2022 Faculty Accomplishments Reception

Journal Articles
Conference Papers

Robins School of Business
University of Richmond
The Data Analytics Journey: Interactions Among Auditors, Managers, Regulation, and Technology*

ASHLEY A. AUSTIN, University of Richmond
TINA D. CARPENTER, University of Georgia
MARGARET H. CHRIST, University of Georgia†
CHRISTY S. NIELSON, University of Mississippi

ABSTRACT

Data analytics is transforming our global markets and significantly impacting the financial reporting environment. We investigate how auditors, company managers, and regulation interact with data analytics and one another to affect the diffusion (i.e., development and spread) of data analytics throughout the financial reporting environment. We interview company managers and their audit partners, as well as additional stakeholders, including regulators. We interpret findings from our interviews using theory that highlights the importance of dynamic interactions between people and their environments, which include the prevailing rules (e.g., regulatory guidance). Our findings contribute to the accounting literature and practice by revealing three areas of conflict emerging from stakeholders’ disparate preferences for data analytics. First, we uncover growing tensions between managers and audit partners regarding audit fees. Second, we find that managers and auditors believe the lack of accounting regulation specific to data analytics causes confusion and frustration. Finally, auditors report that they strategically leverage data analytics to provide clients with business-related insights. However, regulators voice concerns that this practice might impair auditor independence and reduce audit quality. These areas of conflict suggest a need to revisit key tensions surrounding the audit function in a contemporary context characterized with significant technological shift.

Keywords: accounting, audit fees, audit quality, data analytics, financial reporting quality, regulation

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†Corresponding author.

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Evaluating company adoptions of blockchain technology: How do management and auditor communications affect nonprofessional investor judgments? 

Ashley A. Austin a, L. Tyler Williams b, * 

a University of Richmond, Richmond, VA 23173, United States 
b Bentley University, Waltham, MA 02452, United States

Abstract

Blockchain, an advanced technology with immense capabilities, is disrupting industries and global commerce. Given blockchain’s complexity, investors will likely rely heavily upon information communicated by management and auditors to understand the risks and benefits of companies using blockchain. In this study, we experimentally investigate how management and auditor communications regarding a company’s use of advanced technology affects nonprofessional investor judgments. First, we investigate if these investors change their judgments depending upon whether management’s descriptions of the advanced technology in the 10-K specifically reference blockchain or not, as prior research suggests investors could react positively or negatively. We also examine whether the presence of a critical audit matter (CAM) related to the advanced technology interacts with specific blockchain references to affect investor judgments, as our theory predicts the combination of a blockchain reference and a technology-related CAM will prompt less investment. Absent a technology-related CAM, we find no evidence that blockchain references influence investor judgments. However, we find that when blockchain references accompany a technology-related CAM, investors indicate less investment. Altogether, these findings contribute to the literature by highlighting the interactive effect of management and auditor communications concerning advanced technologies, as these reporting choices affect the judgments and decision-making of nonprofessional investors.

1. Introduction

Over the last several decades, technological innovation has transformed traditional business practices and global commerce. One emerging technology, blockchain, possesses many dynamic capabilities designed to enhance the operations and financial performance of companies across a myriad of industries (KPMG, 2019). While the adoption of blockchain in business models appears inevitable, significant barriers and risks are associated with companies using blockchain (Abadi and Brunermeier, 2018; Prewett et al., 2020). These potential problems magnify the necessity of robust, meaningful
The Funding of Higher Education: An Empirical Examination of the Cost of Education in Business Schools

In late 2020, Australian university funding was profoundly changed by the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Act (hereafter ‘the Act’). The Act is based on separate funding of education and research and relies heavily on estimates of education costs that are controversial. The Act increased tuition fees for domestic business students by 30%. Using an empirical archival approach, this study examines three questions: (1) What are the costs of providing tertiary education to business students? (2) Does research intensity impact the costs of education? (3) Is there evidence consistent with a cross-subsidy from education to non-teaching activities, including research? Unfortunately, sufficiently granular data for Australia are not publicly available, so we use data from business schools in US public universities as a proxy. The sample is partitioned between institutions professing a primary focus on either education or research. Results reveal that undergraduate degrees cost, on average, around AUD3,000 per annum per full-time student when regressed on university operating budgeted dollars, holding other factors constant; much lower than Australia’s increased business tuition fee under the Act. Significant differences for undergraduate, master, and doctoral education costs exist between the education- and research-focused sub-samples. Master degrees are around triple undergraduate costs, on average. Both research (publications) and research training (doctoral degrees) are high cost, with ‘elite’ publications much more costly than other scholarly publications. We conclude that education costs are impacted by research intensity and that opportunities to cross-subsidize non-teaching activities exist.

Key words: Costing; Education; Research; Universities.

In late 2020, the Australian Parliament passed the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Act (hereafter ‘the Act’). The provisions of the Act profoundly changed the funding of Australia’s higher education system. A key principle in the Act is the...
Abstract

Purpose – This study explores the association between individual investor information demand and two measures of market uncertainty – aggregate market uncertainty and disaggregate industry-specific market uncertainty. It extends the literature by being the first to empirically examine investor information demand and disaggregate market uncertainty.

Design/methodology/approach – This paper constructs a measure of information search by using the Google Search Volume Index and computes measures of aggregate and disaggregate market uncertainty using institutional investors’ trading data from Ancerno Ltd. The relation between market uncertainty, as measured by trading disagreements among institutional investors, and information search is analyzed using an OLS (Ordinary Least Squares) regression model.

Findings – This paper finds that individual investor information demand is significantly and positively correlated with aggregate market uncertainty but not associated with disaggregated industry uncertainty. The findings suggest that individual investors may not fully incorporate all relevant uncertainty information and that ambiguity-related market pricing anomalies may be more associated with disaggregate market uncertainty.

Research limitations/implications – This study presents an examination of aggregate and disaggregate measures of market uncertainty and individual investor demand for information, shedding light on the efficiency of the market in incorporating information. A limitation of our study is that our data for market uncertainty is based on investor trading disagreement from Ancerno, Ltd. which is only available till 2011. However, we believe the implications are generalizable to the current time period.

Practical implications – This study provides the first concurrent empirical assessment of investor information search and aggregate and disaggregate market uncertainty. Prior research has separately examined information demand in these two types of market uncertainty. Thus, this study provides information to investors regarding the importance of assessing disaggregate component measures of the market.

Originality/value – This paper is the first to empirically examine investor information search and disaggregate market uncertainty. It also employs a unique data set and method to determine disaggregated, and aggregate, market uncertainty.

Keywords Market ambiguity, Uncertainty, Google Search Index, Institutional investors

Paper type Research paper

1. Introduction

Research provides evidence that uncertainty [1] surrounding financial information affects equity markets by influencing share prices, price fluctuations, postearnings announcement

JEL Classification — G40, M20, M40

The authors gratefully acknowledge valuable comments from Violet Ho, Kevin Cruz, Jonathan Corbin, Musa Subasi, and participants from 2018 European Accounting Association Annual Congress.
Information search in times of market uncertainty: an examination of aggregate and disaggregate uncertainty

Marshall A. Geiger
Robins School of Business, University of Richmond, Richmond, Virginia, USA
Rajib Hasan
University of Houston Clear Lake, Houston, Texas, USA, and
Abdullah Kumas and Joyce van der Laan Smith
Robins School of Business, University of Richmond, Richmond, Virginia, USA

Abstract

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Information search in times of market uncertainty: an examination of aggregate and disaggregate uncertainty

Marshall A. Geiger
Robins School of Business, University of Richmond, Richmond, Virginia, USA

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Decision Support

Advertising, goodwill, and the Veblen effect

Régis Y. Chenavaz\textsuperscript{a,**}, Amit Eynan\textsuperscript{b}

\textsuperscript{a}Kedge Business School, Domaine de Luminy, Marseille 13009, France
\textsuperscript{b}University of Richmond, 102 UR Drive, Virginia, VA 23173, USA

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Conspicuous consumption

\textbf{A B S T R A C T}

The increase of demand in price, an exception to the law of demand, is known as the Veblen effect. In this work, we consider a profit maximizing monopoly which by means of advertising impacts the price-demand relationship. We show that advertising and goodwill play an important role in making the Veblen effect more prevalent than expected. By employing optimal control theory we capture the evolution of the variables over time which may exhibit the Veblen effect where price and demand move in the same direction. Incorporating this dynamics into firms’ decisions has a promising impact on long-term profit. Consequently, it may even trigger a slew of studies on product line extension, competition and pricing by allowing firms to control their status.

\textsuperscript{*} Corresponding author.

\textsuperscript{**} E-mail addresses: r.chenavaz@gmail.com (R.Y. Chenavaz), aeynan@richmond.edu (A. Eynan).

In this article, we develop an optimal control model, which extends the model of Nerlove and Arrow (1962), in order to examine the ‘total’ effect of price on demand by incorporating the firm’s advertising schedule, which has a positive impact on its goodwill. The model relies on the classical law of demand where the direct relationship between price and demand is inverse, however, the indirect relationship which is influenced by advertising and goodwill may elicit the Veblen effect.

This research is related to formal analyses of the Veblen effect. Leibenstein (1950) integrates conspicuous consumption in the theory of consumer demand, pointing to the importance of social factors. Signaling models of exclusivity and conformity have been used to model Veblen products. Bernheim (1994), Bagwell and Bernheim (1996), Corneo and Jeanne (1997), and Hopkins and Kornienko (2004) examines how consumption of conspicuous products signals higher income, and thereby augments social status. Veblen effects have also been modeled as network effects. Amaldoss and Jain (2005a), Amaldoss and Jain (2005b), Deb (2009), and Wang, Wang, and Lai (2017) posit that consumption exerts externalities, snobs and followers seeking privileged and standard products. Kort, Caulkins, Hartl, and Feichtinger (2006) investigate conspicuous consumption, assuming that price depends on the brand image of the firm, instead of being directly a firm decision. Moldovanu, Sela, and Shi (2007) model a principal-agent relationship, in which the principal designs an organization in which agents mind about their relative position. Aoyagi, Bhalha, and Gunay (2016) study a duopoly with buyers whose product preference is affected by extrinsic valuation and may be characterized as conspicuous. Caulkins et al. (2011), Huschto et al. (2011), and Huschto and Sager (2014) explore the management of conspicuous goods...
Managing Physical and Economic Risk for Systems with Multidirectional Network Interdependencies

Unal Tatar,¹,∗ Joost R. Santos,² and Shital A. Thekdi³

Critical infrastructure networks, such as transportation and supply chains, are becoming increasingly interdependent. As the operability of network nodes relies on the operability of connected nodes, network disruptions have the potential to spread across entire networks, having catastrophic consequences in the realms of physical network performance and also economic performance. While risk-informed physical network models and economic models have been well-studied in the literature, there is limited study of how physical features of network performance interact with sector-specific economic performance, particularly as these physical networks recover from disruptions of varying durations. In this article, we create a generalizable framework for integrating Functional Dependency Network Analysis (FDNA) and Dynamic Inoperability Input–Output Models (DIIM), to assess the extent to which disruptions to critical infrastructure could degrade its functionality over a period of time. We demonstrate the framework using disruptive scenarios for a critical transportation network in Virginia, USA. We consider scenarios involving: (a) mild case that is relatively more frequent such as recurring traffic conditions; (b) moderate case involving an incident with a multihour delay, and (c) severe case that is relatively less frequent such as evacuation after a major hurricane. The results will be useful for network managers, policymakers, and stakeholders who are seeking to invest in risk mitigation for network functionality and economic activity.

