090	2.77	0.0198	
Fairness *DIT type-postconventional	0.55	0.143	3.86	0.0031	
Age	-0.21	0.041	-5.09	0.0005	



Discussion

- Pre-conventional managers provide least honest reports in fair and unfair situations. Distributional fairness does not motivate pre-conventional managers to report more honesty.
- Fair distribution of wealth between the firm and managers increases managers' honest reporting. Post-conventional managers may not report honestly when they perceive that wealth between the firm and managers is not fairly distributed.

Take Away Message

- Distributional fairness enhances conventional and post-conventional managers' honest reporting. The finding highlights the importance of distributional fairness in incentive contracts.
- Fair contracts cannot improve pre-conventional managers' honest reporting. The results suggests that firms need to design a mechanism to prevent these managers from cheating.



Acknowledgements: We appreciate the support of SSRHC
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Textual Analysis of Sell-side Analyst Reports

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Introduction

- Bradshaw (TAR 2009) identifies two black boxes in the analysts' information processing flow chart: "information processing" and "valuation black box".
- Track analysts' research reports to better understand their information processing skills and valuations skills.
- Unique large sample based on textual analysis.

Hypotheses

- H1A: Analysts are less likely to use absolute valuation methods in a bull market than in a bear market.
- H1B: Stock recommendations based on absolute valuation methods are more accurate in a bull market.
- H2: The use of industry/macro information is positively related to analyst forecast performance (accuracy and market reaction).

Figure 1: Analyst forecast framework

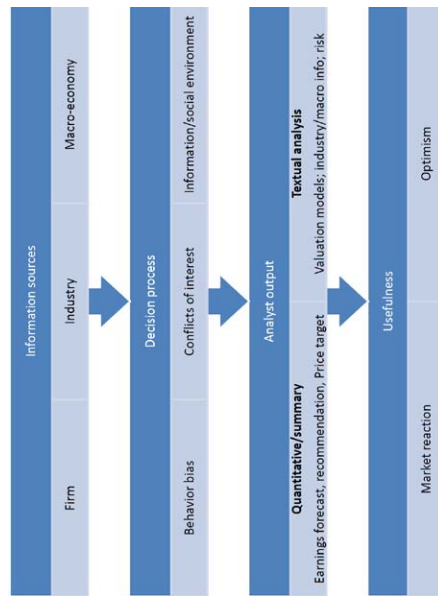


Figure 2: Valuation methods by year

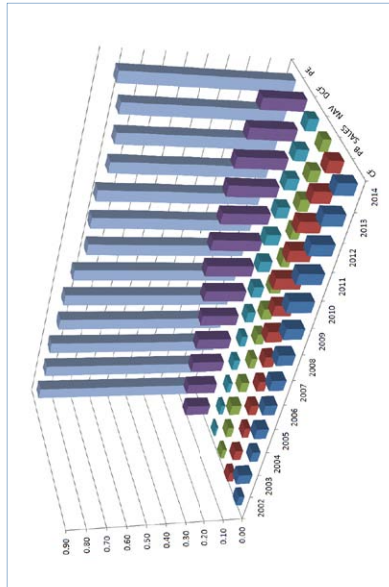
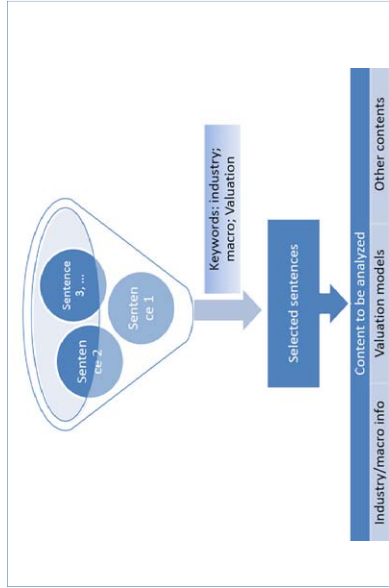


Figure 3: Textual analysis flow



Sample

- 1,300,000 reports by over 5,000 analysts since 2002 from Investext
- 7 out of top 10 banks worldwide
- Bull market: from the trough to peak period of business cycle (NBER)

Textual Analysis

- Methods:** Dictionary approach vs Machine learning
- Dimensions:** Text tones, readability, competition, valuation methods, peer group, non-financial information, forward-looking statement, risk, etc.

Examples of Texts from Analyst Reports

"We are maintaining our Strong Buy rating and our target price of \$33 per share, which is based on a multiple of 35x our 2005 EPS estimate of \$0.92."

"The trade books industry is relatively low growth and the industry model faces disruption from the advent of eBooks, stimulating digital sales but depressing physical sales and retailer infrastructure." (Lagardère)

Results

- Variation of valuation methods across banks, industries and time.
- In bull market, outperformance by the use of absolute valuation methods.
- We expect that industry knowledge improves analysts' forecast performance.

Discussion

- Valuation methods matters in Bull market!
- Analyst industry assessment / knowledge is an important trait.
- Any other text message to extract from analyst reports?

Take Away Message

- Tracking analysts' information source and decision process.
- Qualitative information matters!
- Read analyst reports between the lines.

Regulator's Determination of Return on Equity in the Absence of Public Firms: The Case of Automobile Insurance in Ontario

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Introduction

Beta is a risk measure within the Capital Asset Pricing Model (CAPM) used to capture the relationship between a company's return and the general market return. It represents the premium or discount the company returns to an investor (relative to the market), theoretically reflecting the risk embedded in the company.

Beta is used for investment decisions, valuations, and in particular utilized by regulators to set the allowed Return on Equity (ROE) of a regulated firm, attempting to reflect the premium/discount the company would be returning in a competitive market.

For a public company, the Beta is estimated by regressing the stock's rate of return against the market's rate of return.

Problem

If a private company operates in the same industry as a public company, the competitive Beta can be calculated using stock price data from that comparable public company.

- However, a problem arises when the Beta of a private company needs to be calculated, and there is no publicly listed firm that exclusively operates in the same sector (i.e. no pure player – PuPI).

2-Phase Method

$$\begin{aligned} \text{Min } & \eta_i \eta_j \quad \forall i = 1, \dots, N \\ \text{s.t. } & R_{ij} = \alpha_i + \beta_i R_m + \eta_{ij} \\ \text{Min } & \sum_{i=1}^N \varepsilon_i^2 \\ \text{s.t. } & \beta_i = \sum_{j=1}^K w_{ij} \beta^j + \varepsilon_i, \quad i = 1, \dots, N \end{aligned}$$

Solution

The Beta of this private company can be calculated by stripping out the Beta of the related sub-sector of the public company.

For example, if the public company operates in both the automotive & housing sectors, there is a way to strip out the Beta of just the automotive sector and apply it to our private company that operates solely in the automotive sector.

This is done by employing the Beta property that states: For a firm (or portfolio) composed of various activities (stocks), the firm's Beta is the weighted average of the beta of the activities.

Current Approach

In reality, there are generally various public companies that have a subsector that operates in the same activity as the private company. To arrive at the best solution, one should include various available public companies that have subgroups that operate in the same sector as the private company.

Ehrhardt and Bhagwat (1991) suggested an approach by employing a biased estimator to each company separately. We conjecture that if two firms have mutual activities (sectors) then estimating their total beta separately is inconsistent. It allows the beta of the same activity in each firm to have a different value, contradicting general theory.

Our Approach

We developed a methodology (1-Phase FIM) in which the beta of all the components are estimated based on the aggregate data of all of firms that are engaged in multi-activities. Once the beta components are estimated, the total beta of each can be built given the percentage of business in each activity.

- Using this method, unlike the current academic approach, the Beta of the same sub-activity, even in different companies, will have the same Beta.

1-Phase Method

$$\begin{aligned} \text{Min } & \alpha_1, \dots, \alpha_i, \beta_1, \dots, \beta^k \\ & \sum_{j=1}^L \sum_{i=1}^N \delta_{ij}^2 \\ \text{s.t. } & R_{ij} = \alpha_i + \left(\sum_{j=1}^K w_{ij} \beta^j \right) R_{ij} + \delta_{ij}, \quad i = 1, \dots, N, j = 1, \dots, L \end{aligned}$$

Application

- We utilized this methodology to estimate the ROE of Private Automobile Insurance, a regulated industry in Ontario, as there are no PuPI in Ontario.
- We also gauge the difference between the beta estimate based on our approach vs. Ehrhardt and Bhagwat (1991) approach, and the difference is significant.

Conclusions

Theoretically the proper optimization problem to estimate betas for different lines of business is the one-step method. Even the beta of each company should have been estimated utilizing the one-step method suggested here. This would have required partitioning the set of all companies in the market to subsets, so that the set of lines of business practiced in each subset of companies are disjoint.



Gender Diversity and Securities Fraud

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Introduction

- Women are underrepresented on boards of directors.
- Typical countries like Australia, Canada, China, and the US: 10% women.
- One possible benefit of women: reduce corporate fraud (never tested)
- Ethicality
- Risk Aversion
- Diversity
- We used a massive dataset from China to test this idea (first time ever).

Hypotheses

- Hypothesis 1: Gender diversity on boards of directors mitigates the frequency of fraud.
- Hypothesis 2: A more gender-diverse board mitigates the severity of fraud.
- Hypothesis 3: The impact of female directors is stronger in male-dominated industries than female-dominated industries.

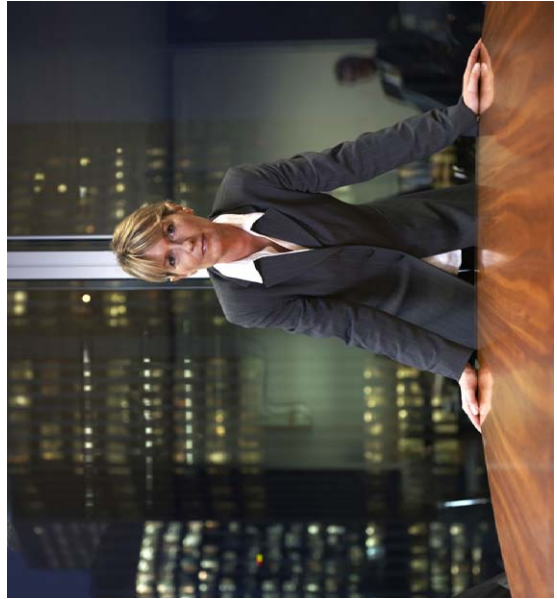
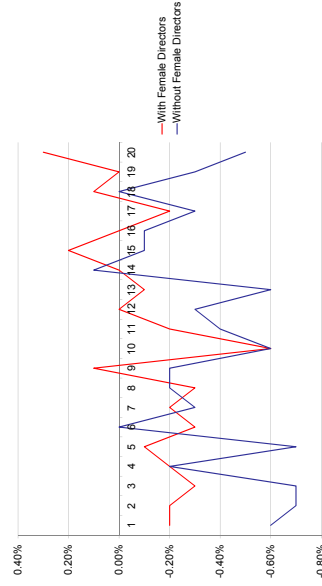


Figure 1. Cumulative Abnormal Returns



Method

- 2001 – 2010, China Securities Regulatory Commission, CSRC
- Three criteria for selecting no-fraud firms for the control firm group
 - stock exchange location (Shanghai or Shenzhen)
 - industry type (utilities, property and construction, conglomerates, industrial and manufacturing, or commercial)
 - firm size (total assets)
- Assign 742 no-fraud firms to the control firm group; this control group is then analyzed alongside the 742 fraud firms in the sample firm group

Results

- Significant effect of women on boards, even after control for endogeneity.
- Mean level of women on the board is approximately 13%.
- 1 standard deviation increase in % women from the mean causes:
 - 14% reduction in probability of fraud
 - 15.4% in male dominated industries
 - 13.4% in female dominated industries
 - 25% less pronounced effect on share prices after 20 days
 - 27.6% less pronounced in male dominated industries
 - 24.5% less pronounced in female dominated industries
- Nonlinear: Benefit of more women increases at a decreasing rate.

