

TEL AVIV UNIVERSITY
FACULTY OF MANAGEMENT
THE LEON RECANATI GRADUATE SCHOOL OF
BUSINESS ADMINISTRATION
THE HENRY CROWN INSTITUTE
OF BUSINESS RESEARCH IN ISRAEL
RESEARCH CATALOG
PUBLICATIONS
(Including Abstracts)
January-December 2014

IIBR Publications Series

- Finance, Accounting and Insurance
- Business and Law
- General Management
- Business Ethics
- International Management
- Managerial Economics
- Operations Research and Decisions
- Technology and Information Systems
- Healthcare Management
- Marketing
- Strategy and Entrepreneurship
- Organizational Behavior and Human Resources

Series include working papers, research reports and reprints.

TABLE OF CONTENTS

Finance, Accounting and Insurance	1
Business and Law	3
Managerial Economics.....	4
Operations Research and Decisions.....	5
Technology and Information Systems	7
Marketing.....	9
Strategy and Entrepreneurship.....	12
Organizational Behavior and Human Resources	14

HC-IBRI SERIES IN FINANCE, ACCOUNTING AND INSURANCE

REPRINTS

- 298 P. Kumar and N. Langberg
Optimal incentive contracts and information cascades, *Review of Corporate Finance Studies*, 3(1-2), 123-161, 2014.
- We examine information aggregation regarding industry capital productivity from privately informed managers in a dynamic model with optimal incentive contracts. Information cascades always occur if managers enjoy limited liability: when beliefs regarding productivity become endogenously extreme (optimistic or pessimistic), learning stops. There is no learning if initial beliefs are extreme, or if agency conflicts are severe. In contrast to the literature, cascades occur even when signals have unbounded precision or when there are rich action spaces. Relaxing limited liability constraints is not sufficient to avoid cascades; we provide sufficient conditions for efficient information aggregation through incentive contracts. (JEL G32, D23)
- 288 D. Disatnik, R. Duchin and B. Schmidt
Cash flow hedging and liquidity choices, *Review of Finance*, 18(2), 715-748, 2014; DOI:10.1093/rof/rft006
- This article studies the interaction between corporate hedging and liquidity policies. We present a theoretical model that shows how corporate hedging facilitates greater reliance on cost-effective, externally provided liquidity in lieu of internal resources. We test the model's predictions by employing a new empirical approach that separates cash flow hedging from other hedging instruments. Using detailed, hand-collected data, we find that cash flow hedging reduces the firm's precautionary demand for cash and allows it to rely more on bank lines of credit. Furthermore, we find a significant positive effect of cash flow hedging on firm value, where prior evidence is mixed.
- 283 E. Amir, J.-P. Kallunki and H. Nilsson
The association between individual audit partners' risk preferences and the composition of their client portfolios, *Review of Accounting Studies*, 19(1), 103-133, 2014; DOI 10.1007/s11142-013-9245-8
- We explore whether audit partners' attitude towards risk, as measured by their personal criminal convictions, are reflected in the composition of their client portfolios. Analyzing a unique dataset of Swedish audit partners' criminal convictions, we find that the clients of audit partners with criminal convictions are characterized by greater financial, governance, and reporting risk than those of audit partners without

criminal convictions. Also, clients of audit partners with criminal convictions pay larger audit fees, on average, than those of auditors without criminal convictions.

282

E. Amir, E. Einhorn and I. Kama

The role of accounting disaggregation in detecting and mitigating earnings management, *Review of Accounting Studies*, 19, 43-68, 2014; DOI: 10.1007/s11142-012-9220-9

Though ample empirical evidence alludes to the importance of disaggregated accounting data in the context of earnings management, extant theory considers biases in reporting mostly at the aggregated level of the accounting report. By introducing accounting disaggregation into the conventional theoretical framework of earnings management, this study highlights the essential role that disaggregated accounting data play in detecting and mitigating reporting manipulations. Disaggregated reports are shown to be especially effective when they consist of accounting items that are tightly interrelated by their fundamental economic nature, differ considerably in their sensitivity to reporting manipulations, and vary in their signs.