KEY WORDS: Critical Infrastructure; disaster risk management; functional dependency network analysis; inoperability input–output model; transportation network

1. INTRODUCTION

The functionality of critical infrastructures, such as transportation, energy, and supply chains, is vital for health, safety, security, and economic activity. Because these infrastructure systems have a massive footprint on global activities, disruptions can have disastrous consequences that encompass both physical and economic dimensions. For example, the recent COVID-19/SARS-CoV-2 pandemic has caused major adverse impacts on the movement of goods and services (Ivanov, 2020), and has debilitated a myriad of industry and government sectors in global economies. Similarly, consider the February 2021 winter storm in Texas, which resulted in over four million customers without power, at least 57 deaths that were primarily related to complications from the energy loss (Sparber, 2021), and subsequent disruptions to dependent infrastructures. In addition to the humanitarian crisis arising from the energy failure combined with freezing temperatures, the event leads to $80–$130 billion in direct and indirect...
Risk Science in Higher Education: The Current and Future Role of Risk Science in the University Curriculum

Shital A. Thekdi1,∗ and Terje Aven2

Risk and uncertainty are critical elements for decision making across fields, such as business, policy, engineering, and healthcare. As universities maintain and adapt curriculums to ensure their graduates are prepared for risk-related roles, there is momentum for risk science to be included in the curriculum. The study of risk science can be observed in programs devoted to risk fundamentals (for example on basic concepts like risk and probability) and risk assessment, risk perception and communication, and risk management and governance. Additionally, selected concepts related to risk science, such as safety and resilience analysis and management, are increasingly being embedded into a broader range of university curriculums. The present article presents a structure for classifying these programs, by distinguishing between generic (fundamental) risk science and applied risk science, with subcategories reflecting both subject (topic) and domain (application area). An overall evaluation of the broad offerings in risk science through devoted curriculums and selected topics within other specialized fields is conducted on the basis of the study programs currently offered. Perspectives are also provided on how to further enhance risk science studies at our universities and colleges.

KEY WORDS: Applied risk science; risk programs; Risk science; university curriculum

1. INTRODUCTION

A new science has developed over the last four decades, meeting the need for systematic knowledge generation in relation to understanding, assessing, communicating, managing and governing risk: Risk science. The growing understanding and definition of risk science can be found in several recent publications, including work by the Society for Risk Analysis (SRA) (SRA, 2015, 2017a, 2017b), and in particular the document referred to as Core subjects of Risk Analysis (SRA, 2017a). This document provides a list of subjects that are considered essential in a study program on “generic risk science” and “applied risk science.” The documents also reflect on the main subjects of risk science: risk fundamentals (for example on basic concepts like risk and probability), risk assessment, risk perception and communication, and risk management and governance.

As high-profile issues, such as climate change, health-related epidemics, and economic fluctuations have a significant impact on the practice of business, engineering, and so on, students across academic disciplines are becoming increasingly aware of risk within their career functions. While students seek educational programs that will prepare them for these career functions, it is imperative for universities to develop curriculums that integrate and balance relevant risk science topics and the more discipline-oriented subjects. As a result, study programs are increasingly being accompanied by a broad range of
Business actor engagement: Exploring its antecedents and types

Peter Ekman a, *, Jimmie G. Röndell b, Elena Anastasiadou a, Christian Kowalkowski b, d, Randle D. Raggio c, Steven M. Thompson b

a Malardalen University, School of Business, Society and Engineering, Box 883, 721 23 Vasterås, Sweden
b Linköping University, Department of Management and Engineering, 581 83 Linköping, Sweden
c University of Richmond, Robins School of Business, 410 Westhampton Way, Richmond, VA 23173, USA
d Hanken School of Economics, Department of Marketing, CERS—Centre for Relationship Marketing and Service Management, 00101 Helsinki, Finland

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ABSTRACT

Building on recent engagement research, this study contributes to a deepened understanding of business actor engagement (BAE) dimensions that includes both behaviors and emotions. Following a systematic combining approach, this study contextualizes and clarifies BAE. Through an analysis of dyadic data (providing firm and customers), we offer in-depth knowledge of the antecedents and types of BAE. This study identifies engagement disposition combined with engagement connectedness as the antecedents of an engagement initiative’s overall BAE. Building on these dynamics, we propose a conceptual BAE framework with a set of testable propositions that links BAE with its proposed antecedents. Finally, we use the empirical and theoretical insights to derive a BAE taxonomy consisting of four types that offers guidance on how to manage customers with different engagement characteristics in practice.

1. Introduction

Over the past decade, the concept of engagement has been proclaimed as a research priority (e.g., Brodie, Hoolheeke, Juric, & Ilic, 2011; Harmeling, Moffett, Arnold, & Carlson, 2017; Kumar, Rajan, Gupta, & Dalia Pozza, 2019). It offers an updated view of how firms relate to, and depend on, various actors, resources, and activities outside their own organization’s realm (e.g., customers, suppliers, and partners) to facilitate the creation of value. Recent engagement research embraces a general actor-to-actor perspective, which broadens the conceptual domain of marketing beyond the traditional focal subject of ‘customers as consumers’ (Brodie, Fehrer, Jaakkola, & Conduit, 2019). It investigates the conditions under which actors choose to engage or not with other actors in their network, along with the forms of engagement and outcomes associated with their choices. As such, the concept of engagement potentially transcends traditional marketing concepts like loyalty (as in ‘submissive’ allegiance), involvement and commitment (as in contractual obligations), and co-production (as in pre-defined collaborative responsibilities) (Brodie et al., 2019; Chandler & Lusch, 2015; Parsari & Kumar, 2016). If so, then engagement can be a significant driver of business performance and calls for additional research into the concept of engagement are well founded.

Research has initially focused on ‘consumer engagement’ and ‘brand engagement,’ tracing effects such as recurring purchases, positive referrals, active advocacy, and influence (e.g., social media). However, studies to understand the potentially specific aspects of engagement by actors in a B2B setting are limited (Jaakkola & Alexander, 2014; Kleinaltenkamp, Karpen, Plewa, Jaakkola, & Conduit, 2019; Storbacka, 2019). Indeed, Nyadzayo, Casidy, and Thaichon (2020) (p. 198), identify that a “significant dearth of academic research on the conceptualization of B2B customer engagement is clearly evident, specifically in terms of its antecedents and consequences.” We agree that the causes and types of actor engagement in a B2B setting—i.e., business actor engagement (BAE)—are underexplored and that there are important reasons to develop this knowledge further. B2B relationships are typically more utilitarian, long-term, and organizationally and technically complex, involving repeated interactions between diverse sets of individuals and stakeholder groups in the involved organizations. Thus, in business markets, engagement needs to be regarded as a collective effort where both individual and group actions influence the outcomes (Kleinaltenkamp et al., 2019).

An early description of engagement was “a sense of involvement, of being connected with something” (Calder & Maltzhouse, 2008) (p. 2), while later conceptualizations understood engagement through
Emergent market innovation: A longitudinal study of technology-driven capability development and institutional work

Peter Ekman a,*, Jimmie Röndell a, Christian Kowalkowski b, Randle D. Raggio c, Steven M. Thompson d, a

a Mälardalen University, School of Business, Society and Engineering, Box 883, 721 23 Vasterås, Sweden
b Linköping University, Department of Management and Engineering, 581 83 Linköping, Sweden
c University of Richmond, Robins School of Business, 410 Westhampton Way, Richmond, VA 23173, USA

ARTICLE INFO

Keywords:
- Capabilities
- Institutional work
- Market innovation
- Market-shaping
- Digitalization
- Critical case

ABSTRACT

Extant literature focuses primarily on deliberate, proactive market-shaping efforts to understand changes in markets. This paper explores how emergent, incremental activities might unintentionally prompt market innovation due to the interactions of capability development and its required institutional work. Using a critical case method, we study a firm that successfully challenged established market logic by systematically changing its capabilities. A longitudinal field study reveals that capability development demands induce changes to institutional foundations; then, as institutions change, further capabilities can be developed, all of which may instigate wider market innovation outcomes. This study conceptualizes this intricate, iterative process, as well as its evolutionary market innovation outcomes. The proposed three-level capability model can guide firms striving to offer new and innovative services. The authors also detail a three-stage research design methodology that can help research and practice gain in-depth understanding of both emergent unintentional market innovation and strategic deliberate market-shaping activities.

1. Introduction

I believe that there are renaissance people and renaissance firms; you should allow yourself to try out new things and to embrace new perspectives, questioning established “truths”!

–CEO, Alpha

Historically, markets have been depicted as static arenas, waiting to be exploited. Innovative firms strategically aim to alter existing market structures and market actors’ behaviors, to gain competitive advantages (Jaworski, Kohli, & Sahay, 2000; Kjellberg, Azimont, & Reid, 2015; Storbacka & Nenonen, 2015). Increasingly though, markets are recognized as emerging, malleable ecosystems, constantly in the making (Humphreys & Carpenter, 2018; Kjellberg & Helgesson, 2006). For example, firms can use digital technologies to develop new value propositions and change sociotechnical structures, not just technical processes to create market opportunities (Svahn, Mathiassen, & Lindgren, 2017). For example, Spotify and Tesla, fundamentally changed the music and automotive markets, respectively. Accordingly, marketing scholarship has started to understand market changes as the result of institutional changes initiated by companies’ institutional work. This research domain explicitly pertains to “efforts of individuals and collective actors to cope with, keep up with, shore up, tear down, tinker with, transform, or create anew the institutional structures within which they live, work, and play, and which give them their roles, relationships, resources, and routines” (Lawrence, Sudbury, & Leca, 2011, p. 53).