Take Away Message

- Results do not imply that 100% women on the board is optimal for reducing fraud; Instead, diversity is important for reducing fraud.
- Diversity has under-appreciated corporate governance benefits.
- Applies in all types of organizations: scope for future research, and for improving governance in practice in companies, universities, and other types of organizations.



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Nominal Stock Price Anchors: A Global Phenomenon?

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Introduction

Weld, Michaely, Thaler and Benartzi (2009) find **average nominal price for a share in NYSE has been about \$35** since the Great Depression.

- The price did not even keep pace with the inflation rates.
- A viable explanation may be the anchoring hypothesis.

Anchoring is a cognitive bias that describes **the common human tendency to rely heavily on the first piece of information offered when making decisions.**

Research Questions

- Is the nominal stock price anchor only US phenomenon?
- How about other markets?
- If it is a worldwide phenomenon, how do firms maintain their share price levels?

Figure 1

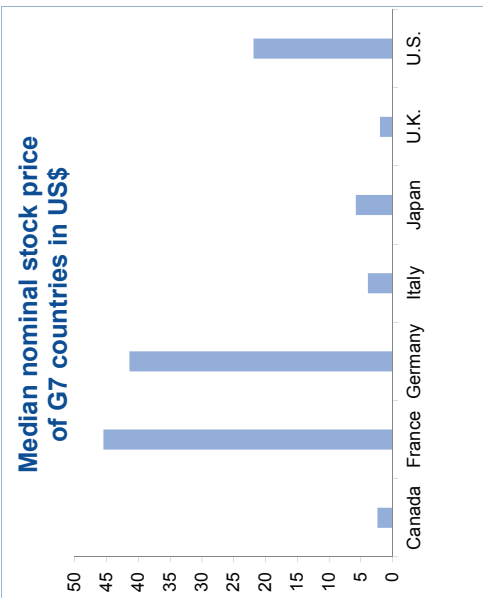
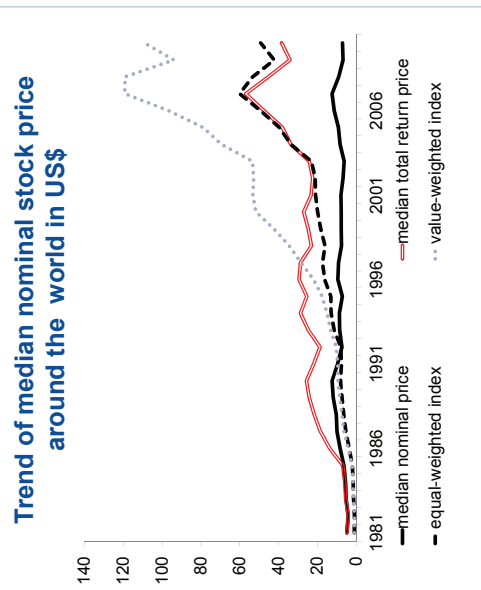


Figure 2



Method

- Collect nominal stock prices of firms listed on a country's main stock exchange at the end of June in each year for 39 countries from 1981 to 2010 (21 404 firms)
- Perform individual firm level analysis: unit-root test, trend analysis, regression analysis

Results

- **Median nominal stock prices across countries shows large variation but also strikingly stable: High stays high, low stays low!**
- Most (60%) of our sample firms do not have unit root in their nominal prices. Among firms with no unit root, most firms (60%) do not have time series trends in prices.
- **The regression results show the initial stock price is the best predictor of current nominal stock prices.**

Discussion

- Firm's nominal stock prices have tendency to revert back to their initial stock price level (the 'anchor').
- It is mainly due to corporate actions such as stock splits, dividend payout, or even reverse stock splits.

Take Away Message

- The nominal price fixation seems to be a global phenomenon.
- Why this happens remains a puzzle.



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Behavioral Finance and Implications for Seasonality in Asset Markets

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Introduction

- Many serious market crashes have occurred in the fall:
 - October 1929, October 1987, September/October 2008
- Before the US Federal Reserve began stabilizing the money supply, bank runs occurred in the US every 3-5 years, typically in the fall.
- Certainly there were important economic triggers for these events, but might human psychology have played a role as well? Perhaps emotions matter?
- We study the impact of Seasonal Affective Disorder (SAD) on markets.
- SAD appears to cause heightened risk aversion in investors in the fall and winter, impacting
 - Equity markets (lower prices in fall), Treasury markets (higher in fall), mutual fund flows, IPO prices, bid/ask spreads and volatility in prices (VIX).
- In previous work my co-authors and I find:
 - a distinct seasonal pattern in equity returns:
 - The effect is more pronounced at extreme latitudes.
 - The effect is displaced by six months in southern hemisphere countries, as are the seasons.
 - an 'opposing' pattern in safe US Treasury security returns.
- The seasonality in returns implies that:
 - Investors tend to shun risky assets and favor safe assets in the fall, coincident with diminishing daylight.
 - As days lengthen through winter and spring, investors tend to resume willingness to hold risky assets.

Seasonality in Mood (including depression) → Seasonality in Risk Aversion → Seasonality in Financial Markets

Research Questions

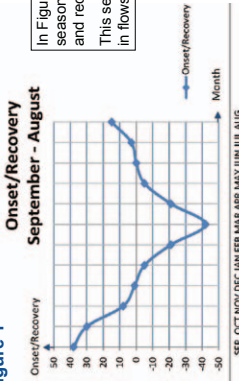
Trillions of dollars are held in mutual funds around the world, and monthly flows into and out of these funds amount to tens of billions.

- Is seasonality in mood impacting these?
- Is this seasonality exaggerated in Canada relative the US?
- Is it reversed in Australia?

Method

- We primarily rely on regression analysis to determine the strength and significance of the correlation of SAD onset/recovery with flows into and out of broad fund categories (money market, equity, hybrid, bond funds) in the USA, Canada and Australia over the last 25 years or so.
- We look at net flows and net exchanges, controlling for capital gains overhang, tax year, personal savings, advertising, return-chasing, and autocorrelation.
- The regression approaches include seemingly unrelated systems-of-equations regression, generalized method-of-moments and simple ordinary least squares estimation techniques.

Figure 1



In Figure 1 we see strong seasonality in the onset of and recovery from SAD. This seasonality is mirrored in flows, shown in Figure 2.

Figure 2

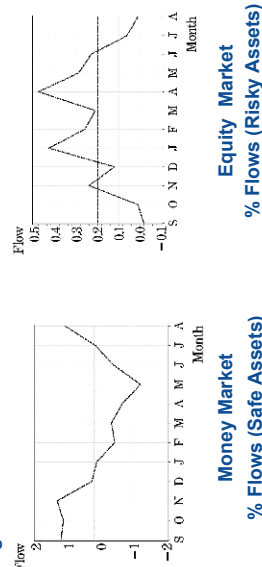


Figure 3

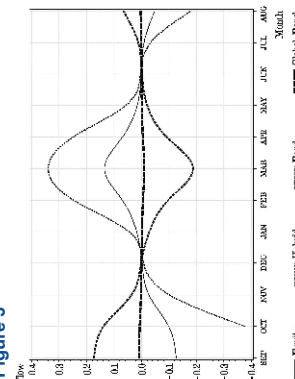
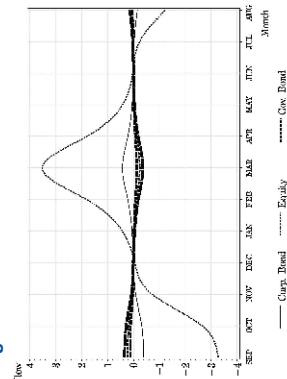


Figure 4



Results

- We find flows are indeed strongly correlated with onset/recovery (OR). Equity flows decrease in the fall and money market flows increase.
- Similar results hold for Canada and Australia.

Regression Results for U.S. Net Exchanges

$$\text{NetExchange}_{i,t} = \mu_1 + \mu_2 \text{OR}_{i,t} + \mu_3 \text{Ads}_{i,t} + \mu_4 \text{Rear}_{i,t} + \mu_5 \text{CapGains}_{i,t} + \mu_6 \text{NetExchange}_{i,t-1} + \mu_7 \text{NetExchange}_{i,t-2} + \mu_8 \text{NetExchange}_{i,t-3} + \mu_9 \text{NetExchange}_{i,t-4} + \mu_{10} \text{NetExchange}_{i,t-5} + \mu_{11} \text{NetExchange}_{i,t-6} + \mu_{12} \text{NetExchange}_{i,t-12} + \epsilon_{i,t}$$

	Equity	Hybrid	Bonds	Gov.	Money
μ_{OR}	-0.152***	0.010	-0.106**	0.105***	0.212***
μ_{Ads}	-0.086**	-0.009	-0.308***	-0.131***	0.168***
μ_{Rear}	-0.001	-0.014***	0.045***	0.075***	0.029**
μ_{CapGains}	-0.015***	-0.006***	-0.110***	-0.414***	-22.21***

Joint Test Across Asset Classes	χ^2 [degrees of freedom]
OR jointly equal to zero	61.3*** [5]
OR jointly equal	41.4*** [4]
Test of over-identifying restrictions	50.5 [120]

Discussion and Take away

- There exist striking seasonal patterns in international equity returns and US Treasury returns.
- The patterns in returns are consistent with seasonally varying investor risk preference.
- Quantity-based evidence from mutual fund flows support this view.



Acknowledgements: We gratefully acknowledge the financial support of the Social Sciences and Humanities Research Council of Canada, and we thank the Investment Company Institute, the Investment Funds Institute of Canada, and Morningstar for generously providing much of the data used in this study.

Reporting Bias in Private Equity: Reporting Frequency, Endowments, and Governance

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Abstract

Using PitchBook's private equity (PE) database of 5,068 PE funds from 44 countries for the 2000 to 2012 period, we show that endowments are systematically associated with less pronounced differences between reported unrealized returns and subsequently realized returns. Moreover, endowments receive more frequent reports from their PE funds, implying more stringent governance.

We find that higher reporting frequencies from PE funds are correlated with a lower tendency for the limited partners to receive overstated performance reports (the difference between realized returns and reported unrealized returns).

These findings persist after controlling for stock market conditions, legal and accounting disclosure environments, legal origins, fund and GP characteristics, limited partnership types, as well as cultural dimensions.

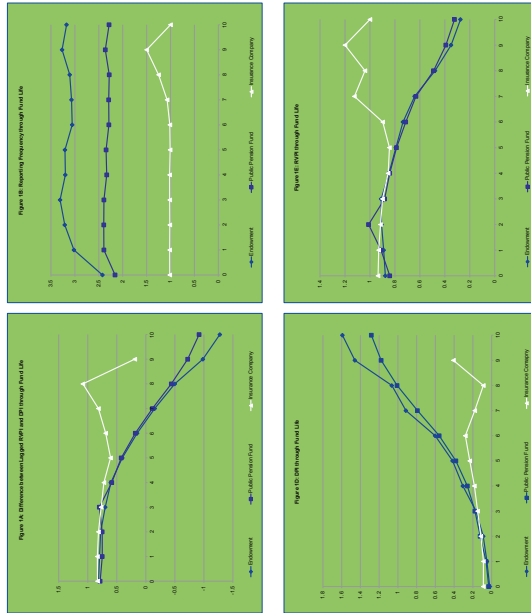
Research Questions

- How to reduce information asymmetries between private equity fund managers and institutional investors?
- Are there any mitigating effects from reporting frequencies?
- Do our answers depend on different stock market, legal, fund and culture characteristics?



Cartoon used with permission from Pensions & Investments, Oct 17, 2011 Copyright Crain Communications, Inc.

Figures



Discussion

- Reporting frequency can either stand as a good governance effort from PE fund managers, or as a good monitoring effort from LPs.
- The efficiency of capital investments will increase because possible performance overstatements will be reduced, and the negative impact on reputations will be reduced.
- It is useful for policymakers and for market monitors.

Conclusions

- The higher the reporting frequencies from a PE fund, the lower the chance the limited partners will receive overstated performance reports;
- Endowments perform relatively better compared to other LPs as institutional investors in private equity investments.