280

A. Michel, J. Oded and I. Shaked

Ownership structure and performance: Evidence from the public float in IPOs, *Journal of Banking & Finance*, 40, 54-61, 2014.

We investigate whether the post-IPO market performance of IPO stocks is related to the percentage of shares issued to the public, namely, the public float. We demonstrate that a non-linear relation exists between the public float and post-IPO returns. Specifically, as public float increases, long-run returns decrease for low levels of public float and increase for high levels of public float. This relation persists even after controlling for various firm characteristics. The best long-term performers are firms that sell either very little or sell most of their stock in the IPO. We suggest that the choice of public float level creates a trade-off between incentives to insiders and power granted to outsiders. This trade-off determines the non-linear relation found between the public float and long-run returns.

HC-IBRI SERIES IN BUSINESS AND LAW

REPRINTS

287

T. Einhorn

Export and import controls of cultural matter and their enforcement under Israeli law. In J.A. Nafziger and R. Paterson (Eds.), *Handbook on the Law of Cultural Heritage and International Trade*. Edward Elgar (2014).

HC-IBRI SERIES IN MANAGERIAL ECONOMICS

WORKING PAPERS

8/2014 Y. Halevy, D. Persitz and L. Zrill
Parametric recoverability of preferences, 70 pp.

We recover approximate parametric preferences from consistent and inconsistent consumer choices. The procedure seeks to utilize revealed preference information contained in choices by minimizing its ranking inconsistency with the proposed parametric preferences. We provide a novel characterization of the Varian Inefficiency Index, generalize it to a goodness-of-fit measure of recovered preferences, and decompose the latter into inconsistency and misspecification measures. This provides a reasonable way to test restrictions on parametric models. An application of the method to the data set constructed by Choi et al. (2007) to study choice under risk suggests more pronounced non-expected utility preferences than previously suggested.

3/2014 I. Ater and V. Landsman
How do customers learn? Evidence from subscription contracts, 48 pp.

To investigate mechanisms underlying consumer learning, we analyze panel data of 32,650 owners of checking accounts facing a newly introduced menu of three-part tariff subscription contracts. We focus on contract switching decisions as an indication for learning, and identify two triggers for switching: adoption of a contract with an excessively large allowance, and the experience of overage fees. The contract changes occurred quickly after trigger realization, and each led to a different outcome. Customers who experienced overage fees switched to contracts with larger allowances and eventually paid *more* after the switch, while customers who adopted contracts with excessively large allowances switched to contracts with smaller allowances and ended up paying less. We argue that our findings are best explained by directional learning and are inconsistent with Bayesian learning.

HC-IBRI SERIES IN OPERATIONS RESEARCH AND DECISIONS

WORKING PAPERS

- 6/2014 D. Samet
On the dispensable role of time in games of perfect information, 9 pp.
- In Aumann (1995) and Aumann (1998), time is assumed implicitly in the description of games of perfect information, and it is part of the epistemic distinction between ex-ante and ex-post knowledge. We show that ex-post knowledge in these papers can be expressed by ex-ante knowledge and therefore epistemically, time is irrelevant to the analysis. Furthermore, we show that material rationality by weak dominance and by expectation can be expressed in terms of the timeless strategic form of the game.
- 5/2014 J. Hillas and D. Samet
Weak dominance: A mystery cracked, 9 pp.
- What strategy profiles can be played when it is common knowledge that weakly dominated strategies are not played? A comparison to the case of strongly dominated strategy is in order. A common informal argument shows that if it is common knowledge that players do not play *strongly* dominated strategies then players can play only profiles that survive the iterative elimination of strongly dominated strategies. We formalize and prove this claim. However, the analogous claim for the case of weak dominance does not hold. We show that common knowledge that players do not play weakly dominated strategies implies that they must play profiles that survive an iterative elimination of profiles, called *flaws* of weakly dominated strategies, a process described by Stalnaker (1994). The iterative elimination of flaws of *strongly* dominated strategies results in the same set of profiles as the iterative elimination of strongly dominated *strategies*. Thus, the case of weak dominance and strong dominance are completely analogous: Common knowledge that players do not play weakly or strongly dominated strategies implies iterative elimination of flaws of weakly or strongly dominated strategies, correspondingly. These processes, for both weak and strong dominance, are independent of the order of elimination.
- 4/2014 N. Shamir
Cartel formation through strategic information leakage in a distribution channel, 34 pp.
- This paper studies the ability of competing retailers to form a cartel by sharing information with their mutual manufacturer. In a market