Recent research into institutional orientations (Chaney, Carrillat, & Zouari, 2019) and capabilities (Kindström, Ottosson, & Carlborg, 2018; Nenonen, Storbacka, & Windahl, 2019; Windahl, Karpen, & Wright, 2020) focus on identifying the deliberate, proactive market-shaping activities of actors based on the definition of institutional work as “the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions” (Lawrence & Sudbury, 2006, p. 215). To complement recent literature, we study emergent market innovation, where the outcome of actors’ everyday activities is less deliberate or intended. Vargo, Weiland, and Akaka (2015) describe market innovation as the ongoing institutionalization of newly cocreated value propositions. This process is contingent on the capabilities and institutional arrangements of the value-proposing actor. The
Demographics and Monetary Policy Shocks

We show that consumption expenditures for older households are more responsive to monetary policy shocks than for young- or middle-aged households. A one-standard-deviation expansionary monetary policy shock induces a statistically significant and quantitatively large (1.7%) increase in aggregate consumption for old households over the ensuing 3 years. The responses for young- and middle-aged households are smaller and not statistically significant. We also present evidence, suggesting that life-cycle wealth effects play a role in driving the responses. We then build the wealth mechanism into a partial equilibrium life-cycle model, which can qualitatively match the empirical patterns.

JEL codes: E4, E52, E21, J11, D15
Keywords: Monetary policy shocks, Consumption, Demographic change, Life cycle

This paper studies how consumption expenditures for different age groups respond to monetary policy shocks. When we decompose the aggregate consumption response into contributions from households at different stages of the life cycle, we find that monetary policy shocks have a larger impact on the expenditures of older households. According to our estimates, an expansionary monetary policy shock, equivalent in size to one standard deviation of the federal funds...
How can economists use the cognitive challenges framework to enhance economic education?

Sam Allgooda and KimMarie McGoldrickb

aDepartment of Economics, University of Nebraska-Lincoln, Lincoln, NE, USA; bDepartment of Economics, Robins School of Business, University of Richmond, Richmond, VA, USA

ABSTRACT
Chew and Cerbin (2021) outline nine cognitive challenges to student learning with which economic educators are likely familiar, even if the language used to describe them differs. In this article, the authors refrain from summarizing Chew and Cerbin’s framework and instead focus on providing context for how those conducting research and developing pedagogy in economics might incorporate these challenges into their work. In addition, they provide some thoughts on what these challenges mean for two important related issues: improving diversity and inclusion in the economics profession and the training of teachers in economics.

KEYWORDS
Cognitive challenges; diversity; economic education; research

JEL CODE
A2

The economic approach to learning

The economic approach to student learning reflects the neoclassical approach to behavior: students maximize utility given a constraint or constraints. Researchers differ in what they assume impacts student utility and the constraints students face. Becker (1982) assumes that student utility is a function of learning, where learning is the additional knowledge attained. Allgood (2001), on the other hand, assumes that students care about grades. In both papers, however, the authors also assume that learning in class $i$ ($L_i$) occurs when students apply effort ($E_i$) to studying. Learning occurs through a simple linear function $L_i = a_i E_i^1$, where $a_i$ is a parameter that converts time or effort into learning. A more general approach treats learning as a nonlinear function of effort (Krohn and O’Connor 2005). Pedagogical innovations, classroom environment (such as class size), and other factors are hypothesized to change $a_i$. However, it is not typically understood exactly how or why $a_i$ changes. Learning occurs in a black box.

A common approach in economic education research is to estimate an educational production function that attempts to test these hypotheses. Studies have identified many factors shown to have a statistically significant relationship to student learning (see Allgood, Walstad, and Siegfried [2015] for a review). Yet, many of the papers identifying an innovation or change that is hypothesized to impact $a_i$ do not provide a theoretical or conceptual motivation for their result. In addition, these statistical models include additional explanatory variables, such as sex and race/ethnicity, but authors can only speculate as to the reason for any revealed statistical differences.

Chew and Cerbin’s (2021) cognitive framework provides an opportunity for economic educators to open the black box. For example, a change in classroom environment that increases trust between teacher and student may lead to more learning among women and underrepresented minority students. Team-based learning may lead to better learning outcomes by reducing
ABSTRACT
Incorporating readings beyond the textbook is one way to broaden economic content across all courses. While previous studies document the extent to which narrowly defined categories (press readings, scholarly articles) are used, none to date provide details as to how such readings are incorporated. This study was intended to document use in greater detail than previously published and identify example uses that were innovative.

Timothy Taylor’s (2019) article “Some Journal of Economic Perspectives Articles Recommended for Classroom Use” highlights the frequency by which instructors use content from the Journal of Economic Perspectives (JEP) in the classroom. Taylor’s survey finds that articles were used in over 30 different classes covering almost every field of study. Because this survey focused on documenting the use of a single academic journal, it likely underestimates the subset of instructors using readings beyond a textbook. The literature suggests varied estimates of the usage of some outside readings. Watts and Schaur (2011) report that the median percentage of undergraduate instructors using press readings in upper-division field courses is 22 percent, the same percentage they find for scholarly readings. Using the same survey instrument, Harter, Schaur, and Watts (2015) find that over 80 percent of instructors use press readings. None of these articles explains how such readings were used in these classes. We seek to contribute to a broader understanding of the prevalence of and methods for using readings outside the textbook.

Technology has lowered the costs of finding and distributing outside of the textbook readings to students. The JEP’s “Recommendations for Further Readings” was one of the few pre-technology, low-cost ways of identifying additional readings across multiple sources. The downside of counting solely on this source is that the JEP comes out only four times a year. Today, however, a faculty member has at their disposal the ability to perform their own Internet search or access other sources that collate readings that might be of interest, such as econofact.org. In the past, once a reading was identified, it would still have to be obtained, copied, and distributed. In many cases now, an instructor only needs to make a link available to their students to ensure access.

This increase in resource accessibility also comes at a time when economic educators are more aware of the importance of how and what they teach. Underrepresentation of women and some minorities in economics is well-established (Bayer and Rouse 2016; Bayer and Wilcox 2019; Lundberg and Stearns 2019). Arguments as to the source(s) of this underrepresentation are plentiful, including suggestions that what we are teaching students might be part of the problem. Stevenson and Zlotnik (2018) document the underrepresentation of women in economics textbooks both in their numerical prevalence and in their roles as economists, policymakers, and business leaders (182). Bansak and Starr (2010) find “students widely view economics as a business-oriented field that prioritizes math skills and money making—a combination that is a turnoff for women” (33). Bayer et al. (2020) suggest that women and underrepresented minority (URM) college students see the principles of economics course content as less relevant.
We study the incidental parameter problem for the “three-way” Poisson Pseudo-Maximum Likelihood (“PPML”) estimator recently recommended for identifying the effects of trade policies and in other panel data gravity settings. Despite the number and variety of fixed effects involved, we confirm PPML is consistent for fixed $T$ and we show it is in fact the only estimator among a wide range of PML gravity estimators that is generally consistent in this context when $T$ is fixed. At the same time, asymptotic confidence intervals in fixed-$T$ panels are not correctly centered at the true parameter values, and cluster-robust variance estimates used to construct standard errors are generally biased as well. We characterize each of these biases analytically and show both numerically and empirically that they are salient even for real-data settings with a large number of countries. We also offer practical remedies that can be used to obtain more reliable inferences of the effects of trade policies and other time-varying gravity variables, which we make available via an accompanying Stata package called ppml_fe_bias.

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Stock merger activity and industry performance✩

Bo Meng⁎, Anand M. Vijh⁎⁎

⁎ Robins School of Business, University of Richmond, Richmond, VA 23173, USA
⁎⁎ Tippie College of Business, University of Iowa, Iowa City, IA 52242, USA

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A B S T R A C T

We propose a merger activity variable (MAV) as an alternative to industry merger waves. Unlike discrete merger waves that separate periods of extreme activity from the rest, our continuous MAV utilizes information in the full range of stock merger activity. We rank Fama-French 12 industries by MAV each quarter and arrange them into 12 bucket portfolios. We examine their prior and subsequent three-year excess returns using calendar-time portfolio method. The prior returns are positively related to MAV ranks while the subsequent returns are negatively related to MAV ranks. This evidence suggests a build-up of misvaluation (undervaluation of relatively less stock merger active industries and overvaluation of relatively more active industries) followed by a correction. On average, the most active industry outperforms the least active industry by 13.46% during the prior period, but underperforms by 10.30% during the subsequent period. Industry operating performance results further support the industry misvaluation theory of stock merger activity.

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1. Introduction

Merger waves connote sharp increases in industry-specific or market-wide merger activity over short periods. A large segment of finance literature investigates the causes and consequences of industry merger waves. The neoclassical theory advanced by Gort (1969), Mitchell and Mulherin (1996), Maksimovic and Phillips (2001), Harford (2005), and others argues that the increased merger activity is an efficient response to economic, regulatory, and technological shocks to an industry. These authors report many empirical results in support of their theory. The alternate overvaluation theory advanced by Shleifer and Vishny (2003) and Rhodes-Kropf and Viswanathan (2004) (SV and RKV) argues that the overvaluation of certain industries causes merger waves as many firms in those industries use their overvalued stock to acquire other firms. While these two papers have been published for a long time, there is no documented empirical evidence in support of their industry overvaluation theory of merger waves (more generally, the industry misvaluation theory of merger activity) based primarily on the before and after long-term excess returns or operating performance of entire industries.1 This paper fills this gap in the literature.

Several papers in the existing literature have shown that individual stock acquirers are overvalued as measured by their negative post-acquisition long-term excess returns (Loughran and Vijh, 1997; Rau and Vermaelen, 1998; Dong et al., 2006; Savor and Lu, 2009; and others). Therefore, one may ask what motivates further examination of the overvaluation (or misvaluation) of industries in this paper. We mention several reasons for this examination as follows. First, because only a few firms in an industry make stock acquisitions over a relatively short measurement period such as one year, the overvaluation of individual stock acquirers does not necessarily imply overvaluation of their industries. Their contribution to industry returns may be small, and it is even possible that their overvaluation is diminished by undervaluation of non-acquiring firms in the industry. Thus, papers that

1 Rhodes-Kropf, Robinson, and Viswanathan (2005) show that industry overvaluation is associated with stock merger activity using a model that decomposes market-to-book ratios of individual firms. However, as recognized by them and by Harford (2005) and Savor and Lu (2009), their evidence is also consistent with emerging growth opportunities in an industry as implied by the neoclassical theory. We further discuss this issue in Section 2.3.