Method

- Detailed Means and Medians Tests across different characteristics
- Standard Panel data regression
- Various robustness checks

Results

- Reporting frequency will positively impact realized PE fund returns, and negatively impact unrealized PE fund returns and overstatements in fund performance reports.
- During deteriorating market conditions, in countries where legal and accounting standards are weaker, PE firms with poorer track records and PE funds taking riskier positions in early-stage investments are more likely to overstate performance. Under such conditions, reporting frequency will mitigate potential overstatements.
- Across countries and over years, endowments as investors will perform relatively better than other limited partners by obtaining higher realized returns, lower unrealized returns, less inflated performance reports, and higher reporting frequencies from PE fund managers.



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Project was funded by SSHRC

The Field of Business Sustainability and the Death Drive: A Radical Intervention

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Abstract

In this paper we suggest that the gap between an authentically ethical conviction of sustainability and a behaviour that avoids confronting the terrifying reality of its ethical point of reference is characteristic of the field of business sustainability.

We do not accuse the field of business sustainability of ethical shortcomings on the account of this attitude-behaviour gap. If anything, we claim the opposite, namely that there resides an ethical sincerity in the convictions of business scholars to entrust capitalism and capitalists with the mammoth task of reversing the terrifying reality of ecological devastation. Yet, the very illusory nature of this belief in capitalism's claims to save us from the environmentally devastating effects of capitalism gives this ethical stance a tragic beauty. While sincere and authentic, it nevertheless is an ethical stance that relies on an 'exclusionary gesture of refusing to see' (Žižek 2008, p. 52), what in psychoanalysis is referred to as a fetishist disavowal of reality.

We submit that this disavowal is fetishist because the act is not simply one of repressing the real. If it was, we would rightly expect that we could all see the truth if we only provide more or better information to fill the subject's lack of knowledge. The problem is that the fetishist transfers a fantasy of the real as the real. In the case of destructive capitalism, the fetishist disavows that particular reality by believing in another, thus subjectively negating the lack (or gap). Therefore, from the perspective of psychoanalytic theory, we submit that the gap between attitude and behaviour is best understood not as an ethical flaw, but as an essential component of an ethics that makes possible the field of business sustainability.

Research Questions

The question we pose is a question directed at the sustainability field as a whole: Since we all know that the environmental situation is desperate and our current approaches are woefully inadequate to incur any meaningful change,

- why do we continue to act as if what we are doing can change the course of environmental destruction?
- Or more succinctly our question is this: what allows scholars and practitioners to sustain what we know far too well is an unsustainable state of affairs?
- Or more generally: How come that even though we all know, we act as if we don't?

The Short Answer

1. **Fetishist disavowal:** Refers to a form of non-knowledge, Rumfeld's famous "unknown knowns"; the disavowed beliefs and suppositions to which we are not even aware we adhere. In the case of ecology, these disavowed beliefs and suppositions are the ones that prevent people from believing in the possibility of catastrophe. This unusual epistemological condition of knowledge that is not knowledge relates to psychoanalytic theories of disavowal and disidentification, a process explored in Fuss's (1995, p.7) *Identification Papers*. According to Fuss, disavowal can be thought of as a refused identification or rather an identification that has already been made and denied in the unconscious, or as she puts it "an identification that one fears to make only because one has already made it".

In the case of business sustainability, this kind of disavowal takes on two forms. **First** there is the disavowal of the reality of capitalism where its admirers continue to place their desire into an object such as green capitalism or green economy (Brand & Thimmel, 2012). There is a desire, in other words, for capitalism's (lost) wholeness, which in its impossibility becomes transferred to something else, another object such as sustainable business or no-growth capitalism and so on (Smith, 2011). Thus, even as growth-fuelled capitalism leads to economic and environmental exploitation it still arouses sincere enthusiasm in its believers. As already alluded to above, this is a classic case of fetishist disavowal where the identity-threatening trauma of recognizing the real situation is repressed through a focus on something else.

A **second** such instance of fetishist disavowal happens when we refuse to accept the environmental destruction caused by our own actions as 'real existing' producers or consumers by focusing on such partial acts as recycling, buying organic food and driving a hybrid car. The operating principle here is this: "I know, but I don't want to know that I know, so I don't know" (Žižek 2008, p. 53). Or as Freud (1995) puts it, disavowal is as a subject's refusal to recognise the reality of a traumatic perception.

2. **Death drive:** We put forth a psychoanalytically informed answer to: *why the field consisting of civic and corporate leaders, academics, and so on keeps doing the wrong thing even though it knows better?* With recourse to Freud's notion of the death drive, we propose that just like Rockhound in the movie *Armageddon*, members of the business sustainability field continue to be tipped up by their own unconscious desire for sabotage and annihilation, an unconscious desire that derails reason and instead constructs a cohesive symbolic realm in which capitalism can be sustainable; a fantasy that keeps at bay the unbearable desert of the real (Žižek 2002).

Take Away Message

'Business Sustainability' as a field of knowledge and practice legitimizes the idea of entrusting capitalism with the mammoth task of reversing the terrifying reality of ecological devastation.

We argue that on the one hand, the field of business sustainability studies constitutes a belief in the possibility of sustainable (or green) capitalism because it succeeds in convincing itself of the impossibility of ecological catastrophe and the end of capitalism. We argue that on the other hand, the field of business sustainability produces an ideological effect that forecloses the possibility of meaningful action taking place by precisely acting as though something meaningful is taking place. To put it bluntly, in its sincere aspiration to rescue the planet's ecology, business sustainability acts against the realization of that very same objective.

In the final analysis, we tackled the vexing question of why an entire field of study, constituted to save us all from environmental catastrophe, behaves in a way that permits its participants to act as if they are doing something of significance in the face of clear evidence to the contrary (c.f. Cluley & Dunne, 2012).

Or, to put the question in psychoanalytic terms: why the field continues to dabble in the space of the symbolic, while ignoring the glaring ruptures brought about by the realm of the real?

The consequences for the field of sustainability studies are stark. The onus of analysis shifts from exploring external consumers and producers, to instead turning the gaze inwards and to probe for unconscious destructive impulses.

This paper is Forthcoming in the *Journal of Business Ethics*



Emotional Consumption Systems and the Globalization of Romantic Love

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Abstract

Consumer research has demonstrated the prevalence and allure of romantic consumption in both Western and non-Western cultural contexts. This work, which explores consumer experiences and historical developments of particular rituals of romantic consumption, has relatively little to say about how romantic consumption diffuses globally. Building on the sociology of emotions and globalization research, we develop the concept of the **emotional consumption system** – a system of social feeling rules that structure emotional exchanges and bring local emotional life into alignment with global market interests – and theorize its inscription through four globalization processes of circulation, reinterpretation, outfitting, and enactment. After that, we use an ethnographic approach to trace the rise of an Indonesian romantic consumption system emphasizing the feeling rules of emotional expressiveness, romantic experientiality, and personalized care. Our study has implications for consumer research on romantic consumption, desire, and global consumer culture, as well as sociological work on emotions.

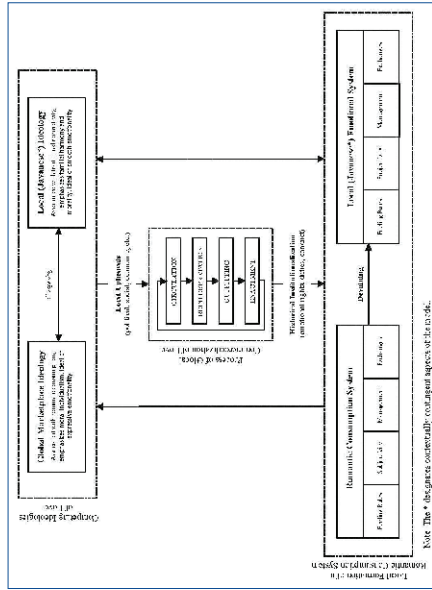
Research Question

- How does **romantic consumption globalize**?
- This research analyses the changing links between love and the market
- It aims to explain why and how consumers around the world have come to embrace romantic consumption practices as indispensable elements in the managing of their love relationships



Image Credit: © Camera Koda (left), Source: iStockphoto.com (middle), Source: iStockphoto.com (right). Reproduced under the Creative Commons License <https://creativecommons.org/licenses/by/4.0/>

Figure 1: The Globalization of Romantic Consumption



Findings

- The global diffusion of romantic consumption is the result of the formation of local romantic consumption systems
- These systems urge partners to act as romantic consumers by promoting market-friendly feeling rules and emotion management, at the expense of other (e.g., traditional) ways of managing love
- **Four globalization processes** involved in establishing these systems:
 - Circulation – the increasing flow of global cultural material that portrays the idea of love as an ongoing commercial project in a local context
 - Reinterpretation – the adaptation of global notions of love and romance in local cultural products and for local audiences
 - Outfitting – the creation of market offerings for romantic consumption
 - Enactment – the adoption of market-friendly rules of romantic conduct

Method

- Longitudinal ethnography (2006–2013) in Indonesia
- Participant and non-participant observation, multiple interviews with 30 informants, archival data collection
- Hermeneutic analysis method (Giesler 2008; Thompson 1997)

Key Takeaways

- The concept of emotional consumption systems provides a useful tool to analyze the market shaping of emotional life, and the fourfold globalization process offers a useful mechanism to examine the commercialization of love throughout the world
- Our study contributes to the literature on consumer desires. We empirically demonstrate the hypothesis that the adoption of new consumer practices is a fundamental shift in moralities and subjectivities (Belk, Ger, and Askegaard 2003). We further show how capitalist markets and ideologies not only channel desire onto consumer objects, but also on particular forms of human relationships – such as the expressive, experiential, and caring romantic love bond
- This research extends our understanding of global consumer culture. For instance, we propose an additional global structure of common difference, emotion, in the context of global (youth) consumption (Kjeldgaard and Askegaard 2006). This denotes a preoccupation with emotional life and market-mediated wellbeing that is made part of the institutional setup across marketizing cultures

We appreciate the institutional support of:



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Marketers in the Wild: Biopolitical Marketing and the Ideology of the Customer Community

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Abstract

This article follows recent analysis of marketing as an ideological set of practices that makes cultural interventions to strategically destabilize social relations and infuse them with biopolitical injunctions (Zwick & Cayla, 2011). In particular, the paper explores the current popularity of virtual consumer communities in marketing practice and seeks to understand, from a critical theory perspective, *what the ideology of an online consumer community allows marketers to do*, i.e. how the customer community functions ideologically in marketing and why we encounter this desire to think of consumers as community. In our analysis of the ideology of the virtual customer community, we see this technology as part of a larger transformation of contemporary marketing practice from a social technology of discipline to what we call *biopolitical marketing*.

Drawing on Foucault's notion of governmentality and biopolitical production as well as various texts developed in recent autonomist reinterpretations of Marx (Avidsson, 2006; Dyer-Witheford, 1999, 2005; Virno, 2004; Berardi, 2009), we use the term biopolitical marketing to conceptualize strategies aimed at capturing and managing consumers in intensive and extensive networks of entertainment, production, consumption and surveillance (see e.g. Moor, 2003; Pridmore & Lyon, 2011; Lash & Lury, 2007; Wissing, 2007; Thrift, 2008). What makes the online customer community suitable for this kind of analysis is the fact that the central object at stake, the customer community itself, barely actually exists. Therefore we observe the ideological gymnastics necessary to maintain momentum behind a practice that barely exists and we ponder why such ideologies are necessary and what they allow the marketer to do. Working with such concepts as 'the wild' and 'communicative capitalism', we delve into a genre of popular business literature that proselytizes for the rise of the online customer community as radical marketing opportunity.

Research Question

We propose that the emergence of biopolitical marketing, here in the guise of the customer community, is a response to two key characteristics of communicative capitalism (see also Moulier Boutang, 2011).

- First, capital no longer monopolizes modes of production, innovation and value creation and therefore must find ways to capture innovative and productive energies elsewhere.
- Second, from a perspective of communicative efficiency, organizational practicality and operational order, online consumer practices and expressions are problematic because they are never self-contained and are often anarchic - they actively break away from and place themselves outside of marketing logic.