characterized by demand uncertainty, colluding retailers desire to share information about the potential market demand in order to coordinate on the optimal collusive retail price. However, since direct information-sharing between competing firms is considered to be a possible signal for collusion, according to the antitrust laws, the retailers search for a mechanism to exchange information in a manner that would not raise the suspicions of the antitrust authorities. This paper examines such a mechanism: each retailer shares his private information with the mutual manufacturer and uses the wholesale price to infer the market condition and coordinate on the cartel price. Although a cartel at the retail level limits the manufacturer's sold quantity, under certain conditions, the manufacturer is better-off accepting the retailers' private information, thereby facilitating the cartel formation. Moreover, a situation in which the retailers cannot collude by sharing information horizontally and they collude by sharing information with the manufacturer can result in a lower consumer surplus.

REPRINTS

300

S. Anily and M. Haviv

Sub-additive and homogenous of degree one games are totally balanced, *Operations Research*, 62, 788-793, 2014.

A cooperative game with transferable utility is said to be *homogeneous of degree one* if for any integer m , the value of cloning m times all players at any given coalition, leads to m times the value of the original coalition. We show that this property coupled with subadditivity, guarantees the nonemptiness of the core of the game and of all its subgames, namely, the game is totally balanced. Examples for games stemming from the areas of retailing and of facility location are given.

299

S. Anily and R. Hassin

Pricing, replenishment, and timing of selling in a market with heterogeneous customers, *International Journal of Production Economics*, 145, 672-682, 2013.

We consider a deterministic pricing and replenishment model in which the retailer advertises a fixed price and the selling schedule, and customers can advance or delay their time of purchase, incurring holding or shortage costs. We investigate the impact of heterogeneity in the customers' reservation prices. We show that the resulting optimal solution may be very different from that obtained when customers are homogeneous. We identify nine types of possible optimal sales strategies, and compute their profits. In particular, the solution may contain sales at several discrete points of time between consecutive replenishment epochs with no sales between them.

REPRINTS

294

O. Barzilay and C. Urquhart

Understanding reuse of software examples: A case study of prejudice in a community of practice, *Information and Software Technology*, 56, 1613-1628, 2014; DOI: 10.1016/j.infsof.2014.02.013

Context: The context of this research is software developers' perceptions about the use of code examples in professional software development.

Objective: The primary objective of this paper is to identify the human factors that dominate example usage among professional software developers, and to provide a theory that explains these factors.

Method: To achieve this goal, we analyzed the perceptions of professional software developers as manifested on the LinkedIn online community. We analyzed the data qualitatively using adapted grounded theory research procedures.

Results: The research yields an initial framework of key factors that dominate professional developers' perception regarding example usage. We use the theoretical lens of prejudice theory to put these factors in a broader context, and outline initial recommendations to address these factors in a professional organizational context.

Conclusion: The results of this work, in particular the use of qualitative techniques – allowed us to obtain rich insight into key human factors that affect professional software developers, and enrich the body of literature on the issues of reuse. These factors need to be taken into account as part of an organizational reuse strategy.

285

E. Kollenscher, B. Ronen and A. Coman

Achilles' heel strategy: Identifying and leveraging a competitor's weakest point, *International Journal of Production Research*, 52(3), 651-661, 2014; DOI: 10.1080/00207543.2013.825746

Significant developments in military strategy over the past century have had little impact, if any, on business strategy. This article focuses on the military paradigm shift from brute-force frontal confrontation as practised in the First World War to shrewd identification of weaknesses in the adversary's rear. To apply this insight in the business world, we present a methodology focusing on the weakest link: the Achilles' heel. We apply this methodology in identifying the adversary's Achilles' heel and attacking it. We aim to avoid attacking the competitor's front namely its products in the marketplace through painful head-to-head attrition, price and advertising wars. Instead, we propose a new attack strategy – focusing on the adversary's weakest link. The study integrates a new military insight, specifically from an

approach called operational theory, with an insight from the theory of constraints. The sophistication of the Achilles' heel strategy makes it particularly effective for small players – David competing with large Goliaths. We present a methodology: identifying the Achilles' heel; deciding whether or not to attack it; and tailoring an Achilles' heel strategy. The theory is illustrated by numerous business and military applications.