E-mail addresses: bmeng@richmond.edu (B. Meng), anand-vijh@uiowa.edu (A.M. Vijh).
The role of media in mergers and acquisitions

Rose Liao\textsuperscript{a,}\textsuperscript{*}, Xinjie Wang\textsuperscript{b,}\textsuperscript{*}, Ge Wu\textsuperscript{c,}\textsuperscript{*}

\textsuperscript{a}Rutgers University, United States
\textsuperscript{b}Southern University of Science and Technology, China
\textsuperscript{c}University of Richmond, United States

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\textbf{A B S T R A C T}

Using a novel dataset of news events for 170,000 entities across over 100 countries, we examine how media sentiment could affect firm acquisition decisions. Studying 77,552 completed merger and acquisition (M&A) deals around the world from 2000 to 2015, we find that firms with high media sentiment are more likely to become an acquirer and to pay a higher deal premium. The effect of media on the likelihood of an acquisition is stronger for cross-border deals, in countries with higher governance standards, larger firms with fewer financial constraints, and firms with higher market-to-book ratio and more media coverage. Target firms typically have low media sentiment. Acquirers with high media sentiment experience significantly positive returns prior to acquisitions and negative returns post-acquisition, inconsistent with theories of media content as a proxy for new information about fundamental asset values. Overall, we show that the media play an important role in the market for M&As.

\textsuperscript{*}Corresponding authors at: Department of Finance & Economics, School of Business-Newark, Rutgers University, Newark, NJ, USA.
\textsuperscript{\textsuperscript{*}}E-mail addresses: liao@business.rutgers.edu (R. Liao), xinjie.wang@sustech.edu.cn (X. Wang), gwu@richmond.edu (G. Wu).

\textbf{1. Introduction}

Investor sentiment (broadly defined as biased investor beliefs in the behavioral finance literature) has been found to be an important factor in motivating merger and acquisition (M&A) transactions (e.g., Shleifer and Vishny, 2003; Rhodes-Kropf and Viswanathan, 2004; Baker et al., 2009). Since media both cater to and influence readers’ belief and biases (e.g., Mullainathan and Shleifer, 2005), recent research has started to use media-based measures as a proxy for investor sentiment and studies the impact of media sentiment on asset prices and trading volumes and on managerial behavior.\textsuperscript{1} Given that M&A is one of the key investment decisions managers make, it is likely that media sentiment would also have an important role in firms’ decision to merge with others. In this paper, we examine the effects of media sentiment embedded in financial news on the merger likelihood.

We collect a composite sentiment score (CSS) built by RavenPack News Analytics, which employs textual analysis methods to extract sentiment embedded in financial news. Similar to earlier studies (e.g., Tetlock, 2007; Garcia, 2013; among others, study the impact of media on asset prices and trading volume. Miller (2006), Dyck et al. (2008, 2010), Joe et al. (2009), Kuhnen and Niessen (2012), Liu and McConnell (2013) and Wu and Tian (2021), among others, study the impact of media on managerial and firm behavior.

\textsuperscript{1}For example, Fang and Peress (2009), Engelberg and Parsons (2011), Dougal et al. (2012), Peress (2014), Carlini et al. (2020), among others, study the impact of media on asset prices and trading volume. Miller (2006), Dyck et al. (2008, 2010), Joe et al. (2009), Kuhnen and Niessen (2012), Liu and McConnell (2013) and Wu and Tian (2021), among others, study the impact of media on managerial and firm behavior.

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Measuring misleading information in IPO prospectuses

Wenbo Ma1 · Xinjie Wang1 · Yuan Wang1 · Ge Wu2

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Abstract
Newly public firms may provide misleading information about their business plans in their initial public offering (IPO) prospectuses. Using textual analysis, we develop a simple measure of such misleading information based on the difference between the emphasis placed on business lines in the main textual description and the corresponding information from the accounting tables. We examine our measure of misleading information using a sample of 1878 IPOs in China from 2010 to 2019. We find that the degree of misleading information is greater when firms find it more difficult to get regulatory approval for an IPO. Furthermore, the amount of misleading information is greater for firms with higher leverage and more segmented businesses. We also find some evidence that the stock returns of firms which present a greater amount of misleading information are lower.

Keywords IPO prospectus · Misleading information · China

JEL Classification G10 · G14

1 Introduction

A newly public firm must provide descriptions of its main business segments in its offering prospectus. Both investors and regulators rely on these prospectuses to evaluate firms. They contain both numerical or objective information (which we refer to as hard information) and textual or subjective information (soft information). The differences between hard and soft information have attracted increasing attention, with several studies examining the effects of the latter on organizational structure and asset prices (Arnold et al. 2010;
The COVID-19 pandemic and sovereign credit risk

Wei-Fong Pan  
*University of Reading, Reading, UK*

Xinjie Wang  
*Southern University of Science and Technology, Shenzhen, China*

Ge Wu  
*University of Richmond, Richmond, Virginia, USA, and*

Weike Xu  
*Clemson University, Clemson, South Carolina, USA*

Abstract

**Purpose** – The purpose of this study is to examine the effects of the coronavirus disease 2019 (COVID-19) pandemic on sovereign credit default swap (CDS) spreads using a large sample of countries.

**Design/methodology/approach** – In this paper, the authors use a wide set of the sovereign CDS data of 78 countries. To measure the magnitude of the COVID-19 pandemic, the authors use the daily change of confirmed cases collected from Our World in Data. They use panel regressions to estimate the impact of the COVID-19 pandemic on sovereign credit risk.

**Findings** – The authors show how sovereign CDS spreads have widened significantly in response to the COVID-19 pandemic. Based on the most conservative estimate, a 1% increase in COVID-19 infections leads to a 0.17% increase in sovereign CDS spreads. Furthermore, this effect is stronger for developing countries and countries with worse healthcare systems. Government policies partially offset the impact of the COVID-19 pandemic, although these same policies also lead to widening sovereign CDS spreads. Sovereign CDS spreads narrow dramatically several months after the outbreak of the COVID-19 pandemic. Overall, the results suggest that the ongoing COVID-19 pandemic has been a massive shock to the global financial stability.

**Originality/value** – This paper provides new evidence that COVID-19 widens sovereign CDS spreads. The authors further show that this widening effect is felt most strongly in developing economies.

**Keywords** Crisis, Economic uncertainty, COVID-19, Pandemic, Sovereign CDS spread

**Paper type** Research paper

1. Introduction

At the time of writing, the coronavirus disease 2019 (COVID-19) outbreak has spread across the world and has led to more than one million deaths and 33 million confirmed cases between 2019 and 2020[1]. The pandemic has led to renewed interest in infectious disease surveillance and control, as well as in the economic impact of such diseases. The US real gross domestic product (GDP) plunged by a record of 32.9% in the second quarter of 2020. As a result, several governments and institutions have attempted to estimate the economic impact of COVID-19. For instance, The Economist has revised its growth forecasts for all countries and is now predicting that the global economy will experience a 2.2% contraction in 2020 and that most G20 nations are likely to enter a recession due to the pandemic [2]. In a recent Brookings Institute report, McKibbin and Fernando (2020) also suggest that the global economy will contract in 2020. They state that the resulting economic costs could be mitigated by greater investment in public health systems across economies, especially in less developed countries.

There is a fast-growing body of literature on the impact of COVID-19 on the economy and financial markets [3]. For example, Baker et al. (2020) develop new measures for gauging the...
Law Firm expertise and shareholder wealth

Denis Schweizer1 | Ge Wu2

1 Concordia University, Professor of Finance, John Molson School of Business, 1450 Rue Guy, Montreal, Quebec H3G 1M8, Canada
2 University of Richmond, Assistant Professor of Finance, 28 Westhampton Way, Richmond, VA 23173, USA

Correspondence
Denis Schweizer, Concordia University, Professor of Finance, John Molson School of Business, 1450 Rue Guy, Montreal H3G 1M8, Quebec, Canada.
Email: denis.schweizer@concordia.ca

Abstract
This paper examines the impact of law firm expertise on bidder and target shareholder wealth gains during mergers and acquisitions. After controlling for endogeneity in the matching between the mandating firm (bidder or target firm) and the law firm, we find that top-tier law firms increase the wealth of bidder shareholders by an average of 2.00% ($30.80 million) to 3.07% ($47.28 million). This does not hold for target firm shareholders. Interestingly, we find no evidence that the reputation of the investment bank is related to bidder or target shareholder wealth gains. Our findings suggest that top-tier lawyers are effective “transaction cost engineers.” They create value for their clients by structuring deals to minimize transaction and regulatory costs.

KEYWORDS
acquisition, legal advisory, law firm, M&A, merger clause, takeover premium

JEL CLASSIFICATION
G14, G24, G34

1 INTRODUCTION

Mergers and acquisitions (M&As) are major corporate finance events that essentially create, destroy, and redistribute bidder shareholder wealth (Ordu and Schweizer, 2015). During the M&A process, the bidder’s top management team is under great pressure, because the outcome may significantly impact the bidder’s future. Deal outcomes may include securing important synergies or access to new markets, or potentially devastating firm value and increasing the likelihood of bankruptcy (Kolb, 2019; Bao and Edmans, 2011). Bidders also face risks, such as a white knight or a third party placing a competing bid, target shareholders refusing to approve the deal, or an acquisition that turns out to be inferior after the due diligence is complete (Jeon and Ligon, 2011).
Air Pollution and Media Slant: Evidence from Chinese Corporate News

Xinjie Wang*, Ge Wu†, Zhiqiang Xiang* and Jianyu Zhang‡

*Department of Finance, Southern University of Science and Technology, Shenzhen, China; ‡Department of Finance, University of Richmond, Richmond, Virginia, USA; †Department of Accountancy & Taxation, University of Houston, Houston, Texas, USA

ABSTRACT
This paper examines the impact of air pollution on the media slant of publicly listed firms in China. Using a large panel of air quality and media data at the city level, we find that lower air quality generally leads to a more negative media slant. When the air quality falls from lightly polluted to heavily polluted, the number of negative sentences in a news article increases by about 1%. Our subsample analysis shows that the effect of air pollution on media slant is similar for news articles covering large and small firms, SOE and non-SOE firms and for official and non-official newspaper articles. Furthermore, the effect of air pollution on media slant is stronger for firms in heavy polluting industries. These results suggest that air pollution affects media slant.

KEYWORDS
Air pollution; media slant; China

JEL
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1. Introduction
Air pollution is known to have significant negative effects on human health ranging from respiratory diseases and cognitive impairment to mental health issues Zheng et al. (2019). In the financial market, agents’ mental condition and cognitive performance can affect their behavior and even induce behavioral bias (Frydman et al. 2014; Hirshleifer 2015; Kahneman et al. 1982; Kamstra, Kramer, and Levi 2003). Therefore, a natural conjecture is that air pollution could have negative impact on market participants. Several recent studies have linked air pollution to the behavior of investors and financial analysts (Dong et al. 2019; Huang, Xu, and Yu 2020; Li et al. 2021). However, our understanding of the extent to which air pollution can affect other agents in the market is still limited.