The tension that arises from marketers' pursuit of new modes of commodification and accumulation on the one hand and the crowd's productive value that depends on remaining untouched by the institutional logic of marketing on the other, becomes acutely visible in the age of participatory media. Social media marketers like Brian Solis, Tamar Weinberg, and Ashton Kutcher (Solis, 2010; Weinberg, 2009) warn that the productive anarchy of the crowd is ultimately a statement *against* institutions and discipline. These authors tell their eager audience that exciting new online activities such as presumption, peer collaboration, co-creation and crowd sourcing all tell marketers one important thing: 'consumers can have their consumption, they can have fun, they can even innovate and collaborate as producers and consumers but they do not need marketers to do any of this. There are no marketers *in the wild*' (cf. Halberstam, 2013).

- The Challenge for Marketing Managers: How to resolve this contradiction of commodifying the crowd without antagonizing it?

The Short Answer

- Through the ideological figure of the customer community

Conclusion

It is clear that this contradiction cannot be resolved entirely in real terms because as soon as the crowd ceases to be outside of the marketing institution, i.e. *wild*, its radically innovative and productive value declines. This contradiction can only be resolved symbolically, that is to say, through what Jameson (1981) calls a socially symbolic act that "begins by generating and producing its own reality in the same moment of emergence in which it steps back from it, taking its measure with a view toward its own projects of transformation" (Jameson, 1981, p. 80). Put differently, as the object of the symbolic act, the customer community brings into being that very situation to which it is also, simultaneously, a reaction against; namely, a fantasy where marketing can exist *in the wild*.

Based on the close reading of the popular consulting literature on community marketing, we explore three specific ways in which social media marketers establish the ideological function of the community.

- 1) *Community dispels with the belief that marketers do marketing*
- 2) *Community establishes the belief that marketers no longer (desire to) control consumers*
- 3) *Community dispels with the belief that marketers create value*

Rather than studying actual communities of customers or brands we seek to understand how the customer community functions ideologically in marketing and why marketers think of consumers as community. Our analysis reveals that the community represents a way for contemporary marketing to resolve symbolically a fundamental contradiction of marketing that cannot be resolved by other means: how to commodify the communicative and affective labor of the crowd without antagonizing it?; a contradiction that has become markedly more acute and visible in the age of participatory media.

Attempting to make a broader claim about the transformation of marketing in the age of communicative capitalism, we suggest that the community plays an important ideological role in the transition and legitimization of a new form of marketing: biopolitical marketing. Biopolitical marketing describes strategies aimed at extracting value from consumer activities and feelings produced autonomously and collectively in the self-governed spaces of the virtual. It is thus a form of marketing that is uniquely adapted to the discursive frame of communicative capitalism. In other words, biopolitical marketing – today perhaps best exemplified by the subfield of marketing called social media marketing – is tasked with finding ways to persuade and control consumers, push messages and products, and create economic surplus without appearing to do any of these things. It is for this reason that we refer to the community as an ideological figure because the question is not whether communities exist or not, or even whether they can produce any of the benefits marketers hope for; the question is how the figure of the customer community becomes invested with the social media marketer's hidden desire for such outcomes and how the marketer constructs this figure to escape a certain contradiction.



How the Physical Appearance of Money Influences Spending

Project #1: *Journal of Consumer Research* 2013
with Fabrizio Di Muro
University of Winnipeg, Winnipeg MB, Canada

Theodore J. Noseworthy
Schulich School of Business
York University, Toronto ON, Canada

Project #2: *Journal of Consumer Psychology* 2015
with Chelsea Galoni
Kellogg School of Management, Northwestern University, Evanston IL, USA

Introduction

- There exists a fundamental belief that people only attend to the nominal (face) value of money.
- This program of research investigates how the physical appearance of money impacts spending and the valuation of products.

Project 1: Research Question

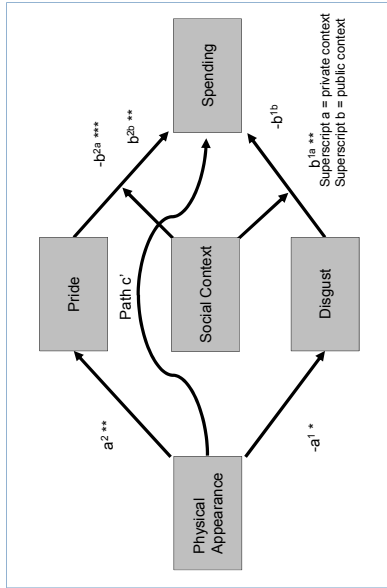
- How does the physical appearance of money influence spending?



Method (Study 4 from DiMuro & Noseworthy, 2013)

- Undergraduates (N = 120; 55.8% female) were randomly assigned to one of four conditions in a 2(physical appearance: worn vs. crisp) x 2(context: private vs. public) between subjects design.
- Participants entered the retail lab and were given a wallet containing \$20 in the form of a \$10 bill, a \$5 bill, two \$2 bills, and a \$1 bill (USD).
- Participants were randomly endowed with a \$10 bill that was either worn or crisp (all other bills were brand new).
- Participants in the public condition entered the lab in groups of 10 and signed a waiver stating that they consented to having their behaviour in the lab video recorded and evaluated by their peers.
- Everyone was asked to purchase at least one product and were told that they could keep the money that remained.

Figure 1: Project 1 Model



Results

- Participants were more likely to break the \$10 bill in a private context when the bill was worn, but were more likely to break the crisp \$10 bill when in a public context.
- A mediation analysis revealed that disgust led people to break the \$10 when it was worn, but only in a private context.
- Conversely, pride mediated the indirect effect of physical appearance on spending such that pride led people to break the crisp \$10 bill when in public, but save it when in a private context.

Project 2: Research Question

- Does dirty money increase spending because it alters product valuation?

Method (Study 2 from Galoni & Noseworthy, 2015)

- Members of the local community (N = 202, 57.9% female) were randomly assigned to one of four conditions in a 2(physical appearance: worn vs. crisp) x 2(instructions: touch vs. no touch) between subjects design.
- Participants entered the retail lab and were given \$20 to spend on at least one product from their choice of two aisles: office supplies and cleaning products.



Results

- As predicted, those who were given worn bills and permitted to touch the products were more likely to choose the cleaning product aisle. Those who chose this aisle did not spend more money.
- However, those who chose the office supply aisle and were permitted to touch the products after handling worn bills purchased more and spent more money, suggesting devaluation by negative contamination.

General Discussion

- Collectively, this work challenges the widely held assumption that money is fungible and shows that the physical appearance of money can influence how it is spent.
- Project 1 highlights the impact of social context and discrete emotions on spending.
- Project 2 shows that the appearance of money impacts product valuation by way of physical contamination.



Acknowledgements: Project 1 was supported by the University of Winnipeg's Start-up research grant. Project 2 was funded by the Social Sciences and Humanities Research Council of Canada (SSHRC insight grants #435-2013-0235).

Designing a Sharing Economy: The Sociology of Empathy

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Background

The "Sharing Economy" is a fast-growing, global, multi-billion dollar market that captures the excitement of countless CEOs, innovators, and researchers. Sharing is commonly heralded as a powerful new paradigm with the potential to stimulate the economy, create communities, and add value to individuals and society.

Surprisingly, however, managers of sharing technologies often face harsh criticism, resistance, and skepticism from important stakeholder groups including regulators, unionists, journalists, and consumers.

Findings from an institutional investigation of the ridesharing company Uber, as well as insights from the sociology of empathy, suggest that in order to succeed in the sharing economy, innovators should remind themselves of the empathy that underlies their sharing technologies.

Specifically, we propose a four-fold process of empathization through which managers can address common complaints from these stakeholders groups and ensure future growth for their sharing technological innovations.

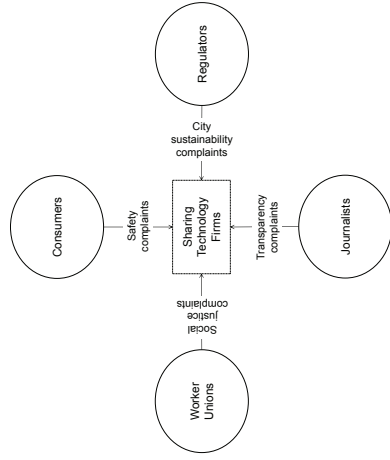
Research Question

How can marketers of sharing technologies win over multiple skeptical stakeholder groups?



Image source: Creative Commons from TechCrunch www.techcrunch.com/photos/techcrunch/ - image cropped & quote added

Figure 1: Resistance in the Sharing Economy



Key Takeaways

Managers of sharing firms face resistance that arises from the tensions between conflicting economic and social (e.g., justice, safety) concerns.

By addressing each stakeholder complaint with a particular empathy myth, the sharing business model is rendered desirable, while other demands (e.g., for regulation) are rendered undesirable. The four processes of empathization equip marketing managers with the strategic tools to win over sceptical stakeholders, re-design the sharing economy, and sustain growth.

We contribute to the market creation and evolution literature by unpacking how the sharing economy is (re-) designed through an empathization process. This sheds novel light on the strategic use of emotions in the quest for market success in established industries.

Second, we make a contribution to the technology and innovation literature. Conventionally, technology has been understood as utilitarian (efficient, effective, etc.). However, the resistance level against sharing technologies and firms brings up a deeper emotional level that can only be addressed by empathizing the technology and its disruptive potential.

We appreciate the institutional support of:



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The Non-Compensatory Relationship between Risk and Return in Business Angel Investment Decision Making

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Introduction

- Business Angels (BAs) are an important source of early finance for high-growth companies, before such ventures can generate positive cash flow.
- Fund-seeking entrepreneurs fail to attract investment due to either a poor opportunity or because they do not understand how BAs make decisions.
- A better understanding of BA decisions can help promising entrepreneurs better prepare for investment interactions and BAs make better decisions.

Research Challenges

- Research has been constrained by BAs' lack of understanding of their own decisions and the confidential nature of the decision-making process.
- BAs are assumed to be rational decision-makers who fully consider, and trade off, all factors before choosing in which opportunity to invest.
- Evidence from behavioral decision theory suggests that experienced decision-makers use heuristics that trade off accuracy for efficiency.
- BAs adapt decision heuristics through sequential elimination stages, which are difficult to unravel when only the final outcome is externally observable.

Theory Development

Behavioral decision theory suggests that:

- Complex decisions are often broken down into stages, with opportunities rejected at each stage through a sequential elimination process.
- Under time pressure, experienced decision-makers frequently use heuristics (shortcuts) that minimize the cognitive decision effort required.
- Rejection heuristics can include the use of non-compensatory and/or 'satisficing' (e.g., trigger point) techniques.
- In order to minimize decision effort, experienced decision-makers will often trade off decision accuracy for decision speed.

Research Method

- Direct involvement in CBC's Dragons' Den¹ allowed us to observe investment interactions and use rejection reasons to identify the stage of the elimination process when each opportunity was rejected.
- Trained experts coded eight venture criteria linked to Investment Return (V_{return}) and Venture Risk (V_{risk}) as well as specific rejection reasons (insufficient return or excess venture risk) provided by each Dragon.

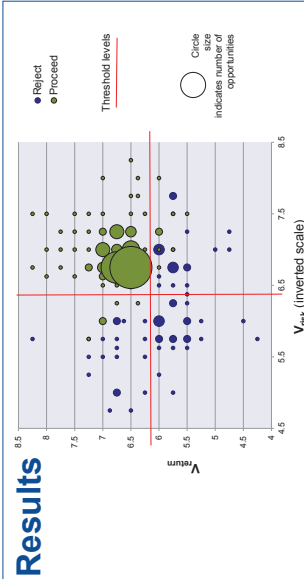
Observed and coded 602 interactions over 4 seasons where:

- 436 had a fatal flaw and were rejected at an *initial selection* stage.
- 166 were evaluated here, with 99 passing the venture assessment stage. The 67 rejected at this stage were based upon reason(s) provided by Dragons (22 for insufficient return, 18 for excess venture risk, 27 for both).



