

Wednesday WOW
January 30, 2019

Recent Publications by Krannert Management Faculty

****Please Note: Each week includes a list of different publications, although faculty names may repeat. See information at the end of this email to find out how your research can be spotlighted in future editions of Wednesday WOW!****

Brian Dineen (OBHR) - Henle, C.A., Dineen, B.R., & Duffy, M.K. (in press). Assessing intentional resume deception: Development and nomological network of a resume fraud measure. Accepted at Journal of Business & Psychology.

Abstract: Resume fraud is pervasive and has detrimental consequences, but researchers lack a way to study it. We develop and validate a measure for empirically investigating resume misrepresentations purposely designed to mislead recruiters. In study 1, an initial set of items designed to measure three theorized resume fraud dimensions (fabrication, embellishment, omission) are rated for content validity. In study 2, job seekers complete the measure and its factor structure is evaluated. In study 3, another sample of job seekers is surveyed to verify the measure's factor structure and to provide evidence regarding construct validity. In study 4, working adults who recently conducted a job search are surveyed to determine which individuals are more likely to commit resume fraud and whether resume fraud relates to critical work behaviors. We confirm the three-factor structure of our measure and offer evidence of construct validity by showing that socially desirable responding, Machiavellianism, moral identity, conscientiousness, emotional stability, and agreeableness are related to resume fraud. Additionally, we find that resume fraud predicts reduced job performance and increased workplace deviance beyond deceptive interviewing behavior. Resume fraud is rarely studied despite the negative impact it can have on job-related outcomes. Researchers can use this measure to explore further the antecedents and outcomes of resume fraud and to advise recruiters on how to minimize it. We develop a measure focusing on intentional resume misrepresentations designed to deceive recruiters. This is one of the first studies to examine the antecedents and outcomes of resume fraud.

Link: <https://link.springer.com/article/10.1007/s10869-017-9527-4>

Fabrice Lumineau (Strategy) - Cao Z, Li Y, Jayaram J, Liu Y, & Lumineau F. 2018. "A Meta-Analysis of the Exchange Hazards - Interfirm Governance Relationship: An Informal Institutions Perspective." Journal of International Business Studies, 49(3): 303-323

Abstract: The existing literature is ambiguous on how exchange hazards influence interfirm governance. Drawing on institutional theory, this study revisits this relationship by examining the moderating effects of national culture. By meta-analyzing 167 articles involving 38,183 interfirm relationships in 35 countries, we found support for the moderating effects of three facets of national culture: collectivism, power distance, and uncertainty avoidance. We discuss the implications of the findings for theory and practice.

Lin Nan (Accounting) - "Banks' Discretionary Use of Fair-Value Accounting, Capital Requirement and the Volatility of Aggregate Bank Lending," Carlos Corona, Lin Nan, and Gaoqing Zhang. Forthcoming, The Accounting Review.

Abstract: This paper examines banks' choice between fair-value and historical-cost accounting when reported accounting information is used in capital requirement regulation. We

center our analysis on a key difference between fair-value and historical-cost accounting: the frequency with which asset value changes are reported. We show that the elasticity of banks' loan returns to aggregate lending is a critical determinant of the interaction between capital adequacy requirements and accounting choices. If lending returns are inelastic, higher capital requirements reduce fair-value usage. By contrast, higher capital requirements encourage fair-value if capital requirements are low and lending returns are sufficiently elastic. In equilibrium, banks may elect different accounting choices and we find that mandating uniform adoption of historical-cost (fair-value) is desirable when capital requirements are loose (tight). Our study offers many other implications about fundamental links between accounting and prudential choices.

Mike Campion (OBHR) - McCarthy, J., Bauer, T. N., Truxillo, D. M., Campion, M. C., Van Iddekinge, C. H., & Campion, M. A. (2018). Improving the candidate experience: Tips for developing 'wise' organizational hiring interventions. *Organizational Dynamics*.

Susan Lu (SCOM) - Lu, L.X. and S.F. Lu. 2018. "Distance, Quality or Relationship? Interhospital Transfer of Heart Attack Patients", *Production & Operations Management*, 27(12), 2251-2269.

Abstract: We empirically investigate the pattern of where heart attack patients are transferred between hospitals. Using 2011 Florida State Emergency Department and Inpatient Databases, we demonstrate the relative importance of three key factors in determining transfer destinations: (1) the distance between sending and receiving hospitals, (2) publicly reported quality measures of receiving hospitals, and (3) the relationship between sending and receiving hospitals as indicated by whether they are affiliated with the same multihospital system. Our conditional logit analysis shows that hospital relationship plays a more dominant role in determining transfer destinations than distance and quality. This result is robust to three alternative specifications of choice sets using distance ranking, radius circles, and Hospital Referral Regions, and also robust to alternative measures of distance and quality. Using 30-day readmission rate to evaluate the health outcome of transferred patients, we find that relationship-based transfers led to worse outcome than distance-based and quality-based transfers. We also find that nonprofit hospitals are more likely to conduct quality-based transfers and less likely to conduct relationship-based transfers than their for-profit counterparts. Our study calls for reevaluating the current practice of relationship-driven routing of heart attack patients – selecting transfer destinations based on quality or distance can potentially decrease hospital readmission rate.