HC-IBRI SERIES IN MARKETING

WORKING PAPERS

- 3/2014 I. Ater and V. Landsman
How do customers learn? Evidence from subscription contracts, 48 pp.
- To investigate mechanisms underlying consumer learning, we analyze panel data of 32,650 owners of checking accounts facing a newly introduced menu of three-part tariff subscription contracts. We focus on contract switching decisions as an indication for learning, and identify two triggers for switching: adoption of a contract with an excessively large allowance, and the experience of overage fees. The contract changes occurred quickly after trigger realization, and each led to a different outcome. Customers who experienced overage fees switched to contracts with larger allowances and eventually paid *more* after the switch, while customers who adopted contracts with excessively large allowances switched to contracts with smaller allowances and ended up paying less. We argue that our findings are best explained by directional learning and are inconsistent with Bayesian learning.

REPRINTS

- 301 M. Ben-Ami, J. Hornik, D. Eden and O. Kaplan
Boosting consumers' self-efficacy by repositioning the self, *European Journal of Marketing*, 48(11/12), 1914-1938, 2014.
- Purpose** – This article aims to lend insight into the consumption situation wherein consumers are unmotivated to try new products or behaviors that they perceive as too difficult to adopt as a result of low self-efficacy.
- Design/methodology/approach** – Two experiments were introduced to test hypotheses. In Studies 1 and 2, we demonstrated that enhancing specific self-efficacy (SSE) by repositioning the self, through marketing messages, increased participants' behavioral intentions toward difficult to adopt (DTA) products.
- Findings** – In this research, an important issue is elucidated in consumer behavior: a phenomenon wherein consumers lack the motivation, as a result of low self-efficacy (i.e. assessing the disparity between their current situation and some desired goals as too wide to bridge over), to try a product that would benefit them. Thus, the marketer's role in this case is to convince the consumers that they are able to achieve these goals.
- Research limitations/implications** – This study focuses on health and fitness products and on the effectiveness of messages targeted at

raising SSE among undergraduate students through verbal persuasion. For better generalizability, it is recommended that future research focus on other product categories (e.g. do-it-yourself products, technological products) aimed at other segments (e.g. elderly consumers) and use other means of boosting consumers' self-efficacy.

Practical implications – The practical importance of the findings is especially relevant in DTA situations in which marketers aim to motivate consumers to engage in effortful consumption tasks.

Originality/value – The uniqueness of our approach is, in addition to introducing the theoretical concepts, to demonstrate that marketers can boost individuals' self-efficacy by means of marketing messages that emphasize their ability to face challenges and, consequently, increase their preferences, behavioral intentions and financial commitments toward a DTA product.

Keywords Specific self-efficacy, General self-efficacy, External efficacy, Positive framing, Negative framing, Threat arousal, Fear appeals

Paper type Research paper

297

T. Shavit, M. Rosenboim and Y. Shani

Time preference before and after a risky activity – A field experiment, *Journal of Economic Psychology*, 43, 30-36, August 2014.

This paper examines how a risky activity (e.g., skydiving) affects an individual's time preference related to financial decisions (i.e., wanting to get paid before or after the activity). We found that prior to a risky activity, inexperienced people were more present-oriented, than they were afterwards. Interestingly, the more experienced individuals were, the less likely they were to demonstrate a preference for the present. Our findings suggest that engaging in activities that individuals might find frightening or thrilling (e.g., skydiving; driving faster than the speed limit; going to a mall) could make less experienced actors shortsighted when processing information (considering the present rather than the future), and lead to shortsighted financial decisions. We suggest that the attempt to regulate concerns associated with activities individuals might find frightening affects unrelated, important daily decisions due to a shift in their time preference.

296

D. Ein-Gar and L. Sagiv

Overriding “doing wrong” and “not doing right”: Validation of the dispositional self-control scale (DSC), *Journal of Personality Assessment*, 96(6), 640-653, Nov/Dec 2014.