¹In the show, fund-seeking entrepreneurs pitch their ventures to five experienced BAs, requesting a specific amount of equity investment. The interaction continues until all BAs provide a reason for rejecting the opportunity, or one or more of the BAs makes an offer to invest.

Results



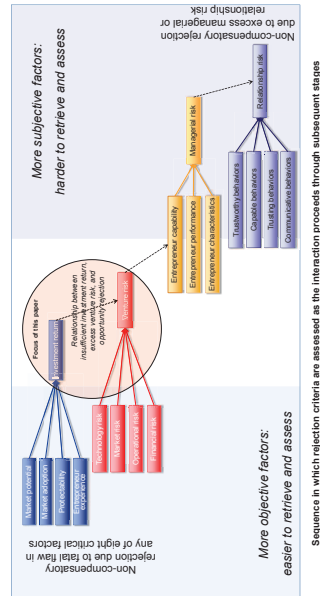
- Opportunities are rejected at the venture assessment stage due to: **insufficient return** = $f(\text{market potential, market adoption, protectability, entrepreneur experience})$ or **excess venture risk** = $f(\text{technology risk, market risk, operational risk, financial risk})$.
- Rejection of an opportunity was non-compensatory (a higher level of return could not compensate for a higher level of risk, and vice versa).
- BAs did not assess absolute value of investment return or venture risk, rather they rejected opportunities that failed to meet minimum investment return or maximum venture risk thresholds.

Takeaways

- Observing the investment decision shows experienced BAs use heuristics to trade off decision accuracy for decision speed.
- Entrepreneurs, aware of why criteria are considered at each stage of the process, can better present specific and relevant information.
- Entrepreneurs, who understand that BAs do not trade off between risk and return can better compensate for weaknesses in their business plans or can be better prepared to answer questions raised by BAs.
- BAs' better understanding of the investment decision process will allow them to improve their decision-making efficiency and accuracy.
- Awareness of how investment decisions are made can reduce the prevailing high failure rates, increase funding to entrepreneurs, and encourage more BAs and entrepreneurs to participate in the process.

Research Questions

- At the venture assessment stage, do BAs reject opportunities:
- using a non-compensatory heuristic, such that a higher return cannot compensate for a higher risk, and vice versa?
 - using a trigger point heuristic, where they look for desired levels of minimum return or maximum risk rather than their absolute values?



Low Frequency High Impact Operational Losses: Can Banks Learn to Manage Misfortune?

Elena Nesterova, OMIS PhD Candidate
Schulich School of Business, York University, Toronto, Canada

Introduction

Financial institutions have not been able to curtail the operational risk losses, despite the more stringent Basel II risk regulations. 95% of the risk events are relatively low impact losses of EUR0.5MM or less per incident (See Figure 1). Interestingly, the remaining 5% of operational risk events account for 90% of the total losses in absolute value (ORX Global Banking Report, 2014). The significant risk events, so called "black swans", are believed to be in the realm of the unexpected and unmanageable risk exposure. Proposed research will question this assumption and attempt to find a connection between the daily operational failures and potential high impact risk events.

The Operations Management literature has long recommended setting up control systems to detect non conforming behaviors in organizational processes (i.e., quality management, health and safety). "Near-miss" risk events are considered to be valuable sources of information about potential risk exposure. Case study research indicated that relatively frequent low impact events are often ignored by organizations, framed as the acceptable costs of doing business. At the same time, public enquiries in major risk events frequently identify precursor risk events that could have been instrumental in preventing high impact events, but were ignored by the relevant stakeholders. Proposed research aims to examine the relationship between the low frequency high impact (LF/HI) risk events and high frequency low impact (HF/LI) events, to explore if and how low impact events can be used as predictors of significant operational losses.

Research Questions

- Can the High Frequency/Low Severity events be useful in identifying, modeling and preventing high impact losses in financial industry?
- Do HF/LI and LF/HI events have the same causal mechanisms?
- What risk management methods can be effective in predicting and preventing high severity operational losses?

Theoretical Approach

- Interdisciplinary theories, such as normal accidents theory (Perrow, 2011) and high reliability theory (Weike & Sutcliffe, 2007) attempted to conceptualize the risk dynamics on organizational and team level and explain how companies can manage the unexpected.
- Prospect theory (Kahneman, 2003) suggests that individual biases and heuristics prevail when managers assess risks, while bounded rationality theory questions the individuals' ability to be find optimal risk solutions (Bell, Raiffa, & Tversky, 1988).
- Hopkins (2014) found that a gap exists at the organizational level between identifying causes of past events and making recommendations for future accident prevention.
- Kleindorfer and Saad (2005) argue that near-miss event analysis is a critical step in developing risk prevention program in supply chains.

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Key Operational Risk Statistics

- The data suggests that economic capital allocation for operational risk ranges between 15-25% of the total economic capital for the majority of banks (Basel Committee on Banking Supervision, 2012).
- According to the ORX Global Banking Report, operational risk related losses reported by 68 member banks total EUR140Bn for the 2008-2013 period. On average, operational risk events cost global banks 3% of the gross income, which represents 20-30% of the modern banks' profit margin.

Methodology

- In-depth case study focused on specific business lines and types of operational losses will be conducted to answer the research questions (See Figure 2). Managers across different functions of the Canadian financial services firm will be interviewed using a semi-structured interview protocol. Interview data will be complemented by the operational loss reports and risk event analysis.
- Proposed research is a part of a larger program of research on collaborative risk management involving case studies and quasi experimental design, supervised by Professor David A. Johnston (Schulich School of Business).

Research Significance

Proposed research aims to fill the gap in academic literature and establish if the analysis of a series of HF/LI events taking place at an organization over time could facilitate the identification of common risk patterns and systemic operational problems that can potentially lead to the significant losses or major crises.

Preliminary case study research shows that low impact risk events are disregarded by operations managers, albeit reported to OSFI. The bank's risk manager informs us that: "business line managers are responsible for specific risk events analysis and they are typically not taking action if the losses fall within established risk appetite". The research results will have significant implications for risk managers and industry policy makers. The findings of this research may help reconceptualise the risk appetite statement imposed by the Basel II regulations.

This empirical research will inform future research on operational risk management in the financial services industry, specifically as it relates to the identification and prevention of high impact risk events. The findings will be relevant to a broad range of financial institutions, from banks to insurance companies and investment firms, attempting to harness business analytics to improve their management of external and internal risks.



Figure 1



Figure 2

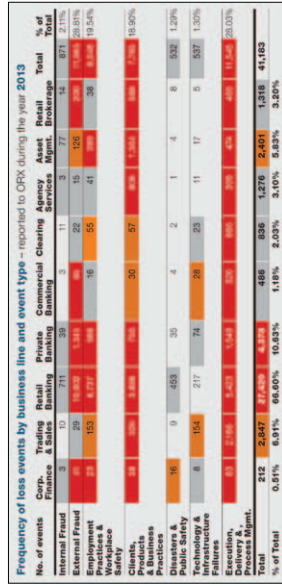
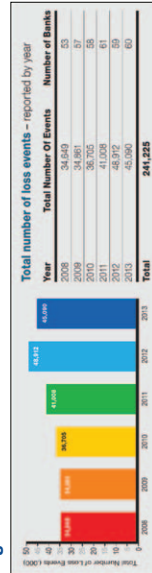


Figure 3



Source: ORX Global Banking Report 2014

Uptrend of Containership Chartering Under Carbon Tax Uncertainty

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Abstract

The maritime transport industry continues to draw international attention due to significant Greenhouse Gas emissions from liner ships.

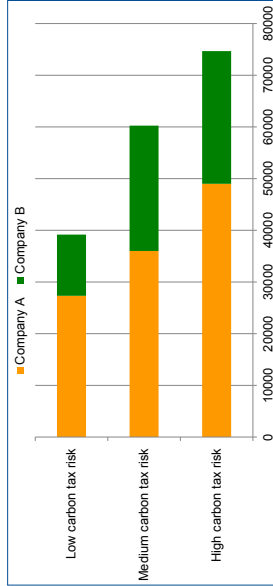
Several market-based measures aim to control and reduce emissions, including the introduction of emissions taxes. Yet, these measures are problematic, as they can lead to market uncertainties that impact shipping companies' fleet planning strategy.

This paper investigates containership chartering trends under carbon tax uncertainty that have the potential to impact liner companies' short-term fleet strategies.

Objectives

- It seems that chartering is a popular solution for relieving financial losses in the containership market.
- What kind of chartering strategy will be employed by liner companies to deal with the carbon tax uncertainty?
- How is the relationship between chartering strategy and carbon tax risk?

Figure 1: Increased Chartering Capacity (TEU)



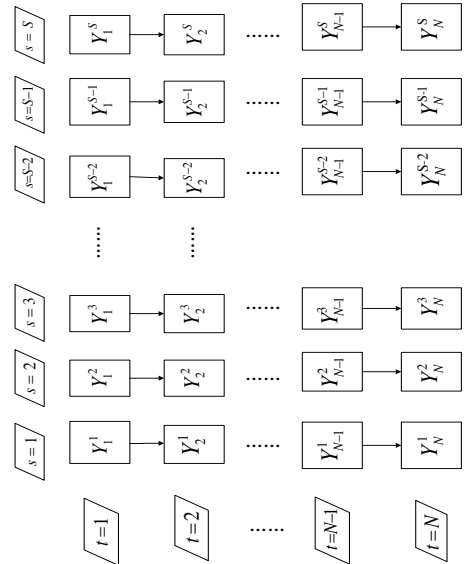
Method

- Operational Research – Stochastic Programming
- The fleet planning problem is formulated as a multi-period integer Stochastic Programming model, using real data from shipping companies.
- A scenario tree is developed to represent the structure of an uncertain carbon tax.
- Chartering decisions based on Perfect Information are introduced for the sake of comparison with decisions with uncertainty.
- A non-anticipativity constraint is applied to ensure that the formulated decisions maintain alignment with uncertainty tax scenario.

Results

- Results demonstrate the feasibility of the Stochastic Programming model and recourse decisions in different planning periods and scenarios.
- More ships are chartered when liner companies do not have Perfect Information about future carbon taxation, the uptrend is stable, so as long as carbon tax uncertainty exists, rational liner companies who are risk-neutral will charter more ships to cope with tax uncertainty.
- Liner companies tend to charter more capacity when they are exposed to high carbon tax risk.
- Long-period chartering is not preferred due to the lack of flexibility in this option.

Decision steps with non-anticipativity constraint



Discussion

- The uptrend of chartering may require more containerships availability. This represents an opportunity for charter-owners to place orders for new-builds. This may also explain the phenomenon that charter-owners have a larger share of order-capacity than liner companies.
- This uptrend may lead to rising chartering rates and increased market concentration. This will mean that small companies with weak capital chains could get squeezed out of the market, especially in the face of pressures exerted by large corporate alliances.

Conclusions

- Methodology: Stochastic Programming can well model fleet planning problem with uncertain factors.
- Practical: It is not wise for liner companies to take risk with fleet planning in the presence of uncertain carbon tax, recourse decisions should be made according to whole scenario for sustainable business.
- Chartering is an agile and feasible way to deal with uncertainty, the uptrend of chartering is stable under different carbon tax risk levels.

Benchmarking Best Practice in Organizations

Wade D. Cook

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Introduction

- Measuring efficiency/productivity of a set of similar Decision Making Units (e.g. bank branches) or DMUs, relative to one another.
- The methodology, known as data envelopment analysis (DEA), uses linear programming to identify the frontier of best performers.
- The tool provides a measure of inefficiency for each DMU not on the frontier, identifies the peer efficient DMUs that the inefficient unit should strive to emulate, and sets a target or goal for that inefficient unit.

Research Questions

- How to measure efficiency in a fair manner when some DMUs operate in more favorable environments than others (e.g. bank branches with affluent customers versus branches with poor customers.)?
- How to evaluate efficiency to take account of sustainability initiatives, e.g. hybrid vehicles versus non hybrids?
- How to evaluate efficiency changes over time? Frontiers can shift.