Our goal in this paper is to study the impact of air pollution on the judgment of journalists. We provide evidence from the perspective of the business press, an important information intermediary in the capital market. In particular, we focus on the link between air pollution and the slant of corporate news articles in China. China provides a unique setting to test this link for the following two reasons. First, China’s rapid economic rise, with its GDP growing by an average of 10% a year, has come at the expense of its environmental conditions and public health. China ranks 120th among 180 countries and regions on the 2020 Global Environmental Performance Index and ranks 137th on the Air Quality Index (AQI). Air pollution is not only “severe” on average in China but also varies significantly across regions and over time, which provides us variation to identify the causal impact of air pollution on media slant. Second, in the literature of media economics, it is well established that the preferences of journalists, editors, and media owners are revealed in the media slant (Baron 2006; Besley and Prat 2006; Djankov et al. 2003; Enikolopov, Petrova, and Zhuravskaya 2011). Our corporate news data provides measures of the tone of financial news articles for over 3600 publicly listed firms in China. These measures of
Evidence of an Inverted U–Shaped Relationship between Stakeholder Management Performance Variation and Firm Performance

André O. Laplume
Ryerson University

Jeffrey S. Harrison
University of Richmond

Zhou Zhang
University of Regina

Xin Yu
University of Queensland

Kent Walker
University of Windsor

Empirical research is largely supportive of the assertion of instrumental stakeholder theory that a positive relationship exists between “managing for stakeholders” and firm performance. However, despite considerable debate on the subject, the amount of variation across firm investments in stakeholders (stakeholder management performance) has not been adequately investigated. We address this gap using a sample of more than eighteen thousand firm-level observations over ten years. We find evidence to support an inverted U–shaped relationship between variation in stakeholder management performance and Tobin’s $q$, suggesting that firms that have some imbalance in their stakeholder management, but not too much, perform best. We discuss the implications of our study for instrumental stakeholder theory and managerial practice.

Key Words: instrumental stakeholder theory, stakeholder management performance variation, stakeholder theory, firm performance

Stakeholder theory has gained a prominent place in the management literature (i.e., Freeman, Harrison, Wicks, Parmar, & de Colle, 2010; Harrison, Barney, Freeman, & Phillips, 2019; Laplume, Sonpar, & Litz, 2008). Stakeholders are those...
Passion contagion at work: Investigating formal and informal social influences on work passion

Violet T. Ho\textsuperscript{a,}\textsuperscript{*}, Sargam Garg\textsuperscript{b}, Steven G. Rogelberg\textsuperscript{c}

\textsuperscript{a} University of Richmond, USA
\textsuperscript{b} California State University, Sacramento, USA
\textsuperscript{c} University of North Carolina, Charlotte, USA

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ABSTRACT

We integrate research in work passion, social influence, and social networks to examine whether work passion can be contagious and “spread” to others, such that an employee's passion is influenced by the broader social milieu to become more similar to that of a social referent. We investigate formal (supervisory) and informal (trust-based) referents, and also consider direct and indirect (through common third-parties) avenues through which passion contagion may occur. Using data from 70 full-time employees (providing 4830 pairwise observations) in a non-profit organization, we found that respondents' harmonious passion was more similar to that of people they trusted, but their obsessive passion was less similar to that of the same referents. Respondents who had similar trust relationships to third parties also reported less similar harmonious passion. For both forms of passion, we did not find evidence that employees' passion was related to that of their supervisors, or of coworkers who shared the same supervisor. Overall, the findings provide nuanced insights into whether and which workplace relationships have a role in shaping one's harmonious and obsessive work passion. In doing so, this study contributes to the work passion literature by extending the limited body of works on passion antecedents and the social aspects of passion.

Over the past decade, research on work passion has highlighted its benefits in terms of enhancing employees' well-being, job attitudes, and positive work behaviors (Ho et al., 2011; Ho & Astakhova, 2019; Vallerand et al., 2014). In view of these benefits, scholars and practitioners have increasingly sought to better understand work passion and its predictors, so as to create the necessary conditions that foster and develop employees' passion for their work. However, research examining the contextual predictors of passion is still in its fledgling state, with only a handful of studies showing that autonomy support by the unit/team (Liu et al., 2011), cooperative psychological climate in the organization (Ho et al., 2018), and leadership behaviors (Ho & Astakhova, 2020) are some factors that can facilitate employees' work passion.

A key missing piece to this investigation is the potential role of social referents in one's work environment, and whether certain referents in the workplace are particularly influential in shaping one's work passion. The notion that employees look to social referents at work when forming their perceptions, attitudes, and beliefs has been firmly established in the social influence literature over the past decades (e.g., Ferris et al., 2016; Meyer, 1994; Salancik & Pfeffer, 1978). While a social influence perspective has yet to be adopted in the work passion context, scholars in the entrepreneurship domain have proposed that passion can be contagious, such that...
This paper contributes to the resource dependence theory and corporate political activity literatures by distinguishing dependence from uncertainty and explaining how two different types of uncertainty have opposite effects on dependence management. We explain how some environmental factors increase the state uncertainty associated with firms’ dependence on government jurisdictions, whereas other factors increase response uncertainty. We hypothesize that, due to the historical influence of the media and social movement organizations on politics, negative national media tenor and oppositional social movement organization resources increase state uncertainty (i.e., government’s likely behavior toward firms becomes less predictable), strengthening the relationship between firms’ dependence on jurisdictions and their use of political contributions in those jurisdictions. Further, we hypothesize that top management team turnover and politician turnover increase response uncertainty (i.e., the effectiveness of firms’ efforts to manage their dependence becomes less clear), weakening the relationship between dependence and political contributions. We find support for our theory in an examination of state-level political contributions of firms in environmentally intensive industries from 2009 to 2016. Interviews with senior executives, political consultants, and senior government employees directly involved in corporate political activity help illustrate the hypothesized relationships.

Firms’ dependence on government is an important motivation for corporate political activity (CPA), such as contributions to political campaigns (Hillman, Keim, & Schuler, 2004; Pfeffer & Salancik, 1978). Politicians hold the power to change public policy in ways that can severely affect firm performance, so managers use CPA in an effort to align politicians’ interests with their own, thereby reducing the uncertainty of problematic public policy changes (Pfeffer & Salancik, 1978). As one executive told us, “[CPA] can mean all the difference for companies, as increased or decreased regulation can have an extraordinary impact on the bottom line.” However, determining when and where to allocate CPA is a complex task for managers because many firms are dependent on a large number of jurisdictions.

Although we know that managers use CPA to influence politicians in jurisdictions where they are dependent, less research has articulated factors that can direct (or inhibit) managerial engagement in dependence management, leaving our understanding of CPA incomplete (Hadani, Bonardi, & Dahan, 2017; Hillman et al., 2004; Hillman, Withers, & Collins, 2009; Lux, Crook, & Woehr, 2011). Conventionally, the resource dependence theory (RDT) explanation of CPA has been straightforward: firms spend more on CPA as the magnitude of their dependence on government increases (Hillman et al., 2009; Lux et al., 2011), in general and presumably across jurisdictions. Although the relationship between dependence and CPA is positive, it is quite

We are grateful to our editor Kevin Steensma and three anonymous reviewers for the constructive guidance they provided. We also thank Gonzalo Molina-Sieiro for his helpful advice.
Counting Monopoly Money Twice: Resale Discounting in Consumer-to-Consumer Exchange

CATHERINE A. ARMSTRONG SOULE AND SARA HANSON

ABSTRACT Consumer-to-consumer (C2C) secondhand exchange activity has exploded due to increased user connectivity stemming from widespread digital platform development and adoption. This research focuses on the effects of participation in secondhand exchange collectives on price perceptions. In three studies, the authors find that participation in secondhand exchange leads to price perception changes at various stages of the buying and reselling process, including traditional retail purchase decisions via resale discounting, a novel decision making bias. This research demonstrates that secondhand markets can cause individuals who are considering a purchase to (1) view firsthand prices as more reasonable and (2) increase purchase likelihood of firsthand products. Individuals who engage in secondhand exchange collectives report higher worth for products but only in secondhand-relevant categories. Finally, when individuals resell items, despite factoring resale income into the cost of the original item as a mental discount, they also reduce price perceptions of a future, unrelated purchase.

"It’s like monopoly money!" exclaims a happy seller belonging to a secondhand exchange collective, describing the income she earns from selling used clothing. Another member of this buy/sell/trade (BST) group—a consumer-initiated online collective to facilitate buying and selling (and sometimes trading) secondhand items—confesses when thinking about her traditional firsthand retail purchases, "[BSTs] changed the way I thought about buying. Because instead of spending $30 on an item and you never see that money again, you’re spending $30 and you could maybe get $10 of it back if you resold it at the end." Quotes like these suggest that participants in secondhand exchange collectives can perceive money earned in resale exchanges quite differently.

Secondhand exchange collectives are consumer-to-consumer collectives that focus on the buying and reselling of products and feature both transactional and social elements. These collectives also depend on consumers fulfilling both supply and demand; therefore, individual consumers often act as both buyers and (re)sellers in these spaces. Secondhand exchange encompasses many types of consumption activities, such as garage sales, thrift shops, flea markets, and swap meets, auction sites, social media groups, and formal marketplaces, third party applications (e.g., Poshmark, thredUP), and even traditional brand-facilitated reselling platforms (e.g., Nordstrom’s “See You Tomorrow” pop-up, in-store boutiques). While these various types of collectives are experiencing an explosion of growth and consumer activity resulting in dramatically different consumption patterns in the marketplace, they remain understudied (Ertz, Durif, and Arcand 2019). Because behavioral and decision-making patterns in secondhand exchange are fundamentally altered from the traditional consumption conceptualization of the sequential stages of consideration, purchase, use, and dispose pattern, study in this area is necessary. A particularly ripe area for research is how secondhand exchange collective participation (including knowledge and discussion of these groups, browsing, shopping, interacting with others, buying secondhand, and reselling) impacts consumers’ price perceptions.

In consumer-to-consumer (C2C) secondhand contexts, every buyer is a potential (but uncertain) future reseller and every reseller played the role of buyer in the past (whether from firsthand, including traditional retail, or secondhand
Social media advertising: How online motivations and congruency influence perceptions of trust

Jeffrey R. Carlson1 | Sara Hanson1 | Joseph Pancras2 | William T. Ross Jr2 | Jacqueline Rousseau-Anderson3

1Robins School of Business, University of Richmond, Richmond, Virginia, USA
2Marketing Department, School of Business, University of Connecticut, Storrs, Connecticut, USA
3BlueConic, and Adjunct faculty, Boston University, Boston, Massachusetts, USA

Correspondence
Jeffrey R. Carlson, Robins School of Business, University of Richmond, Richmond VA 23173, USA.
Email: jcarlso2@richmond.edu

Funding information
Robins School of Business, University of Richmond

Abstract
Drawing from uses and gratifications theory, the current research demonstrates that users’ trust in social media advertising is differentially influenced by the users’ online motivation. We focus on three specific motivation types that previous research has shown are particularly relevant to internet use: (1) information motivation, using the internet to learn about current events and to do research; (2) social-interaction motivation, using the internet to socialize with friends, family, and other individuals; and (3) entertainment motivation, using the internet to pass time and engage in enjoyable activities. Using one survey and two experiments, we show that when users have an informational motivation, trust in social media advertising is lower than when they have an entertainment or social motivation. Congruency between the content of the social media advertisement and the online motivation can mitigate the negative effect on trust associated with an informational motive, while incongruency increases involvement and privacy concerns along with distrust. These findings provide helpful guidance to managers as they implement social media advertising campaigns.

