



Duke University professors Gavan Fitzsimons and Tanya Chartrand find that when people are exposed to Apple's creativity-associated logo, even a brick can inspire their imaginations.

want to win their next tennis match, a little exposure to Nike's swoosh wouldn't hurt.

Their paper "Automatic effects of brand exposure on behavior" was published in the April issue of the *Journal of Consumer Research*.

Emigration Boosts Innovation

When innovators emigrate to jobs in new countries, they create a chain reaction of positive economic side effects, not only for their new organization and country, but also for the organization they left behind.

In a study from the University of Toronto's Rotman School of Management in Ontario, Canada, doctoral student Alexander Oettl and entrepreneurship professor Ajay Agrawal found that when scientists, engineers, and other inventors emigrate to new countries, they expand their social and professional networks. That generates a flow of new expertise and ideas into their new organizations and back to the ones they've left behind. Eventually, this process broadens the knowledge base in the inventor's new home country.

"A German engineer who moves to Canada develops a social and professional network in her new country while still maintaining, to some degree at least, connections with her network in her original country," explains Oettl.

Companies that lose prized employees to firms in other countries

Creative Brands Spark Creative Behavior

A boost in your creative abilities may be only a logo away, say researchers from Duke University's Fuqua School of Business in Durham, North Carolina, and the University of Waterloo in Ontario, Canada. Gavan Fitzsimons and Tanya Chartrand, professors at Duke, and Gráinne Fitzsimons, an associate professor of social psychology at the University of Waterloo, discovered that even split-second exposure to well-known brands can inspire people to express the traits those brands convey.

"Each of us is exposed to thousands of brand images every day," says Gavan Fitzsimons. "Our work demonstrates that even fleeting glimpses of logos can affect us quite dramatically."

For their study, the researchers selected two competing but well-known brands—Apple and IBM. Apple's brand is seen as noncon-

formist, innovative, and creative; IBM's brand, as traditional, smart, and responsible. The team presented university students with a computer-delivered visual acuity task, during which they were exposed to quick, imperceptible flashes of either the Apple logo, the IBM logo, or no logo at all.

After completing the task, participants were asked to invent as many uses for a brick as they could. Of the three test groups, those exposed to the Apple logo won the creativity challenge, coming up with more inventive uses for a brick.

These findings suggest that companies with established brands might spend their advertising dollars more wisely on product placement and outreach opportunities, rather than on traditional print and television ads.

At the same time, consumers aware of how brands can influence their behavior could use this knowledge to their advantage. That is, say these researchers, for those who



Ajay Agrawal



Alexander Oettl

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can mitigate their losses by maintaining or re-establishing relationships with those former staff members.

The complete study can be found at www.rotman.utoronto.ca/NewThinking/Oettle.pdf. It will be published in a forthcoming issue of the *Journal of International Business Studies*.

CEO Arrogance Leads To Bad Mergers

Note to CEOs: Humility is good, and hubris is bad. At least, when it comes to mergers and acquisitions. A study by two business professors at the University of Iowa's Tippie College of Business in Iowa City provides evidence that CEOs who believe their own hype could be their companies' downfall during M&A activities.

Finance professors Matt Billett and Yiming Qian examined mergers and acquisitions of publicly traded companies between 1980 and 2002, estimating the value of each merger or acquisition by the stock market's reaction upon its announcement. They found that while a CEO's first acquisition leads to little or no change in company value, subsequent mergers show a mean drop in value of 1.5 percent.

What determines the success of a merger? Often, sheer luck, say Billett and Qian. Those CEOs who believe that a successful M&A is due to their decision-making skill, rather than good luck, may take bigger risks down the road, which can destroy company value.

The researchers suggest that firms can counteract the effects of

CEO hubris by more thoroughly examining acquisition proposals from CEOs—especially those who have been involved in multiple acquisitions in the past.

The paper, "Are Overconfident CEOs Born or Made? Evidence of Self-Attribution Bias from Frequent Acquirers," will be published in a forthcoming issue of *Management Science*.