We present the Dispositional Self-Control (DSC) Scale, which reflects individuals' tendency to override 2 types of temptations, termed doing wrong and not doing right. We report a series of 5 studies designed to test the reliability and validity of the scale. As hypothesized, high DSC predicts distant future orientation and low DSC predicts deviant

behaviors such as aggression, alcohol misuse, and aberrant driving. DSC also predicts task performance among resource-depleted participants. Taken together, these findings suggest that the DSC Scale could be a useful tool toward further understanding the role of personality in overcoming self-control challenges.

295

Y. Steinhart, M. Kamins, D. Mazursky and A. Noy
Effects of product type and contextual cues on eliciting naive theories of popularity and exclusivity, *Journal of Consumer Psychology*, 24(4), 472-483, 2014.

This research shows in a series of studies that exposing consumers to functional products evokes the naive theory of popularity, whereas exposing them to self-expressive products induces belief in the naive theory of exclusivity. The research further demonstrates that when the naive theory elicited by product type is matched by the appropriate contextual purchasing cues regarding the interest of others, it results in greater purchase intentions than when those cues are mismatched. The research specifies that the matching effect for functional products is mediated by consumers' perceptions of product quality, whereas mediation for self-expressive products occurs through consumers' self-perceptions regarding the extent to which the product conveys uniqueness. Finally, the research illustrates that an explicit signal of product quality (e.g., a favorable rating in Consumer Reports) attenuates the effect associated with the contextual cues regarding the interest of others.

286

D. Perez and Y. Steinhart
Not so personal: The benefits of social identity ad appeals with activation in advertising, *Social Influence*, 9(3), 224-241, 2014; DOI: 10.1080/15534510.2013.822825

Selecting the most effective advertising appeals is a major challenge for marketers and advertisers. This research addresses this challenge by examining the moderating effect of activation, an advertising technique that invites individuals to engage in a motor activity in order to reveal the ad message, on ad appeal type (name, social identity, and general appeals) in leveraging ad evaluations. The results of three studies show that ad appeals referring to individuals' social identity, especially in the presence of activation, enhance product evaluations and actual product choices. The findings also suggest that privacy concerns play a mediating role in determining these effects.

HC-IBRI SERIES IN STRATEGY AND ENTREPRENEURSHIP

WORKING PAPERS

- 7/2014 H. Halaburda, B. Jullien and Y. Yehezkel
Dynamic competition with network externalities: Why history matters (preliminary and incomplete), 36 pp.

This paper considers dynamic platform competition in a market with network externalities. A platform that dominated the market in the previous period becomes “focal” in the current period, in that agents play the equilibrium in which they join the focal platform whenever such equilibrium exists. We ask whether a low-quality but focal platform can maintain its focal position along time, when it faces a higher quality competitor. We find that the high-quality platform can win the market only when firms are patient enough. At intermediate levels of discounting there is a unique equilibrium, with the high-quality platform winning. However, with high discount factor and infinite horizon, there are multiple equilibria in which either the low or the high quality platform dominates. If qualities are stochastic, the firm with better average quality wins more often than the other. An increase in the discount factor makes it easier for this platform to win in periods when its quality is lower than the rival’s. As a result, with stochastic qualities social welfare can decrease when firms become more forward-looking.

REPRINTS

- 292 N.N. Brueller, A. Carmeli and I. Drori
How do different types of mergers and acquisitions facilitate strategic agility? *California Management Review*, 56(3), 39-57, Spring 2014;
DOI: 10.1525/cmr.2014.56.3.39

Firms struggle to create an agile organizational system since it requires the development of three enabling capacities: to make sense quickly, make decisions nimbly, and redeploy resources rapidly. While the study of strategic agility is of growing interest as a prime means of organizational growth, the ways by which key mechanisms of growth such as mergers and acquisitions (M&As) help in building this capability remain elusive. This article highlights the differences between platform acquisitions and bolt-on acquisitions (most bolt-on acquisitions in high-technology industries can further be separated into product acquisitions on the one hand, and educational, technological and/or talent acquisitions on the other hand). These different forms of acquisitions can enhance strategic agility in distinct ways along different time horizons. When properly managed, acquisitions can

enhance the gradual accumulation of the capabilities underlying strategic agility. This article presents a more complex picture of a non-linear reinforcing dual path between M&As and strategic agility.