KEYWORDS
advertising congruency, advertising content, advertising trust, online motivations, perceptions of social media advertising, social media advertising, uses and gratifications theory

1 | INTRODUCTION

Digital advertising spend reached an estimated $125 billion in 2019 (Mintel, 2020) and will account for over 70% of total U.S. media advertising spending by 2023 (Perrin, 2021). Moreover, as consumers continue to use social media and because of the changing landscape of advertising in the wake of the COVID-19 pandemic, it will be paramount for advertisers to better understand the mindset of their customers and pay close attention to context and targeting in developing messages (Williamson, 2020). However, increasing the relevancy of advertising, including social media advertising, remains a challenge. Only 22% of consumers trust social media advertisements for recommendations when shopping (eMarketer, 2019). Given these trends, it is imperative for practitioners and scholars to understand the effects, not only of how consumers use the internet, but also how these uses affect consumer perceptions of trust in social media advertising channels in general.

Two streams of research show that understanding online motivations and how consumers perceive online advertising is complex. One stream of research shows that consumers use the internet for a variety of reasons and that these reasons affect their attitudes and behaviors (Joines et al., 2003; Ko et al., 2005). An additional stream of research demonstrates that congruency—the degree of similarity between advertising content and situation—can also influence consumers’ responses to advertising messages (Belanche et al., 2017; Dahlén, 2005; Moorman et al., 2002). Building from these broad findings, we suggest that the effects of online motivation and congruency on trust are not straightforward and may behave in counterintuitive ways. Drawing from uses and gratification theory, we study three different types of consumers’ internet motivation types: information,
Understanding the impact of recipient identification and discount structure on social coupon sharing: The role of altruism and market mavenism

Sara Hanson1 | Monika Kukar-Kinney1 | Hong Yuan2

1Department of Marketing, University of Richmond, Richmond, Virginia, USA
2Department of Marketing, University of Oregon, Eugene, Oregon, USA

Abstract
This study investigates consumers’ sharing of social coupons, a novel and understudied marketing strategy in which a consumer receives a coupon set where one coupon is meant to be kept and redeemed, while the other is meant to be shared with a secondary recipient. Linking the literature on marketing promotions, social influence, sharing motivations, and consumer characteristics, we examine how identification of a specific secondary recipient (e.g., family member vs. co-worker) and coupon discount structure (e.g., equal discount for both the sharer and the secondary recipient vs. a structure favoring one of the parties) affect social coupon sharing. Four experimental studies demonstrate that consumers are more likely to share social coupons when socially close to the identified recipient and when discount structure benefits the secondary recipient due to enhanced feelings of altruism. These effects are particularly impactful for individuals low in market mavenism, whereas individuals high in market mavenism share regardless. These findings enhance theories on behavioral pricing, social influence, and sharing motivations. Results indicate that current practices in the marketplace may not all be strategically sound and that practitioners should carefully consider how identification and discount structure are employed to maximize social coupon sharing.

KEYWORDS
altruism, discount structure, identification, market maven, sharing, social coupon

1 | INTRODUCTION

Social coupons, also referred to as referral coupons, involve a coupon set in which one coupon is meant for an individual, most likely an existing customer, while the second coupon is meant to be shared with a secondary recipient in the customer’s social network. Marketers have long used existing customers as a channel to gain new customers (i.e., referral reward programs; Ryu & Feick, 2007), yet social coupons are a unique strategy in that they offer the consumer no direct benefit for sharing the coupon.

Nascent research in this area suggests that businesses financially benefit by encouraging consumers to share social coupons (Hanson & Yuan, 2018). Still not well understood is why customers share a social coupon, who they are most likely to share it with, what types of social coupons they are most likely to share, and which customers are most likely to share. Whereas prior work has examined consumers’ perceptions of sharing (Reich & Yuan, 2019) and why people share knowledge (Wasko & Faraj, 2005), possessions (Belk, 2009), and information (Berger & Milkman, 2012), the marketing literature regarding why people may share promotions and specifically, why people share social coupons, and what types of promotions they share is still scarce (see Tang et al., 2016; Zhao et al., 2016 for rare exceptions in the realm of mobile coupons via social media). While consumers share marketer-created advertisements as information
Feeling Manipulated: How Tip Request Sequence Impacts Customers and Service Providers?

Nathan Warren¹, Sara Hanson², and Hong Yuan¹

Abstract
Technology is changing frontline service scripts. Businesses are now using mobile point-of-sale applications (e.g., Square) and mobile technology (e.g., iPad) to prompt customers for tips. Tip requests are occurring more frequently at the start of service transactions, before any service has been provided. This research examines how requesting a tip either before or after service completion affects customers and service providers. We test the effects of preservice versus postservice tip sequence in four studies (a natural experiment in the field and three controlled experiments) across food and beauty service contexts. Findings reveal that requesting a tip before (vs. after) completing a service leads to smaller tips, reduced return intentions, diminished word-of-mouth intentions, and lower online ratings. Inferred manipulative intent is revealed as the psychological mechanism underlying the harmful effects of requesting a tip before service. Findings suggest that emphasizing the benefits of automated point-of-sale systems can reduce, but not eliminate, the negative effects of preservice tip requests. Contrary to norms within the service industry, we find that service providers should avoid requesting tips before serving customers.

Keywords
tipping, tip sequence, service script, manipulativeness

Tipped service scripts are being reimagined. Traditionally, customers have been prompted for a tip after a service is completed, such as a tip request via the bill in table service restaurants (Becker, Bradley, and Zantow 2012). New automated technologies (e.g., iPads, tipping apps, online ordering) are changing the sequence of tip requests. With increasing frequency, firms prompt customers to provide a tip at the start of the service encounter, before any service has been performed. For example, online delivery orders by both Jimmy John’s sandwiches and Papa John’s pizza now request tips as part of the ordering and payment process, before the food is made and delivered.

Press accounts indicate that customers have mixed reviews of these changes to tipping scripts. The Today Show recently asked, “Has ‘guilt tipping’ gone too far?” The segment described the proliferation of technology-driven tip requests into business sectors that have not traditionally involved tips, including quick service restaurants and retail shops (Kim 2018). New point-of-sale technologies prompt customers to tip employees who perform simple tasks that were not historically tipped, such as handing a customer a premade muffin from behind a counter (Levitz 2018). Often, these tip requests occur before the service provider has performed any service, forcing customers into a dilemma:

After swiping your credit or debit card, do you agree to a 10, 15, or 20 percent tip for something you have yet to receive—or do you hit the “no tip” button and brace yourself for inferior service from an insulted cashier? (Kim 2018)

The popular press also indicates that customers may have negative impressions of preservice tip requests, suggesting that they evaluate the practice as an unjust instance of persuasion (Campbell 1995; Friestad and Wright 1994). While anecdotal evidence highlights the negative aspects of changes to tipping, it also describes positive changes enabled by technology-facilitated tip requests. The proliferation of technology-facilitated tipping is praised for its convenience and efficiency, while it also allows customers to be more generous and supportive of local service providers (Kim 2018; Levitz 2018). In sum, there is little clarity into how changes to the sequence of tip requests may help or hurt firms or how managers can best integrate new technology into service interactions.

¹ Department of Marketing, Lundquist College of Business, University of Oregon, Eugene, OR, USA
² Department of Marketing, Robins School of Business, University of Richmond, Richmond, VA, USA

Corresponding Author:
Nathan Warren, Department of Marketing, Lundquist College of Business, University of Oregon, 1208 University St., Eugene, OR 97403, USA.
Email: nwarren7@uoregon.edu
Understanding the impact of recipient identification and discount structure on social coupon sharing: The role of altruism and market mavenism

Sara Hanson1 | Monika Kukar-Kinney1 | Hong Yuan2

1Department of Marketing, University of Richmond, Richmond, Virginia, USA
2Department of Marketing, University of Oregon, Eugene, Oregon, USA

Abstract
This study investigates consumers’ sharing of social coupons, a novel and understudied marketing strategy in which a consumer receives a coupon set where one coupon is meant to be kept and redeemed, while the other is meant to be shared with a secondary recipient. Linking the literature on marketing promotions, social influence, sharing motivations, and consumer characteristics, we examine how identification of a specific secondary recipient (e.g., family member vs. co-worker) and coupon discount structure (e.g., equal discount for both the sharer and the secondary recipient vs. a structure favoring one of the parties) affect social coupon sharing. Four experimental studies demonstrate that consumers are more likely to share social coupons when socially close to the identified recipient and when discount structure benefits the secondary recipient due to enhanced feelings of altruism. These effects are particularly impactful for individuals low in market mavenism, whereas individuals high in market mavenism share regardless. These findings enhance theories on behavioral pricing, social influence, and sharing motivations. Results indicate that current practices in the marketplace may not all be strategically sound and that practitioners should carefully consider how identification and discount structure are employed to maximize social coupon sharing.

Keywords
altruism, discount structure, identification, market maven, sharing, social coupon

1 | INTRODUCTION
Social coupons, also referred to as referral coupons, involve a coupon set in which one coupon is meant for an individual, most likely an existing customer, while the second coupon is meant to be shared with a secondary recipient in the customer’s social network. Marketers have long used existing customers as a channel to gain new customers (i.e., referral reward programs; Ryu & Feick, 2007), yet social coupons are a unique strategy in that they offer the consumer no direct benefit for sharing the coupon.

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Consumers’ de-ownership as a predictor of dark-side digital acquisition behavior: Moderating role of moral intensity and collectivism

Mateja Kos Koklic a, b, *, Monika Kukar-Kinney b, Irena Vida a

a University of Ljubljana, School of Economics and Business, Kardeljeva ploscad 17, 1000 Ljubljana, Slovenia
b Robins School of Business, University of Richmond, Richmond, VA 23173, United States

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De-ownership orientation
Compulsive digital acquisition
Impulsive digital acquisition
Digital piracy

ABSTRACT

An important trend that has emerged within the past decade is a tendency towards a sharing economy, where consumers share with, lend to or rent from other consumers rather than buy and own. While research interest in the topic abounds, no studies have empirically examined the effects of consumers’ orientation towards lending or renting (i.e., de-ownership orientation) on their compulsive and impulsive digital acquisition tendencies. To fill in these gaps, the authors explicate how consumers’ de-ownership orientation influences digital piracy as a dark-side digital acquisition behavior through their compulsive and impulsive digital acquisition tendencies. Findings from a U.S. panel survey indicate that consumers’ de-ownership orientation leads to higher compulsive and impulsive digital acquisition tendencies, and consequently, stimulates digital piracy. This research also demonstrates that consumers’ moral intensity attenuates the identified positive relationships, while collectivistic feelings strengthen the effects of de-ownership orientation on compulsive and impulsive digital acquisition tendencies.