Ellen Kossek (OBHR) - Kossek, E. & Buzzanell, P. 2018. Women's Career Equality and Leadership in Organizations: Creating Evidence-base Positive Change. Editor's introduction to Special Issue, *Human Resource Management*

Abstract: Research on women's career equality and leadership is growing in importance for advancing social justice, equal employment opportunity, and global and national economic goals. Despite the increased attention being paid to gender equality for decades, progression has slowed or stalled around the globe, in many countries, such as United States. The goal of this special issue is to address the persistent research-to-practice gap in developing and implementing practical solutions for a positive change to advance women's career equality. In this introduction, we provide a brief overview of the approaches used to study women's careers and discuss how research and practices that are more inclusive of women's needs, values, and

career experiences should be broadened to include more expansive and less-gendered notions of careers. Then, we introduce the articles in the special issue that inform current directions in (a) career and leadership theory, research, and methodologies for gender equality and (b) the application of scholarship to organizations. We conclude with a summary of some lessons for future research and practice on closing the women's career-equality gap.

Link: <https://onlinelibrary.wiley.com/doi/abs/10.1002/hrm.21936>

Ananth Iyer (SCOM) - Ananth Iyer, Omkar Palsule-Desai(2019) Contract Design for the Stockist in Indian Distribution Networks. *Manufacturing & Service Operations Management*

Abstract: Problem definition: Stockists are the entity in the supply chain who deliver to the millions of small shops that account for over 90% of retail sales in India. The stockist purchases product from the manufacturer, develops retailer interest in carrying the product, solves the logistics problem of delivery to retailers, and manages retail credit and money collection. In return, the stockist is provided assistance by the manufacturer and paid an associated margin that is a percent of the product's retail price. We observed relatively low distribution margins offered to the stockists in India that was a surprise given infrastructure and financing challenges. We noted that the low margins are enabled by the efficiency in product delivery and demand stimulation induced by the stockist. In this paper, we focus on the analysis of screening contracts offered by manufacturers to stockists. Methodology: We use a principal-agent model structure and model the routing cost, inventory cost, and demand impact of the stockist's capability. We then use a substitutes or complements relationship between manufacturer assistance and stockist impact to understand the optimal contract structure—i.e., level of assistance and associated retail margin. We describe the economics associated with the stockist, provide data regarding the margins and assistance provided by the manufacturer, and use the model to understand their use in developing an effective supply chain. Results: Our model uses three parameters to show that a manufacture can adjust the level of spatial retailer intensity and thus the impact of the stockist in generating demand, the fraction of high-performing stockists associated with the manufacturer and the nature of the relationship between assistance provided and its impact on the stockist's performance (i.e., complements or substitutes relationship), to attain superior performance. Academic/practical relevance: We parameterize data from Indian firms in the consumer goods industry to understand the observed assistance provided by the manufacturer to the stockist, and associated margins. We then use our model to understand actions taken by a manufacturer in the Indian market. Managerial implications: Our analysis provides a framework for manufacturers to design screening contracts for stockists who play a vital role in managing the fragmented retail markets in developing countries.

Link: <https://pubsonline.informs.org/doi/10.1287/msom.2018.0722>

Brad Alge (OBHR) - Bruning, P. F., Alge, B. J., & Lin, H.-C. (2018). The embedding forces of network commitment: An examination of the psychological processes linking advice centrality and susceptibility to social influence. *Organizational Behavior and Human Decision Processes*, 148, 54–69

Abstract: We draw on concepts of embeddedness and commitment to explain people's susceptibility to social influence from their personal network. Using two samples and multiple methods (experimental manipulation, social network inventories, and surveys) we assess whether embeddedness in one's social network (i.e., advice centrality) affects susceptibility to social influence, via commitment to one's personal network. We extend concepts of affective,

normative, and instrumental commitment to an individual's personal network for this purpose. In Study 1, we experimentally manipulate normative social information and find that central members are more likely to conform to social influence, according to mechanisms of psychological affective and instrumental network commitment. Study 2 tests the robustness of our generalized predictions by considering how advice centrality relates to one's aggregate dyadic network commitments and perceived social influence. Study 2 results indicate that advice centrality positively relates to perceived social influence through relational affective, normative, and instrumental network commitment.

Link: <https://doi.org/10.1016/j.obhdp.2018.07.002>

Deniz Yavuz (Finance) - Basak, S., Chabakauri, G., and Yavuz, M.D., 2019. Investor Protection and Asset Prices. Forthcoming, Review of Financial Studies

Abstract: Empirical evidence suggests that investor protection has significant effects on ownership concentration and asset prices. We develop a dynamic asset pricing model to address the empirical regularities and uncover some of the underlying mechanisms at play. Our model features a controlling shareholder who endogenously accumulates control over a firm, and diverts a fraction of its output. Better investor protection decreases stock holdings of controlling shareholders, increases stock mean-returns, and increases stock return volatilities when ownership concentration is sufficiently high, consistent with the related empirical evidence. The model also predicts that better protection increases interest rates and decreases the controlling shareholder's leverage

Link: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2742961

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