HC-IBRI SERIES IN ORGANIZATIONAL BEHAVIOR AND HUMAN RESOURCES

WORKING PAPERS

2/2014 מודל דרישות-משאבים בעבודה כנבא של כוונות להתנהגויות תעסוקתיות של נשים
אחרי לידה, 76 עמ'

S.Toker, S. Tzadik Eliasaf and M. Westman
Job demands- resources model as a predictor of women's employment intentions after giving birth, 76 pp.

NO ABSTRACT

1/2014 H. Dotan
Not all friends are created equal: A typology of friendships and development of a new scale, 59 pp.

Research on friendship in organizations has tended to treat this relationship as a single category, assuming that all organizational friendships are identical. In this article, I argue and demonstrate that different types of friendships exist in organizations and that "not all friends are created equal". I propose and test a dimensional model that distinguishes friendships along affective, cognitive, behavioral, and instrumental dimensions. Moreover, I develop and validate a 16-item measure of friendships – the Friendship Types Scale (FTS) – using four studies. In Study 1, qualitative methods are used to investigate the types of friendships that staff members have with their colleagues. In Study 2, I utilize the findings from Study 1 to develop items for a FTS scale and use a sample of 844 US employees for construct development. In Study 3, a new sample of 679 employees is used for measure validation. In Study 4 evidence for convergent and discriminant validity is obtained. The results indicate the new scale has satisfactory psychometric properties and construct validity. Future empirical investigations using the newly developed typology and scale are detailed.

REPRINTS

301 M. Ben-Ami, J. Hornik, D. Eden and O. Kaplan
Boosting consumers' self-efficacy by repositioning the self, *European Journal of Marketing*, 48(11/12), 1914-1938, 2014.

Purpose – This article aims to lend insight into the consumption situation wherein consumers are unmotivated to try new products or

behaviors that they perceive as too difficult to adopt as a result of low self-efficacy.

Design/methodology/approach – Two experiments were introduced to test hypotheses. In Studies 1 and 2, we demonstrated that enhancing specific self-efficacy (SSE) by repositioning the self, through marketing messages, increased participants' behavioral intentions toward difficult to adopt (DTA) products.

Findings – In this research, an important issue is elucidated in consumer behavior: a phenomenon wherein consumers lack the motivation, as a result of low self-efficacy (i.e. assessing the disparity between their current situation and some desired goals as too wide to bridge over), to try a product that would benefit them. Thus, the marketer's role in this case is to convince the consumers that they are able to achieve these goals.

Research limitations/implications – This study focuses on health and fitness products and on the effectiveness of messages targeted at raising SSE among undergraduate students through verbal persuasion. For better generalizability, it is recommended that future research focus on other product categories (e.g. do-it-yourself products, technological products) aimed at other segments (e.g. elderly consumers) and use other means of boosting consumers' self-efficacy.

Practical implications – The practical importance of the findings is especially relevant in DTA situations in which marketers aim to motivate consumers to engage in effortful consumption tasks.

Originality/value – The uniqueness of our approach is, in addition to introducing the theoretical concepts, to demonstrate that marketers can boost individuals' self-efficacy by means of marketing messages that emphasize their ability to face challenges and, consequently, increase their preferences, behavioral intentions and financial commitments toward a DTA product.

Keywords Specific self-efficacy, General self-efficacy, External efficacy, Positive framing, Negative framing, Threat arousal, Fear appeals

Paper type Research paper

293

A. Carmeli, C.D. Jones and G. Binyamin

Relational underpinning of strategic adaptability: The power of caring and generativity, *Proceedings of the 2014 Academy of Management Annual Meeting*, Philadelphia, PA, 1-5 August 2014.