Figure 1: Data Envelopment Analysis (DEA)

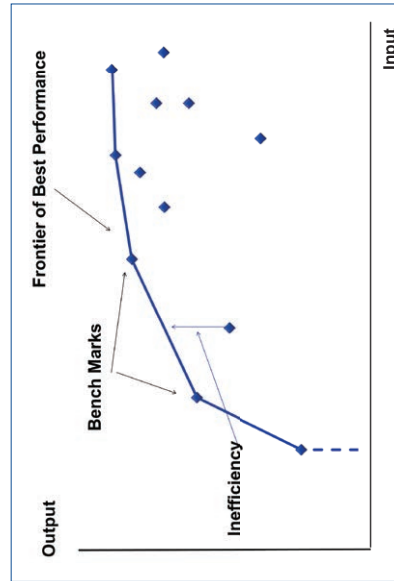


Figure 2: Accounting for Different Environments

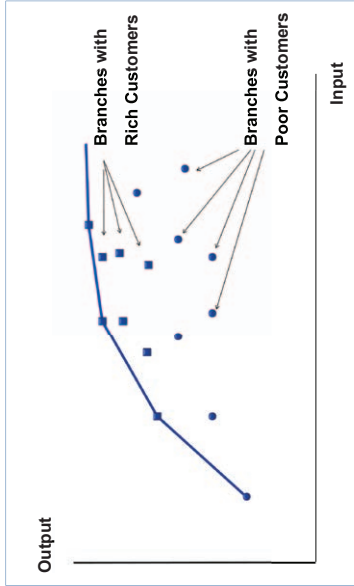
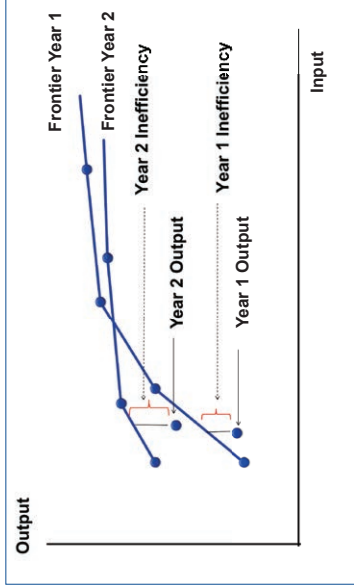


Figure 3: Productivity Change Over Time



Results

- DEA identifies the frontier of best performance
- Here, most of the efficient branches are rich branches – Poor branches are unfairly evaluated
- An analogous setting might be one where some DMUs follow "Green Environment" practices and others not.

Discussion

- DEA provides an opportunity to investigate many aspects of productivity and benchmarking.
- The DEA construct lends itself to many practical problem settings such as supply chains. It enables one to identify the efficiency of each link in the chain.

Method

- The DEA methodology involves constructing a ratio of weighted outputs to weighted inputs (benefit to cost ratio) for each decision making unit, and then solving an optimization problem to determine the best ratio (score) for each of those units.

Take Away Message

- DEA offers the opportunity to investigate production processes without the need to specify any particular functional form.

Tough Disciplinary Decisions: A Necessary Good

Chris Bell¹, Artem Assoians², Abdul Karim Khan³, Imran Hameed⁴

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Introduction

- People care about how fair and ethical the people who have power over them are.
- Research has focused on social exchange, equity in outcomes, procedural fairness in decision making, and interpersonal respect.
- However, very little research has directly explored judicious discipline and enforcement of workplace norms and rules of conduct.
- While it may be necessary to enforce rules, it can be difficult to be a disciplinarian.
 - Managers are often anxious about disciplining subordinates (Butterfield, Trevino, & Ball, 1996).
 - People generally differ in whether they believe that punishment itself is ethical, and self regulate their behavior accordingly (Rupp & Bell, 2010).

Research Question

- Is a manager's ability to make tough disciplinary decisions related to perceptions of the manager's overall fairness and ethical leadership?

TOUGH DISCIPLINARY DECISIONS SCALE

Subordinates assessed his or her supervisor's capacity to make tough disciplinary decisions through 4 items (alpha = .68):

- If there was a free rider in the work group, my supervisor/manager would call that person out.
- If someone in the group had to be laid off or fired, my supervisor/manager would have no problem making that decision.
- My supervisor/manager carries through with tough calls and disciplinary decisions.
- When someone in the workgroup needed to be disciplined, my supervisor/manager would have no problem taking action.

Manager's ability to make tough disciplinary decisions

**Manager's overall fairness
(procedural, distributive and interpersonal justice)**

Manager's ethical leadership

Figure 1 – Results of HLM mediation tests

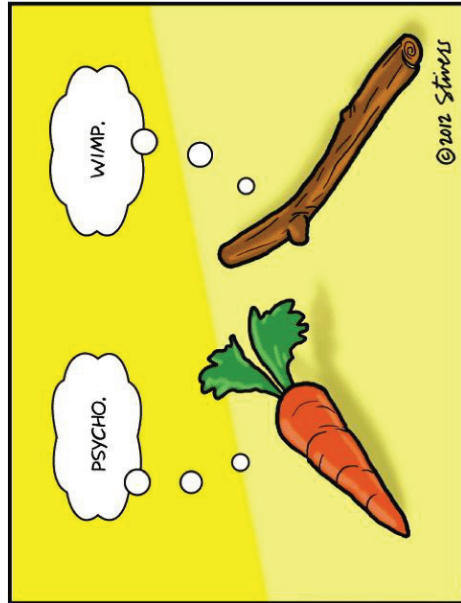
	MODEL 1				MODEL 2			
	Overall Fairness				Ethical Leadership			
	β	t-ratio	p		β	t-ratio	p	
Tough Disciplinary Decisions	.257	2.61	.011		.893	1.28	.205	
	.281	1.90	.061		-.003	-0.02	.982	
Overall Fairness					.680	11.58	.001	
					.668	5.10	.001	

Method

- We recruited 58 managers from an executive education program at the Lahore University of Management Studies in Lahore, Pakistan. They were asked to nominate 3 to 5 subordinates for us to contact separately (N=193).
- We expected that subordinates may have different views on their supervisor's dispositions and behaviors.
- We also anticipated agreement amongst subordinates of the same supervisor, so that there should also be differences between groups.

Results

- **Mediation** can be demonstrated if the independent variable (tough disciplinary decisions) predicts the mediator (overall fairness) and the dependent variable (ethical leadership), but the amount of variance predicted by the independent variable is significantly reduced when the mediator is simultaneously entered into the model.
- Without overall fairness in the model tough disciplinary decisions were associated with perceptions of supervisor's ethical leadership within the group (β .166, $p < .054$), but the stronger relationship was between groups (β .435, $p < .005$).
- Similarly, without tough disciplinary decisions in the model, supervisor's overall fairness was strongly associated with judgments of ethical leadership within groups (β .752, $p < .001$) and between groups (β .670, $p < .001$).
- As can be seen in Figure 1, tough disciplinary decisions were also associated with judgments of the supervisor's ethical leadership but, when overall fairness was in the model simultaneously, fairness was still significantly associated with ethical leaderships, tough disciplinary decisions was not.



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Discussion

Effective discipline can be an important factor in maintaining an ordered workplace and has implications for performance, commitment and, well-being.

Take Away Message

- People care about the enforcement of rules in the workplace, not just about rewards and outcomes.
- There is truth to the adage that being 'tough but fair' is appreciated. Indeed, disciplining employees contributes to perceptions of overall fairness and ethical leadership.
- Contrary to managers' concerns that discipline may alienate their subordinates from them, being able to make tough disciplinary decisions is clearly associated with positive evaluations of the manager.



Schulich
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National Characteristics, Corruption and Well Being: A Relational Forms Model of Institutional Anomie

Chris Bell¹ and Mingshuang Ji²

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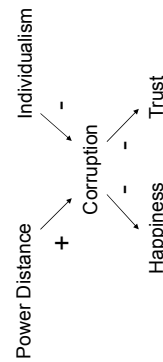
Introduction

- Humans seek comfort, luxury and well being in areas other than material subsistence, and **society** determines and prescribes the things and achievements that satisfy these needs (Durkheim, 1897)
- Anomie** is produced when society provides little or weak moral guidance in how to satisfy needs, producing moral deregulation, alienation of people from society and one another, and loss of personal meaning or purpose in life (Durkheim, 1897; Merton, 1936)
- Institutional Anomie Theory (Messner & Rosenfeld, 1994) claims that anomie is expressed in a society's dominant ethos and institutions. For instance, in the context of the American Dream, the market economy takes precedence over and is not effectively restrained by other social institutions

Relational Forms & Institutional Anomie

- Societies and cultures resolve the problems of resource and status distribution through a dominant organizing form of social relations (Fiske, 1991, 1992) that provides a guiding ethos and defining foundation for societal institutions.
- In societies characterized by hierarchy, authority ranking, and power distance (Fiske, 1991, 1992; Hofstede, 1980, 2001), we would expect inequities in power and control over resources and, consequently, higher corruption levels.
- In relatively individualistic societies, we would expect that corruption would be mitigated by legal and political social institutions that protect individual rights (Ayers, 1984; Henrich et al., 2006; Leung & Cohen, 2011; Sen, 2009).

Research Model



- Mediation Hypothesis:** National levels of corruption will mediate the association between relational form and aggregate national scores on happiness and propensity to trust.

Figure 1 – High / Low Individualism

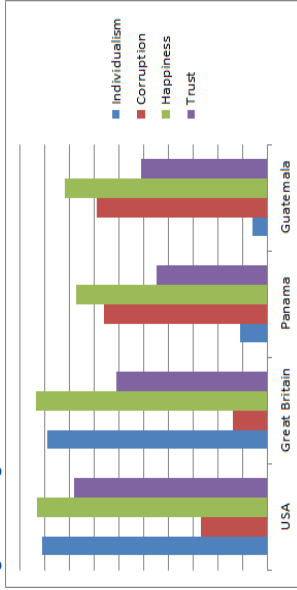
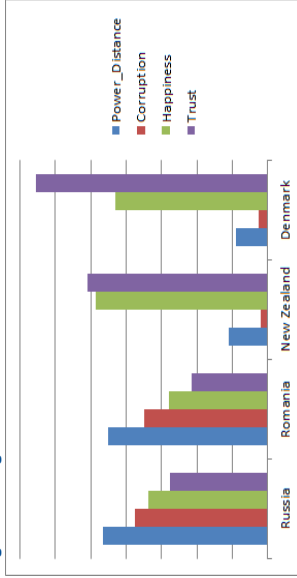


Figure 2 – High / Low Power Distance



Method

We gathered national level variables from several sources:

- Power Distance & Individualism**
 - National Cultural Dimensions, Hofstede
- Corruption**
 - Transparency
- Happiness & Trust**
 - ISSP 2001 - Social networks II; Latinobarometro 1995-2008; Values Surveys EVS/MVS Waves 1-4 (1981-2004); World Values Survey Wave 5 (2005-2008)

Correlations

1. Power Distance				
2. Individualism	-.665***			
3. Corruption	.707***	-.650***		
4. Happiness	-.367***	.382***	-.554***	
5. Trust	-.420***	.371***	-.553***	.251**

***p < .001; **p < .01

Results

- Correlations support the hypothesized links between independent, mediating, and dependent variables.
- Hierarchical Linear Regression analyses also showed that the relationships between the national cultural dimensions and happiness or trust was through corruption.
- With corruption in the model, the relationship between power distance or individualism and the dependent variables was no longer significant (all ps > .5) whereas in all models corruption was still significantly related to both happiness and trust (all ps < .001).

Discussion

- The way societies and cultures organize relationships, which has implications for status, power, and resource distribution, also has implications for corruption and the well being of citizens.
- From a theoretical perspective, this research extends the Institutional Anomie literature to the consideration of relational forms.
- Amartya Sen, the Nobel prize winning economist, has long argued that democracies provide more social justice and well being than do other forms of political organization, specifically dictatorships. Although we did not include variables for political, social, legal or normative institutions, we believe our research would appear to provide further support for this argument.

