

**Wednesday WOW**  
**February 13, 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!\*\*\**

**Gokce Esenduran (SCOM)** - Esenduran, G., L.X. Lu, and J.M. Swaminathan, 2018, "Buyback Pricing of Durable Goods in Dual Distribution Channels," accepted at Manufacturing and Service Operations Management.

Abstract: Problem Definition: In the U.S. automobile industry, manufacturers distribute products through dealers and rental agencies. To mediate direct competition between the two intermediaries, manufacturers adopted buyback programs to repurchase used rental cars from rental agencies and redistribute them through dealers. We investigate how the timing of buyback pricing affects manufacturers' profitability and the intermediaries' ordering decisions by studying two schemes: (1) a precommitted scheme where a manufacturer precommits to a buyback price at the time of initial sale to rental agencies; (2) a postponed scheme where a manufacturer postpones the buyback pricing decision to the time of repurchase.

Academic/Practical Relevance: Prior research has not studied how to optimize the timing of buyback pricing decisions, which is practically relevant because both precommitted and postponed schemes have been adopted by manufacturers in a range of durable-goods industries. Methodology: A two-period dynamic Stackelberg game between three types of firms: manufacturer, dealer, and rental agency. Results: A monopolist manufacturer earns a lower profit under the precommitted scheme than under the postponed scheme. The equilibrium buyback quantity is zero under the precommitted scheme but positive under the postponed scheme. These results can be explained by two trade-offs that only exist under the precommitted scheme. First, decreasing the buyback price increases the margin of the manufacturer's buyback program but decreases the rental agency's first-period order quantity. Second, increasing the first-period wholesale price offered to the dealer increases the manufacturer's margin in the sales channel but decreases the rental agency's first-period order quantity. When manufacturer competition in the rental market is sufficiently intense, a unique equilibrium may arise where manufacturers choose the precommitted scheme, which maximizes the manufacturers' profits and yields positive buyback quantity. Managerial Implications: The timing of buyback price decisions for used durable goods critically affects the profitability of buyback programs in dual distribution channels with dealers and rental agencies. Precommitting to a buyback price may put a manufacturer at a disadvantage due to the intermediaries' strategic adjustment of their order quantities. However, competition between manufacturers in the rental market may alleviate this disadvantage thanks to a strategic complementarity between competing manufacturers' buyback prices.

Link: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2835244](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2835244)

**Ellen Kossek (OBHR)** - Kossek, E. E., Petty, R. A., Bodner, T. E., Perrigino, M. B., Hammer, L. B., Yragui, N. L., & Michel, J. S. 2018. Lasting impression: Transformational leadership style and family supportive supervisor behaviors as job resources for mental health and performance. Occupational Health Science.

Abstract: Although evidence is growing in the occupational health field that supervisors are a critical influence on subordinates' reports of family supportive supervisor behaviors (FSSB), our understanding is limited regarding the antecedents of employee's FSSB perceptions and their lagged effects on future health and work outcomes. Drawing on a positive job resource perspective, we argue that supervisors who report that they use transformational leadership (TL) styles are more likely to have subordinates with higher FSSB perceptions. We theorize that these enhanced perceptions of work-family specific support increase access to personal and social resources (objectively and subjectively) that buffer work-nonwork demands and enhance health (mental, physical) and job outcomes (performance appraisal ratings, job satisfaction, turnover intentions, work-family conflict). Time-lagged multi-source survey data collected in a field study from retail employees and their supervisors and archival performance ratings data collected a year later support our proposed relationships (with the exception that for health, only mental health and not physical health was significant). Post hoc analyses showed that employees' FSSB perceptions play a mediating role between supervisor TL and job satisfaction and work-family conflict, but no other outcomes studied. Overall, this study answers calls in the occupational health literature to use stronger designs to determine linkages between leadership-related workplace phenomena as antecedents of health, work-family, and job outcomes. Our results demonstrate that employees with supervisors who report that they use transformational leadership styles are more likely to perceive higher levels of family supportive supervision, which are positive job resources that enhance occupational health.

Link: <https://doi.org/10.1007/s41542-018-0012-x>

**Fabrice Lumineau (Strategy)** - Oliveira N. & Lumineau F. 2019. "The Dark Side of Interorganizational Relationships: An Integrative Review and Research Agenda." *Journal of Management*, forthcoming

Abstract: Scholars across management fields have paid increasing attention to the dark side of interorganizational relationships. We first summarize the concept of the "dark side" and its manifestations in interorganizational relationships. We then map the main findings on the antecedents, consequences, and moderating factors of the dark-side manifestations. We relate research gaps to opportunities in our integrative framework. Furthermore, we present a research agenda to advance theory on the manifestation characteristics, the entities and their motivations, the temporality issues, and the positive outcomes of dark-side manifestations.

**Mike Campion (OBHR)** - Campion, M. C., Campion, E. D., & Campion, M. A. (in press). Big data techniques and talent management: Recommendations for organizations and a research agenda for I-O Psychologists. *Industrial and Organizational Psychology: Perspectives on Science and Practice*.

**Zaiyan Wei (MIS)** - Wang, Y., Goes, P., Wei, Z., and Zeng, D. (2019) Production of Online Word-of-Mouth: Peer Effects and the Moderation of User Characteristics. *Production and Operations Management* (Accepted)

Abstract: We study peer effects on individuals' contributions to a major form of word of mouth—online reviews. Provided by either consumers or third-party professionals, online reviews influence consumer purchasing decisions and hence sales. Individuals have conflicting incentives of free riding and contributing to social capital when writing reviews. We leverage a "natural experiment," which led to an exogenous expansion in the user population of a major online review platform, to better understand the trade-off. Our empirical findings are mainly

two-fold. First, we find that a larger population of audience and peer review writers, an immediate consequence of the exogenous shock, cause individuals to write more reviews with higher quality and assign higher but also more diverse ratings. In addition, we find heterogeneity in peer effects by user activeness, expertise, and popularity. Our findings have implications for companies in managing online feedbacks and for platforms that rely on user contributions.

Link: <https://ssrn.com/abstract=2899452>

**Kate Holland (Finance)** - Holland, Kateryna. 2019. "Government Investment in Publicly Traded Firms." *Journal of Corporate Finance*, forthcoming.

Abstract: I examine shareholder wealth effects associated with different types of government investors in an international sample. I develop a taxonomy to identify government political, financial, and industrial arms. State investments, similar in dollar amount to state privatizations, have increased target shareholder wealth by over USD 50 billion. But market participants differentiate among government entities as target shareholders lose over USD 14 billion, when the investment is announced by the political arms of government rather than the industrial or the financial arms. The apparent intent of government agency is considered by private investors. Post-investment performance tests, institutional environment analysis, and access to credit tests corroborate this.

Link: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3138274](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3138274)

**Susan Lu (SCOM)** - "Toward a More Scientific Science: Retraction and Reputation" Jin, G and S.F., Lu, 2018, *Science*, 361(6408), 1194-1197.

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