1. Introduction

While consumption and ownership have historically been conceived as key contributors to and reflections of consumer identities (Belk, 1988), profound changes in how we perceive ownership have occurred in the contemporary postmodern society (Matzler, Veider & Kathan, 2015). Largely due to the burdens of ownership, we observe a shift from physical possessions to desiring merely access to goods and services (e.g., Schaefers, Lawson & Kukar-Kinney, 2016). Modern technologies and peer-to-peer communities have enabled consumers to participate in sharing economy by renting, lending, and sharing possessions through various platforms (e.g., Airbnb, Uber) and access-based services (e.g., Bardhi & Eckhardt, 2012). Indeed, collaborative consumption is a key feature of the sharing economy and represents an economic model based on sharing, swapping, trading, or renting products and services, thus enabling access over ownership (Botsman, 2013).

Another trend observed in the postmodern consumer society relates to the emerging dark-side consumer behaviors, in particular in the online space. Previous research investigated various activities within the realm of such behaviors including digital hoarding (e.g., Sweeten, Sillence & Neave, 2018), digital piracy (e.g., Vida, Koklic, Kukar-Kinney, & Penz, 2012), Internet addiction (e.g., Starcevic & Aboujaoude, 2017), compulsive computer use (e.g., Sim, Walsh, Hassan, & Parry, 2012) and compulsive online buying (Kukar-Kinney, Ridgway & Monroe, 2009). However, there seems to be a clear gap in investigating both major trends together in a focused research. The extent to which consumers desire to own versus simply share products may determine the extent to which and the way in which they acquire digital content, whether by legal or illegal means. Hence, in this study we examine the effects of consumers’ de-ownership on the extent of dark-side digital acquisition behavior, specifically, digital piracy. Through their compulsive and impulsive digital acquisition tendencies. In addition, we scrutinize two specific conditions under which these effects occur: moral intensity (perceived social impact of dark side behaviors) and collectivism (emphasis on in-group loyalty and group membership).

The structure of this paper is as follows. First, we introduce the existing theoretical foundations related to the notions of consumer de-ownership, dark-side digital acquisition and digital piracy. Next, we set out a conceptual framework of the study and present theoretically grounded hypotheses. Subsequently, we discuss methodological procedures and report the results of the empirical study. Lastly, we conclude our paper with theoretical and managerial implications as well as

* Corresponding author.
E-mail address: mateja.kos@ef.uni-lj.si (M. Kos Koklic).

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 Consumers’ personality and compulsive buying behavior: The role of hedonistic shopping experiences and gender in mediating-moderating relationships

Piotr Tarka, Monika Kukar-Kinney, Richard J. Harnish

Abstract

Although existing research suggests that personality plays an important role in explaining compulsive buying behavior, there is still potential space to diagnose the theoretical mediational mechanisms underlying these effects or the extent to which these relationships vary across different consumer demographic groups. Indeed, the role of specific personality traits on hedonistic shopping experiences and compulsive buying still awaits an in-depth examination and clarification. Thus, the present research contributes to existing knowledge by: (1) examining hedonistic shopping experiences (HSE) as a mediating mechanism on compulsive buying (CB); and (2) investigating the role of gender as a moderating variable. Using a sample of 363 adults and data derived from the US market, we confirmed the role of hedonistic shopping experiences, a central trait, in mediating the effects of compulsive buying, a surface trait. Specifically, neuroticism, extraversion, openness to experience, conscientiousness and agreeableness, on compulsive buying, a surface trait. Specifically, neuroticism, extraversion, openness to experience, conscientiousness and agreeableness showed a stronger direct and negative relationship with hedonistic shopping experiences and compulsive buying. In addition, neuroticism, extraversion, and openness to experience exerted a more indirect and positive influence on compulsive buying, while conscientiousness and agreeableness showed a stronger direct and negative relationship with hedonistic shopping experiences and compulsive buying.

1. Introduction

Compulsive buying has garnered a growing interest among consumer researchers over the past years (e.g., Ridgway et al., 2008). This pathological form of repetitive and excessive buying develops in response to psychological problems (O’Guinn and Faber, 1989). Consumers who engage in compulsive buying do so because it provides immediate, although short-term, relief from anxiety or depression they are experiencing (Hassay and Smith, 1998). Consequently, compulsive buying reflects a way of coping with life’s challenges brought about by low self-esteem and self-image concerns (Roberts et al., 2014), as well as emotional tension. Fulfillment of consumers’ consumption desires generally leads to affective psychological states (e.g., pleasure, excitement, discomfort, guilt; Boujbel and d’Astous, 2015); however, when consumers lose control over buying and consume too many products, the resulting consequences are broader and include social and budgetary problems (Müller et al., 2015).

Compulsive buying disorder (see Ridgway et al., 2008) manifest itself in a consumer’s excessive attention to and engagement in shopping and the overwhelming urge to buy (McElroy et al., 1994). The present study examines the psychological nature of the antecedents of compulsive buying (Tarka and Harnish, 2020). More specifically, in the current research, the influence of cardinal traits such as neuroticism, extraversion, openness to experience, conscientiousness and agreeableness, on compulsive buying, a surface trait. Specifically, neuroticism, extraversion, openness to experience, conscientiousness and agreeableness showed a stronger direct and negative relationship with hedonistic shopping experiences and compulsive buying. In addition, neuroticism, extraversion, and openness to experience exerted a more indirect and positive influence on compulsive buying, while conscientiousness and agreeableness showed a stronger direct and negative relationship with hedonistic shopping experiences and compulsive buying.

Keywords:
Personality (cardinal) traits
Hedonistic shopping experiences
Compulsive buying
Gender
Mediation and Moderation analysis

* Corresponding author.
E-mail addresses: piotr.tarka@ue.poznan.pl (P. Tarka), mkukarki@richmond.edu (M. Kukar-Kinney), rjh27@psu.edu (R.J. Harnish).

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Luxury goods and their counterfeits in Sub-Saharan Africa: a conceptual model of counterfeit luxury purchase intentions and empirical test

Charmant Sengabira Ndereyimana
School of Management, Kyung Hee University, Seoul, Republic of Korea
Antonio K.W. Lau
Kyung Hee University, Seoul, Republic of Korea
Dana-Nicoleta Lascu
Marketing, University of Richmond, Richmond, Virginia, USA, and
Ajay K. Manrai
Marketing, University of Delaware, Newark, Delaware, USA

Abstract

Purpose – Heeding the call for insights into the Sub-Saharan African international marketing context, this study aims to empirically examine consumers' desires and motivations for buying counterfeit luxury goods. It examines influences on consumers' attitudes and purchase intentions related to counterfeit luxury goods in Rwanda, one of Sub-Saharan Africa’s fastest-growing economies and growing luxury markets, developing and testing a model examining the effect of social context on personal attributes, providing evidence on economic and social-status factors as drivers for counterfeiting.

Design/methodology/approach – The data were collected using an online survey administered in Rwanda to consumers who had previously purchased luxury goods and counterfeits. A total of 312 valid responses were analyzed using structural equation modeling.

Findings – This study found that normative and informational influences had a positive effect on Rwandan consumers' attitude toward purchasing counterfeit luxury products, with attitude influencing purchase intentions directly and indirectly, through mediating variable desire for status or through value consciousness and desire for status.

Originality/value – The study contributes to academic research – one of the first empirical studies to examine consumers’ desires and motivations for buying counterfeit luxury goods in Sub-Saharan Africa, providing insights that benefit scholars and practitioners seeking to better understand a market where more than half of the world's fastest economies are located.

Keywords Luxury goods, Counterfeit luxury goods, Attitudes and purchase intentions, Normative and informational influences, Desire for status, Value consciousness, Rwanda, Sub-Saharan Africa

Paper type Research paper

Introduction

Luxury goods have rapidly penetrated low-income countries. Well-heeled Mongolians purchase Gucci accessories and Rolex watches at retailers in Ulaanbataar’s central square, Sukhbaatar, and their luxury competitors display glossy billboards nearby. Luxury brands – Gucci, Hermès, Louis Vuitton, and others – are popular at Men’s Fashion, in Kigali, Rwanda, whose fashion week features local luxury fashion brands UZI Collections, Haute Baso and others (Feiger, 2017). In Sub-Saharan Africa, where income is low – Rwanda’s annual GNI per capita is $830 (World Bank, 2021), – high-demand luxury goods also include branded goods

This work was supported by a grant from Kyung Hee University in 2020 KHU-20201224.
Introduction

A modern start-up’s initial success and long-term viability depends upon its overcoming a series of increasingly challenging obstacles. First, it needs to evaluate and modify its product or solution to ensure fit with an intended market. Assuming it truly addresses a pressing customer need, the firm must then create commercial viability. The offering’s feature set, positioning, distribution, pricing, partnerships, and branding all need to be not only established but generate a positive market reaction (Greiner, 1998). In addition, it must ensure that it has the internal capabilities, resources, and business model to manage the business effectively on a day-to-day basis (Zott & Amit, 2008).

If all goes well, the path forward becomes even more difficult. Building upon initial successes, the firm’s leaders look to scale up the business (Picken, 2017). Capital, resource allocation, staffing, and other key decisions all come to the forefront. The firm may test its capabilities via a small-scale regional or partner-based experiment and then attempt a full-blown scale-up. As it does this, early investor pressure for accelerating scaling builds because that is the path to a quick and profitable exit for them. This, however, creates a dilemma for the firm’s founders and leaders. Should they focus on further refining the product or solution that generated the initial momentum, thus solidifying the small-scale success (O’Reilly & Tushman, 2011)? Or should they focus on new products and new markets as paths to faster growth?

Focusing on refining the existing product or solution and deepening ties with current customers may limit growth and dash investor expectations, whereas focusing on new products and markets may take attention and resources away from what made the firm successful in the first place.

Founded in 1998, Netflix has not only defied the start-up odds but has been consistently able to successfully alter its business model and commercial offerings numerous times over more than two decades. Moreover, it has expanded its market from a single country to 190 in 10 years. In the face of large, entrenched competitors (Blockbuster, Wal-Mart, HBO, and filmed entertainment of all categories), Netflix has been able to pivot and win at each turn.