- Democracy first emerged in individualist cultures, and enshrines and protects individual rights.
- Power distance is characteristic of cultures or societies in which power and resources accumulate in few hands in a hierarchy, rather than being relatively accessible and attainable by all.

Take Away Message

- How a society or culture thinks about the fundamental form of social relations has clear impact on anomie, in particular corruption and well being.



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Life on the Edge: Dynamic Boundary Spanning in Mine Rescue Teams

Mary J. Waller¹ and Seth A. Kaplan²

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Introduction

Organizations depend heavily on teams to respond to critical unexpected events. Leaders of such teams must often quickly shift focus between managing internal team processes and interfacing with others outside their team boundaries. In this study, we use a dynamic approach to identify which patterns of leaders' boundary spanning activities are associated with higher team performance. To accomplish this, we studied five-person Ontario Mine Rescue teams over a two-year period as they competed during the annual provincial mine rescue team competition simulations in underground mines.

Research Questions

Given a team of trained members with assigned roles and leader, and given a complex, critical, non-routine situation, we asked:

- Are there significant differences in leaders' interaction pattern characteristics between low- and high-performing teams (a) within the team or (b) outside the team?
- Are there significant differences in the content of leaders' interactions between low- and high-performing teams (a) within the team or (b) outside the team?

Method

- Data collected over two years from **22 separate critical episodes** (firefighting and first aid episodes) involving 11 teams during underground simulations designed to be cognitively and physically demanding
- **Five team members** underground for rescue; **briefing officer** outside team boundary on mine surface with access to mine information; captains contacted briefing officers via handheld radio when **boundary spanning**
- **USB-sized digital audio recorders attached** to team members' helmets to capture interactions
- Recordings transcribed and coded verbatim; speaker (captain, briefing officer, team member), time, and content coded by multiple coders
- **Multiple expert raters** from the mining industry observed each team during the simulation and used industry-standard metrics to rate each team's performance during the critical episodes



Attaching recorder to helmet

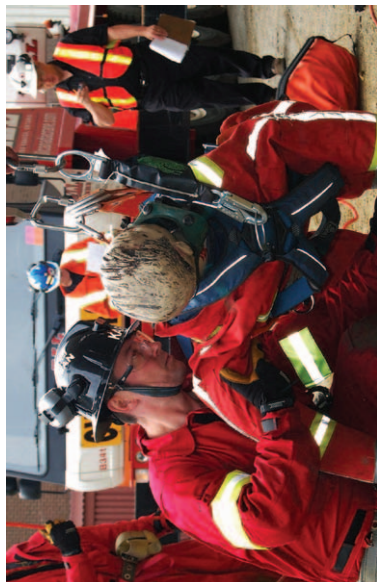


The researchers underground

Results

We used THEME, a pattern recognition algorithm, to analyze stable patterns of interaction, and compared quantified pattern characteristics of low- and high-performing teams using t-tests and discriminant function analyses. We found that compared with captains of low-performing teams, captains of high-performing teams:

- Engaged in patterns significantly longer, more complex, and more reciprocal (two-way) when boundary-spanning.
- Engaged in patterns significantly shorter, less complex, and less reciprocal when interacting with team members.
- Engaged in significantly more iterations between internal- and external-team interactions — that is, they crossed the team boundary more often.



Mine rescue team during first aid episode

Discussion

Our study suggests that during extreme events, team leaders of more effective teams are better able than others to iterate between **directing** members inside the boundary of the team and spanning team boundaries to engage on a **participative** level with others. This pattern of communication over time is similar to patterns found *internal* to teams facing crisis situations (Waller, Gupta, & Giambatista, 2004), but congruent with the external perspective of team dynamics (e.g. Ancona & Caldwell, 1992), our study integrates interactions outside team boundaries and more precisely identifies those behaviours separating more- from less-effective teams during critical situations.

Conclusions

Future work will test the generalizability of the results reported here with teams facing critical events in less exacting physical environments - for example, crisis management teams encountering repetitional or misconduct-oriented crises. We hope our continued work with Ontario Mine Rescue will inform training protocols and add positively to the work of these incredible teams.



We thank Candys Ballanger, Michael, Alex Gryksa, and the men and women of Ontario Mine Rescue for their support of the research reported here. We also thank Hira Fatima, Jaamine Dove, Neera Arya, Shashy Chutani, and Ajay Panandya for their data coding efforts. This research was funded by a grant from the Social Science and Humanities Research Council of Canada.

All photos used with permission from workplacesafety.ca



Team preparing underground



Innovations in the Business Models of Modern Slavery: A UK Study

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Introduction

- Slavery-like practices have been consistently identified in virtually every country.
- ILO estimates that some 21m people are in conditions of modern slavery.
- According to a 2014 UN report, modern slavery is "a \$150bn-a-year business".
- However, our understanding of the business of modern slavery is extremely limited beyond the idea that it is driven by labour supply restrictions and drive to reduce the cost of labour.
- We sought to explore whether the emergence of modern slavery had been accompanied by the creation of new business models.
- Developing country context (UK) was selected to reveal innovative rather than archaic business approaches.

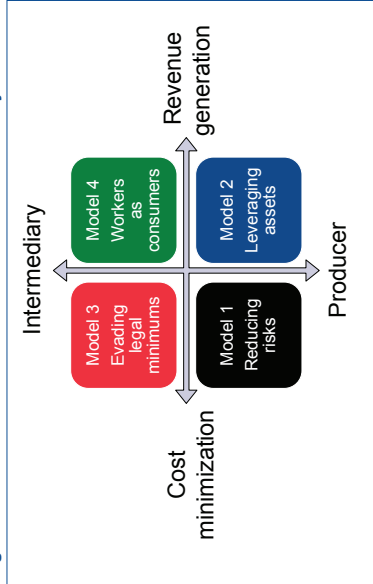
UK Context

- UK has a highly flexible labor market with large migrant labor population.
- Statutory protections for workers have gradually eroded over past decades, creating significant vulnerability to exploitation.
- Several thousand workers identified as victims of forced labor – to date, only one prosecution.
- Government is currently developing a new Modern Slavery Act to enable better prosecution of perpetrators.



Organized criminal gangs in the UK lock up trafficked workers as "gardeners" in urban grow-ops as a way of reducing the risks of detection

Figure 1: Innovative business models of modern slavery



Method

- Examined 3 industries that were known to have recurring incidence of forced labor – food, construction, and cannabis cultivation.
- Qualitative methodology including 32 depth interviews with relevant stakeholders (including police, NGOs, business associations, social auditors, migrant centres, lawyers, etc.).
- Extensive secondary data of 200 documents including court records, reports and media articles.

Results

- We identified four new business models of modern slavery.
- The economic drivers for direct producers (e.g. farmers or construction firms) were different to those of intermediaries (e.g. recruitment agents or traffickers).
- Some models relied on cost minimization, either by exerting control over workers to avoid detection of their illegal business, such as drug production (**reducing risks**) or using coercion to pay below minimum wage (**evading legal minimums**).
- Other models relied more on using control over workers to generate revenue, either from involuntary purchasing of food, accommodation, transport, and loans (**workers as consumers**) or stealing benefits and identity theft (**leveraging assets**).



Farm workers can be turned into consumers and used as a source of revenue by traffickers

Discussion

- Creativity is typically seen as a force for good in business but this study reveals the dark side of creativity.
- Innovative business models for slavery have emerged in the intersections of institutional constraints and economic opportunities.
- Theories of modern slavery need to be refined to take account of these models that deviate from the common assumption that slavery is simply a means to reduce labor costs and address labor shortages.

Take Away Message

- The business models of modern slavery need to be – and can be – understood better if we are to eradicate the worst forms of exploitation.
- Modern Slavery Act (and other policy interventions) need to be carefully attuned to the innovative ways in which perpetrators actually gain commercial advantage from modern slavery in developed countries.

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Project was funded by Joseph Rowntree Foundation.

Political Leadership and the Ethical Behavior of Business in China: A Coevolution Approach

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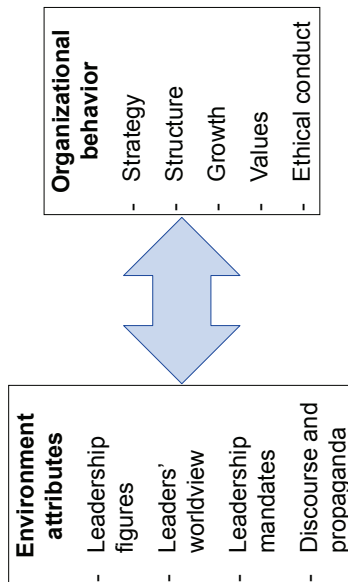
Introduction

- In China, the dominant logic is provided by the Chinese leaders worldview. Leaders worldview has the capacity to shape social and cultural trends.
- Each change of leadership has led to a renovation of the governing logic.
- A governing logic is needed by the new leadership, to pursue its objectives and impose new directions.
- New dominant logic is supported by strongly devised mandates, enacted through discourse and propaganda.
- An examination of successive leadership figures and mandates reveals how they tacitly encouraged a shift of ethical paradigm and the adoption of unethical conduct.
- This process is analysed within the framework of coevolution theory.

Research Questions

- What role have political leaders played in the shift of values and ethical paradigms of Chinese firms?
- Why and how has the transformation of the business and economic system in China affected the ethical paradigm of business organizations?

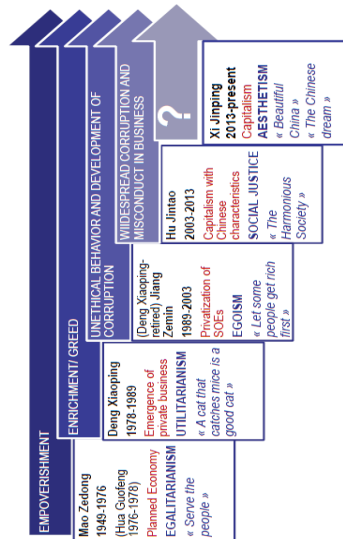
Coevolution: A Recursive Process



Method

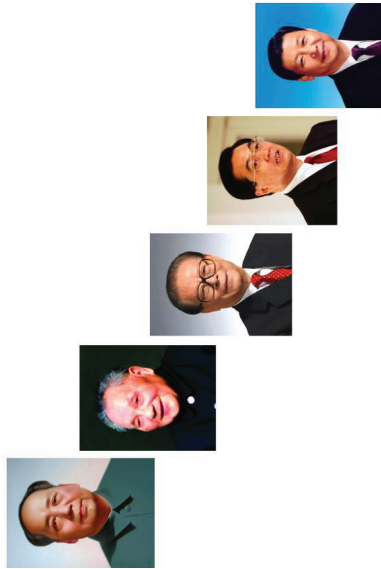
- Conceptual paper
- A co-evolution approach of ethical behavior and political leadership in China's transition economy

Figure 1
MODEL OF ALIGNMENT OF LEADERSHIP, TRANSITION PHASE, DISCOURSE AND BEHAVIOR



Results

- We observe a parallel between successive political leaders, transition phases of the economy, the slogans used by leaders, and the ethical outcomes of their leadership.
- The socialist economy promoted an egalitarian society but generated poverty.
- Corruption developed when Deng provided a licence to get rich but was enacted under the leadership of Jiang Zemin.
- The intricacy of the relationship between business and politics urges Hu Jintao to promote social justice.



Discussion

- Unlike classical alignment of business strategy with its economic environment, which involves a reciprocal influence, in China the political leadership interferes as an important determinant of organizational behaviour.
- Its influence consists of several attributes: undisputed power (no separation of powers), power of discourse and legitimacy for a strong China. In its coevolution with the transformation of the economy, leaders have also promoted and enhanced the development of unethical and deviant behavior.
- The study examines Xi Jinping's leadership in respect to ethical issues.
- The study can benefit Chinese businesses, leaders and scholars, as well as international researchers interested in China.

Take Away Message

- As the IMF just confirmed that it has just become the world economic leader, is China heading for an ethical or unethical type of leadership?
- What role model will China propose to the world, and to emerging powers in particular?