Matt Billett



Yiming Qian

UPCOMING & ONGOING

LAB EXAMINES CONSUMER BEHAVIOR

The University of Miami School of Business Administration in Florida has opened the Canes Behavioral Laboratory to conduct technology-driven marketing research. The lab houses 31 networked computer workstations outfitted with behavioral research software, computer joysticks, and headsets for studies requiring audio. Researchers will use this equipment for activities ranging from interactive surveys to product simulations in virtual environments. In one study, for example, Canes researchers are looking at what happens when consumers shy away from buying a marked-down product when they know it was sold previously at an even deeper discount. The study's findings may help retailers position such

products differently to make them more appealing to customers.

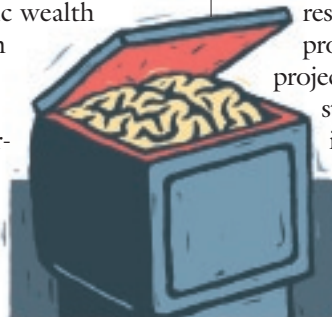
ENTREPRENEURIAL THINK TANK

EM Lyon Business School in France will hold the World Entrepreneurship Forum on November 13 to 15. The event is planned as "the first international think tank dedicated to entrepreneurs and their role in society." Intended to be an annual event, the forum will comprise discussions about socially responsible enterprise and its role in creating economic wealth and social justice. In July, the school also will hold the Junior World Entrepreneurship Forum, where business students can meet to discuss the role of entrepreneurship

in the future. For more information, visit www.world-entrepreneurship-forum.com.

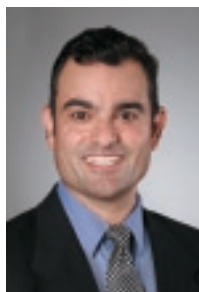
\$1.1 MIL FOR RESEARCH GRANTS

Researchers at the Telfer School of Management at the University of Ottawa in Canada have received more than \$1.1 million in grants from the Social Sciences and Humanities Research Council (SSHRC) and the Natural Sciences and Engineering Research Council (NSERC). This funding will be distributed among 14 research projects led by Telfer professors. Among the funded projects are Jonathan Linton's study of process improvement in supply chains and Wojtek Michalowski's research of methodologies for integrating clinical information at the point of patient care in emergency rooms.





Nigel Melville



Jonathan Whitaker



Robert Plice



Jason Dedrick

Emerging Economies Ahead of the Internet Game

When it comes to the Internet, businesses in emerging economies might be ahead of the game compared to their counterparts in more developed countries.

This is the finding of a recent study by Nigel Melville, assistant professor at the University of Michigan's Ross School of Business in Ann Arbor; Jonathan Whitaker, assistant professor at the University of Richmond's Robins School of Business in Virginia; Robert Plice, assistant professor at San Diego State University's College of Business Administration in California; and Jason Dedrick, senior research fellow at the Center for Research on Information Technology and Organizations at the University of California, Irvine. The team studied survey data and case examples from firms in ten countries in North and South America, Europe, and Asia.

The researchers found that firms in emerging economies report a higher rate of Internet use to integrate processes with business partners. In addition, these organizations report a stronger motivation to use the Internet to achieve revenue growth and operational efficiency.

They found that companies in

First World economies conduct more Internet transactions than those in emerging economies, most likely because credit card use in developing regions is still low. However, companies in emerging economies surpass their counterparts in more developed economies in their use of the Internet to achieve higher profits and manage business-to-business communication.

"These findings run counter to conventional wisdom that firms in developed countries will lead their industries in terms of technology-enabled business practices," says Melville.

The study, "Internet Business Practices Across the Globe: Lessons from Emerging Economies," is available on the Social Science Research Network (www.ssrn.com).

When Customer Loyalty Doesn't Pay

When is it better to offer better prices to retain old customers than it is to offer incentives to attract new ones? It's better to reward current customers only when a company operates in an industry where customers routinely switch to competitors' products or services, finds a study from the Yale Center for Customer Insights at the Yale School of Management in New Haven, Connecticut.