Perhaps Netflix exemplifies what Schumpeter (1942, 82–83) labelled “creative destruction”—the “process of industrial mutation that continuously revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.” Netflix has created new structures on the backs of its old ones at least ten times, leveraging its learnings from prior incarnations. Netflix co-founder Marc Randolph, former Chief People Officer Patty McCord, and former Chief Product Officer Neil Hunt, along with their colleagues, created a company capable of incessantly creating new versions of itself, seemingly facing and overcoming monumental risk at each stage. As Randolph shared with Jaworski, “If you’re overly obsessed about upsetting your legacy business, you’re screwed to begin with.”

The question we address in this commentary on Jaworski’s interviews of the three members of Netflix’s original leadership team is what enabled the company to prevent itself from being yet another “dot com” company littering Silicon Valley in the late 1990s and transition to a global leader in entertainment. Its two founders were successful tech entrepreneurs, but so were countless other company leaders that we have not heard of since. Netflix had the support of leading venture capital firms, but so did hundreds of other companies that did not survive the dot-com crash...
Business actor engagement: Exploring its antecedents and types

Peter Ekman, Jimmie G. Röndell, Elena Anastasiadou, Christian Kowalkowski, Randle D. Raggio, Steven M. Thompson

Malardalen University, School of Business, Society and Engineering, Box 883, 721 23 Vasteras, Sweden
Linköping University, Department of Management and Engineering, 581 83 Linköping, Sweden
University of Richmond, Robins School of Business, 410 Westhampton Way, Richmond, VA 23173, USA
Hanken School of Economics, Department of Marketing, CERS—Centre for Relationship Marketing and Service Management, 00101 Helsinki, Finland

Abstract

Building on recent engagement research, this study contributes to a deepened understanding of business actor engagement (BAE) dimensions that includes both behaviors and emotions. Following a systematic combining approach, this study contextualizes and clarifies BAE. Through an analysis of dyadic data (providing firm and customers), we offer in-depth knowledge of the antecedents and types of BAE. This study identifies engagement disposition combined with engagement connectedness as the antecedents of an engagement initiative’s overall BAE. Building on these dynamics, we propose a conceptual BAE framework with a set of testable propositions that links BAE with its proposed antecedents. Finally, we use the empirical and theoretical insights to derive a BAE taxonomy consisting of four types that offers guidance on how to manage customers with different engagement characteristics in practice.

1. Introduction

Over the past decade, the concept of engagement has been proclaimed as a research priority (e.g., Brodie, Hoollebeek, Juric, & Illic, 2011; Harmeling, Moffett, Arnold, & Carlson, 2017; Kumar, Rajan, Gupta, & Dalla Pozza, 2019). It offers an updated view of how firms relate to, and depend on, various actors, resources, and activities outside their own organization’s realm (e.g., customers, suppliers, and partners) to facilitate the creation of value. Recent engagement research embraces a general actor-to-actor perspective, which broadens the conceptual domain of marketing beyond the traditional focal subject of ‘customers as consumers’ (Brodie, Fehrer, Jaakkola, & Conduit, 2019). It investigates the conditions under which actors choose to engage or not with other actors in their network, along with the forms of engagement and outcomes associated with their choices. As such, the concept of engagement potentially transcends traditional marketing concepts like loyalty (as in ‘submissive’ allegiance), involvement and commitment (as in contractual obligations), and co-production (as in pre-defined collaborative responsibilities) (Brodie et al., 2019; Chandler & Lusch, 2015; Pansari & Kumar, 2016). If so, then engagement can be a significant driver of business performance and calls for additional research into the concept of engagement are well founded.

Research has initially focused on ‘consumer engagement’ and ‘brand engagement,’ tracing effects such as recurring purchases, positive referrals, active advocacy, and influence (e.g., social media). However, studies to understand the potentially specific aspects of engagement by actors in a B2B setting are limited (Jaakkola & Alexander, 2014; Kleinentalkamp, Karpen, Plewa, Jaakkola, & Conduit, 2019; Storbacka, 2019). Indeed, Nyadzayo, Casidy, and Thaichon (2020) (p. 198), identify that a “significan dearth of academic research on the conceptualization of B2B customer engagement is clearly evident, specifically in terms of its antecedents and consequences.” We agree that the causes and types of actor engagement in a B2B setting—i.e., business actor engagement (BAE)—are underexplored and that there are important reasons to develop this knowledge further. B2B relationships are typically more utilitarian, long-term, and organizationally and technically complex, involving repeated interactions between diverse sets of individuals and stakeholder groups in the involved organizations. Thus, in business markets, engagement needs to be regarded as a collective effort where both individual and group actions influence the outcomes (Kleinentalkamp et al., 2019).

An early description of engagement was “a sense of involvement, of being connected with something” (Calder & Maltzhouse, 2008) (p. 2), while later conceptualizations understood engagement through...
Emergent market innovation: A longitudinal study of technology-driven capability development and institutional work

Peter Ekman a,*, Jimmie Röndell a, Christian Kowalkowski b, Randle D. Raggio c, Steven M. Thompson a, d

a Mälardalen University, School of Business, Society and Engineering, Box 883, 721 23 Västerås, Sweden
b Linköping University, Department of Management and Engineering, 581 83 Linköping, Sweden
c University of Richmond, Robins School of Business, 410 Westhampton Way, Richmond, VA 23173, USA

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- Market innovation
- Market-shaping
- Digitalization
- Critical case

ABSTRACT
Extant literature focuses primarily on deliberate, proactive market-shaping efforts to understand changes in markets. This paper explores how emergent, incremental activities might unintentionally prompt market innovation due to the interactions of capability development and its required institutional work. Using a critical case method, we study a firm that successfully challenged established market logic by systematically changing its capabilities. A longitudinal field study reveals that capability development demands induce changes to institutional foundations; then, as institutions change, further capabilities can be developed, all of which may instigate wider market innovation outcomes. This study conceptualizes this intricate, iterative process, as well as its evolutionary market innovation outcomes. The proposed three-level capability model can guide firms striving to offer new and innovative services. The authors also detail a three-stage research design methodology that can help research and practice gain in-depth understanding of both emergent unintentional market innovation and strategic deliberate market-shaping activities.

1. Introduction

I believe that there are renaissance people and renaissance firms; you should allow yourself to try out new things and to embrace new perspectives, questioning established “truths”!

–CEO, Alpha

Historically, markets have been depicted as static arenas, waiting to be exploited. Innovative firms strategically aim to alter existing market structures and market actors’ behaviors, to gain competitive advantages (Jaworski, Kohli, & Sahay, 2000; Kjellberg, Azimont, & Reid, 2015; Storbacka & Nenonen, 2015). Increasingly though, markets are recognized as emerging, malleable ecosystems, constantly in the making (Humphreys & Carpenter, 2018; Kjellberg & Helgesson, 2006). For example, firms can use digital technologies to develop new value propositions and change sociotechnical structures, not just technical processes to create market opportunities (Svahn, Mathiassen, & Lindgren, 2017). For example, Spotify and Tesla, fundamentally changed the music and automotive markets, respectively. Accordingly, marketing scholarship has started to understand market changes as the result of institutional changes initiated by companies’ institutional work. This research domain explicitly pertains to “efforts of individuals and collective actors to cope with, keep up with, shore up, tear down, tinker with, transform, or create anew the institutional structures within which they live, work, and play, and which give them their roles, relationships, resources, and routines” (Lawrence, Sudabby, & Lea, 2011, p. 53).

Recent research into institutional orientations (Chaney, Carrillat, & Zouari, 2019) and capabilities (Kindström, Ottosson, & Carlborg, 2018; Nenonen, Storbacka, & Windahl, 2019; Windahl, Karpen, & Wright, 2020) focus on identifying the deliberate, proactive market-shaping activities of actors based on the definition of institutional work as “the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions” (Lawrence & Sudabby, 2006, p. 215). To complement recent literature, we study emergent market innovation, where the outcome of actors’ everyday activities is less deliberate or intended. Vargo, Weiland, and Akaka (2015) describe market innovation as the ongoing institutionalization of newly cocreated value propositions. This process is contingent on the capabilities and institutional arrangements of the value-proposing actor. The
Disentangling the meanings of brand authenticity: The entity-referent correspondence framework of authenticity

Julie Guidry Moulard, Randle D. Raggio, Judith Anne Garretson Folse

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Abstract

Although marketing researchers agree that brand authenticity has various meanings, little consensus exists concerning the number of meanings and what those meanings entail. This paper addresses this lack of clarity in the literature by introducing the Entity-Referent Correspondence (ERC) Framework of Authenticity. The ERC Framework provides an overarching definition of authenticity—a consumer’s perception of the degree to which a supposed authentic entity corresponds with or is “true to” something else, which we label a referent. The ERC Framework also suggests three types of authenticity—true-to-ideal, true-to-fact, and true-to-self—that are consistent with the general definition yet are distinct. Each type may manifest in a variety of ways in a brand context, suggesting that brand authenticity is not a singular concept. The framework also proposes nomological nets that explain how consumers form perceptions of each type, how the types lead to managerially relevant outcomes (e.g., expected quality, trust), and how the types affect each other. This research advances the literature on brand authenticity by offering three types of conceptual contributions as identified by MacInnis (2011): integrating, differentiating, and delineating.

Keywords Brand authenticity · Authenticity · Truth · True-to-ideal · True-to-fact · True-to-self

Even before the era of “fake news” and fake burgers like the Impossible Burger, consumers desired authenticity. In their seminal article on authentic market offerings, Grayson and Martinec (2004) note that consumers’ desire for authenticity has existed for hundreds of years. Marketing academics concur that such sentiments still exist today; consumers’ quest for authenticity is a cornerstone of modern-day marketing (Brown et al. 2003). Recent scholarly articles focus on a brand’s authenticity, cataloging a multitude of potential positive consumer outcomes, such as brand reputation and brand equity (Napoli et al. 2016), as well as product quality and attributions of corporate social responsibility (Johnson et al., 2015), just to name a few.

Interest in brand authenticity is increasing outside of academia. Popular business books suggest that “authenticity is the benchmark against which all brands are now judged” (Grant 1999, p. 98) and is “what consumers really want” (Gilmore and Pine 2007). Euromonitor International, a market research provider, identifies “Striving for Authenticity” as one of the top 20 megatrends that will shape consumer markets through 2030 (Euromonitor 2019). An Australian consulting firm has developed a brand authenticity index (“True Grit” 2006), and Interbrand includes authenticity as a component in determining its list of Best 100 Global Brands (Interbrand 2018). To tap this underlying consumer need, brands increasingly tout their authenticity: The RealReal positions itself as an “Authenticated Luxury Consignment” boutique selling used high-end brands; Zatarain’s seasonings and rice mixes touts it has been “Keeping It Real Since 1889”; and Budweiser features itself as “The Genuine Article.”