Authorities on Management: Business Schools, Consultants, Media

Lars Engwall¹, Matthias Kipping², Behlül Üsdiken³

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Introduction

- The inexorable rise of "management" since the mid 20th century
- Major changes in the terminology itself
- "Management" originally used for households and churches, whereas the terms referring to business were "commerce" and "business administration"
- Since the late 19th century, three actors have gradually acquired definitional power over what is "good" management: business schools, consultants, media
- Have also become major businesses in their own right

Research Questions

- How did these three acquire such a visible and powerful status as "authorities on management"?
 - Examining processes of institutionalization, internationalization (core – periphery), and commercialization
- Were there alternative paths, ultimately not taken?

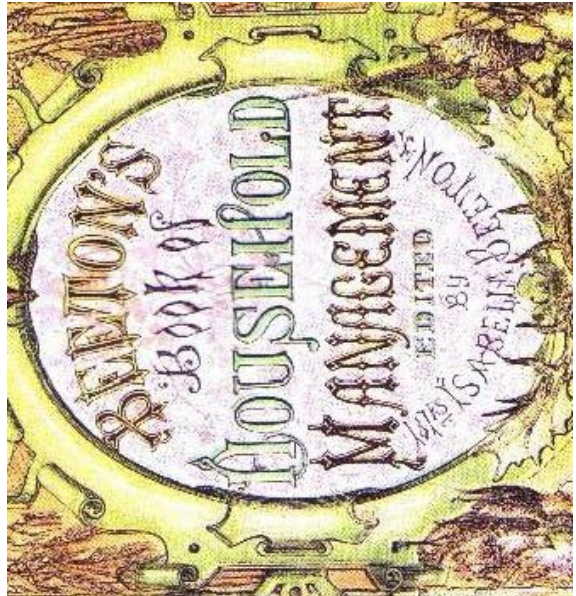
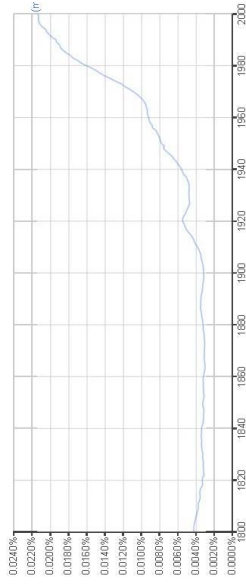


Figure 1: Share of the term "M/management" in Google Books



Method

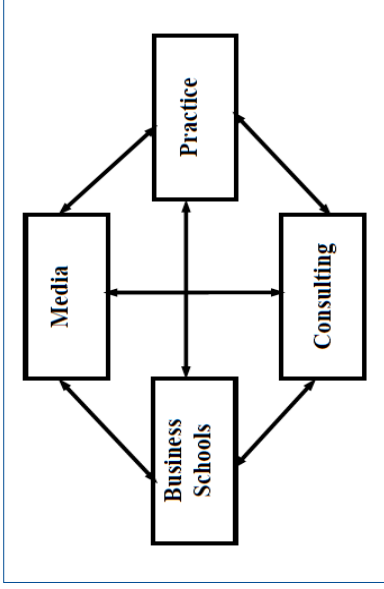
Historical: Periodization of developments and historization of terms (from 19th to 21st century)

- Based on writings at the time and past as well as current research
- Comparative: Variation between countries and meta-regions: Americas, Europe, Asia, Africa (difficult due to a Western-dominated literature)
- Examining patterns of diffusion and identifying dominance effects
- Integrative: Interrelationship between the authorities, embeddedness in broader societal, economic and political developments
- Links with external developments (role of agency and structure)

Overview

- Four overlapping periods of development:
 - Foundations (1850s to 1910s): Pioneering initiatives and early expansion, albeit nested within other fields
 - In Search of Directions (1910s to 1940s): Movements towards independence through professionalization and (international) organization
 - Boom (1940s to 1980s): Espousing a science "model" and increasingly global reach of American terminology and templates
 - Commodification (1980s to today): Building a "management knowledge industry"
- Important role of entrepreneurial individuals and organizations
- Significant influence of broader geopolitical events, e.g. world wars

Figure 2: The interrelationships between the authorities & practice



Findings

- Overall, a process of increasing institutionalization
- From borrowed to own, self-sustaining reputation and legitimacy
- Also, growing commercialization
- From "changing the world" to "making money"
- Free exchanges of knowledge become marginalized
- Dominance of US American actors and ideas almost from the outset
- With Germany and the UK as (temporary) secondary centers

Discussion

- Is the rise and the current power of these authorities a good thing?
- Deep, global penetration of powerful networks, uniform thinking
- Should more collaborative forms of knowledge exchange be revived?
- Will social technologies undermine dominant business models?
- Where could reform originate: from within, practice or governments?



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Antecedent of Crisis? The Managerialization of Banking Since the 1960s

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Introduction

- Combination of two separate research interests / projects
- MK: Consultants and the transfer of management ideas/fashions
- GW: Long-term origins of current crisis and the role of “performativity”
- Convergence around the introduction of the multidivisional or M-form (and related management tools) in banks since the 1960s
- So far only studied for manufacturing firms (Chandler et al.)

Research Questions

- How extensive is this organizational change in the banking sector
 - Looking for adopters around the world
 - How did consultants convince the banks to introduce the M-form?
 - In-depth studies of adoption in selected cases
- What were the consequences in the short- and in the long-term?

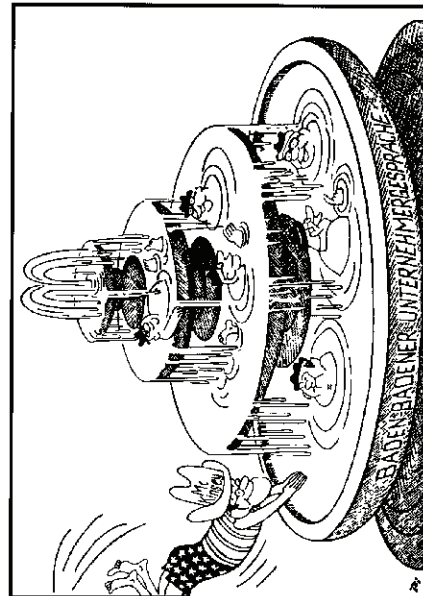


Figure 1: Banks adopting a multidivisional organization

Period	Bank	Country	Consultant	Source
1967–1969	First National City	USA	McKinsey	Cleveland and Huertas (1985); Zweig (1995)
1967–1972	National Westminster	UK	McKinsey	Channon (1977); own research
1969–1972	Barclays	UK	McKinsey	Ackrill and Leslie (2001); Channon (1977)
1974–1975	Lloyds	UK	McKinsey ^a	Channon (1977)
1971–1973	Midland	UK	McKinsey	Channon (1977); Holmes and Green (1986)
1971–1973	Midland	UK	McKinsey	Channon (1977); Holmes and Green (1986)
1968–1978	Natwide AMRO	Netherlands	McKinsey	Cassell (1984)
1972	ABN	Netherlands	Arthur D. Little	Arnoldus (2000); Arnoldus and Dankers (2005); Kipping and Westerhuis (2012)
1972	Rabobank	Netherlands	Berenchoot	Arnoldus (2000); Arnoldus and Dankers (2005); Kipping and Westerhuis (2012)
1969–1972	Dresdner Bank	Germany	McKinsey	Arnoldus and Dankers (2005) Own research
1970–1973	Credit Lyonnais	France	McKinsey; CEGOS	Own research
1972	Banco de Bilbao	Spain	Urwick	Own research
1979	Santibonito Bank	Japan	International MacKenzie & Company ^b	Anon (1999)

Method

- Identifying adopters via secondary literature and bank archives
- Examining the adoption process through in-depth, archive-based comparative case studies, using historical methodology (critical source analysis, triangulation, hermeneutics)
- Collecting additional bank-specific statistics, e.g. on various performance measures and background/careers of bank employees

Preliminary Results

- **Blueprint:** McKinsey created a detailed organizational / managerial model, summarized in various articles and a report
 - Very similar to GM's M-form (frequently mention Alfred Sloan)
- **Dissemination:** Spreads it quickly around the world (mimetic effect)
 - From the late 1960s (US, UK, D, NL, F) through the 1980s
- **Change process:** Involves language (understanding of self, organizational structure (decentralization) and management tools (budgeting and planning; individualized incentives)
 - Prevent and overcome resistance through understanding and use of internal politics and by scripting internal communications
- **Uniformization:** Outcome and process very little from bank to bank

Discussion

- Significant change from previous bank structure and mentality
 - Collective, conservative, trait-based, “cathedral-like” model to one based on individual responsibility and accountability, enabling and encouraging more aggressive marketing and sales
- Can and should management models be across sectors?
 - Is selling loans like selling cars? Probably not
- Did these and associate changes, e.g. in recruiting, facilitate crises?
 - Some indications, but difficult to show causality

Take Away Message

- Consultants promise tailor-made haute couture, but sell high-priced prêt-à-porter
- Origins of banking crises might go deeper than (recent) deregulation
 - Solutions also have to address understanding of self, recruitment, promotion, accountabilities, etc.



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Mining, Ethics and Responsible Investment

Wes Cragg

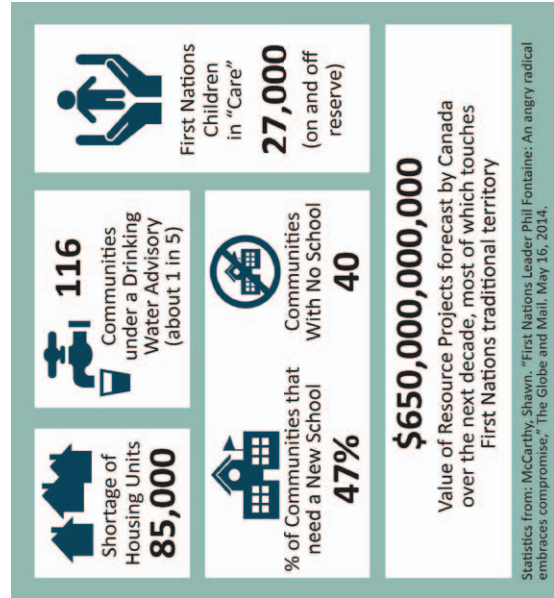
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Introduction

- Canada is a world leader in mining and mining investment.
- The Canadian north is one of the world's most attractive destination for new mining projects.
- Most of new mining based economic development (e.g. the Ring of Fire) will take place on First Nation traditional territory.
- To date First Nations have for the most part realized few benefits and experienced substantial mining related costs from mining projects on their traditional territories.

Research Questions

- Is responsible investment a key to responsible mining in the Canadian north?
- What does responsible mining look like?
- **Are there reliable responsible mining indicators? What are they?**



Objective

- To identify responsible investment indicators as seen through the eyes of First Nation Communities.

Method: A Case Study

Tools

- A case study of a First Nation, the Naskapi, impacted by mining
- A community knowledge needs assessment
 - Purpose: to identify knowledge needs required for an effective community response to opportunities and challenges
- A well being base line study
 - Purpose: create a base line against which impacts can be scientifically measured
- Semi structured interviews with community and mining company leaders

Anticipated Results

- Effective identification of historical mining related impacts on the community and community members.
- Evidence of a history of ineffective communication between companies and community leaders with community members.
- Demonstration of the central role of community school in responding to opportunities and challenges.
- Need for curriculum innovation from K to 11
- Importance of traditional knowledge
- Need for a long term perspective and careful community based economic development planning.



Discussion

- This research project is currently under way.
- The goal is a set of indicators that responsible investors can use in making investments in northern Canadian mining projects.
- Ethically grounded mining whose focus is sustainability is difficult if not impossible in the absence of investors understanding and support.
- Obtaining a social licence to mine on aboriginal traditional territory requires respect for Aboriginal perspectives and traditional knowledge.

Take Away Message

- Ethical mining creates trust.
- Responsible, ethically grounded mining generates long term benefits for mining, mining companies, local communities impacts.



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