Yale professors Jiwoong Shin and K. Sudhir explain that this question can be resolved by considering two realities of world markets. First, about 80 percent of a company's profits often are generated by about 20 percent of its customers—referred to as the "80/20 rule." Second, customers often switch to competitors' products or services when their preferences change.

The authors found that it is profitable for a firm to reward its own best customers only in industries where both of these factors apply, such as airlines or apparel. However, in industries where customers follow the 80/20 rule but rarely switch institutions due to cost or inconvenience—such as banking and computer software—it is better to offer incentives to competitors' customers.

"Pricing differentially to your customers and noncustomers is almost always profitable because the 80/20 rule is prevalent in most markets," says Shin. "When firms then factor in the threat of their customers switching to the competition, they can find the right balance between retention and acquisition."

"Behavior-Based Pricing: When to Punish or Reward Current Customers," is available at mba.yale.edu/faculty/pdf/shinj_Behavior_Based_Pricing_2007-MS.pdf.



Jiwoong Shin



K. Sudhir

The more that people's feelings of self-worth are wrapped up in a poor decision they've made, the greater their impulse will be to justify it.

High Self-Esteem, Poor Decisions

Most managers realize that praising employees' performance can lead to happier, more productive work environments. But some types of positive feedback may actually backfire and lead employees to make poorer decisions in the long run, say researchers from Northwestern University in Evanston and the London Business School in the United Kingdom.

Niro Sivanathan, lead author and doctoral candidate in management and organizations at Northwestern's Kellogg School of Management, worked with Daniel Molden, assistant professor of psychology at Northwestern; Adam Galinsky, professor of management and organizations at Kellogg; and Gillian Ku, assistant professor of organizational behavior at the London Business School. They looked across several studies that examined self-esteem in the workplace—particularly how boosting it affects an employee's tendency to justify and recommit to bad decisions.

In one study, participants acted as senior managers of a large investment bank. Some participants received positive feedback that emphasized their excellent rationality, a trait closely related to their decision to hire a person who was not performing well. Those in this group overwhelmingly recommitted to the initial hiring decision. On the other hand, participants who received praise for skills unrelated to the questionable decision—on their creativity or innovation, for example—were less likely to recommit to the decision.

"The more that people's feelings of self-worth are wrapped up in a



poor decision they've made, the greater their impulse will be to justify it," says Molden. To counteract this effect, the researchers suggest a framework that can help managers

more effectively boost employees' self-esteem.

It would be a bad idea for a supervisor to praise a finance division for its analytical skills at the same time that its current allocation strategy is losing money, says Galinsky. However, positive feedback that affirms employees' value to the company could lift their spirits and inspire them to change tactics.

Their article, "The Promise and Peril of Self-Affirmation in De-escalation of Commitment," is in press with the journal *Organizational Behavior and Human Decision Processes*.

STUDY BRIEFS

■ CURRENCY FUND MANAGERS OVERRATED?

Conventional wisdom holds that professional currency hedge fund managers earn their high fees with high returns. That's not true in most cases, finds a study by Richard Levich, finance professor at New York University's Stern School of Business, and Momtchil Pojarliev, head of currencies at Hermes Investment Management. Levich and Pojarliev found that currency return indices outperform the returns of 75 percent of currency fund managers—just as index funds outperform actively managed funds. These managers tend to use the same simple trading strategies of the indices. To earn their superior returns, the other 25 percent use strategies such as market timing. The full



study is online at w4.stern.nyu.edu/finance/docs/WP/2007/pdf/wpa07023.pdf.

■ E-RECRUITMENT WORKS

E-recruitment can be a cost-effective and efficient way for public companies to attract high-quality and diverse candidates, says Emma Parry, a research fellow at the United Kingdom's Cranfield School of Management. For her white paper, "Effective Recruitment for the Public Sector: The Use of E-Recruitment," Parry interviewed 24 employers and surveyed 43 job applicants. She found that e-recruitment reduces organizations' reliance on recruitment agencies and reaches a higher number and more diverse group of candidates worldwide. In addition, online advertising and applications standardize the process and reduce the time to hire. "It's possible for public sector organizations to find success with e-recruitment," says Parry, "providing they approach it in the right way in terms of candidate engagement." ■