In this study, we integrate relational theory and the upper echelon perspective to explore how and why caring and generative relationships in top management teams (TMT) can be a source for building strategic adaptability. We argue that when TMT members care for each other's inner needs, a generative psychological space (which allows individuals to experience positivity and produce enduring transformative outcomes) is nurtured. This generative psychological space, in turn, helps to build a capacity to respond proactively to the external environment and adapt well to environmental jolts. The results

lend support to our hypothesized model in which caring among TMT members nurtures generativity, which in turn enhances strategic adaptability. In so doing, we aim to further cultivate discussion on the micro-foundations of strategic management in general and increase interest in the micro-relational foundations of strategic capabilities in particular.

- 291 W.W. Maddux, E. Bivolaru, A.C. Hafenbrack, C.T. Tadmor and A.D. Galinsky
Expanding opportunities by opening your mind: Multicultural engagement predicts job market success through longitudinal increases in integrative complexity, *Social Psychological and Personality Science*, 5(5), 608-615, 2014; DOI: 10.1177/1948550613515005

A longitudinal study found that the psychological approach individuals take when immersed in a general multicultural environment can predict subsequent career success. Using a culturally diverse sample, we found that “multicultural engagement”—the extent to which students adapted to and learned about new cultures—during a highly international 10-month Master of Business Administration (MBA) program predicted the number of job offers students received after the program, even when controlling for important personality/demographic variables. Furthermore, multicultural engagement predicted an increase in integrative complexity over the course of the 10-month program, and this increase in integrative complexity mediated the effect of multicultural engagement on job market success. This study demonstrates that even when individuals are exposed to the same multicultural environment, it is their psychological approach and engagement with different cultures that determines growth in integrative complexity and tangible increases in professional opportunities.

- 290 J.R B. Halbesleben, J.-P. Neveu, S.C. Paustian-Underdahl and M. Westman
Getting to the “COR”: Understanding the role of resources in conservation of resources theory, *Journal of Management*, 40(5), 1334-1364, July 2014.

Proposed as a theory of motivation, the basic tenet of conservation of resources (COR) theory is that humans are motivated to protect their current resources and acquire new resources. Despite its recent popularity in the organizational behavior literature, several criticisms of the theory have emerged, primarily related to the central concept of resources. In this review, we address concerns regarding the conceptualization, conservation, acquisition, fluctuation, and measurement of resources. We highlight gaps in the COR literature that can be addressed by integrating research from other areas of psychology and management. In this manner, we hope to push the

COR literature forward by resolving several concerns and providing suggestions for future research that might address other concerns.

289

E. Belogolovsky and P.A. Bamberger

Signaling in secret: Pay for performance and the incentive and sorting effects of pay secrecy, *Academy of Management Journal*, 57(6), 1706-1733, 2014; <http://amj.aom.org/content/57/6/1706.full.pdf+html>

Although the vast majority of U.S. firms follow a policy of pay secrecy, research provides a limited understanding of its overall utility to organizations. Building on signaling theory, we develop and test a model of the incentive and sorting effects of pay secrecy—a pay communication policy that limits employees’ access to pay-related information and discourages the discussion of pay issues—under varying pay-for-performance (PFP) system characteristics. Results of a multiround laboratory simulation largely support the proposed moderated-mediation model. They indicate that pay secrecy has an adverse impact on individual task performance that is mediated by PFP perceptions, amplified when pay determination criteria are relative (as opposed to absolute), and attenuated when performance assessment is objective (as opposed to subjective). Results also indicate that pay secrecy has a similar adverse effect on participant continuation intentions (mediated through PFP perceptions, amplified when pay determination criteria are relative, and attenuated when performance assessment is objective), particularly among high performers. These findings suggest that weak signals associated with a particular managerial practice may become salient when interpreted in the context of other practice-based signals and that, under such conditions, even weak signals may drive negative-oriented inferences, having important behavioral implications.

284

Y.-P. Chen, M. Shaffer, M. Westman, S. Chen, M. Lazarova and S. Reiche

Family role performance: Scale development and validation, *Applied Psychology: An International Review*, 63(1), 190-218, 2014; DOI: 10.1111/apps.12005

We conducted five interlocking studies to develop and validate a family role performance scale that can be used across cultures. In Study 1, we generated scale items based on interviews with individuals representing various family and work structures in the United States and Israel. In Study 2, we surveyed both US and Israeli participants to assess measurement equivalence, dimensionality, and reliability. In Study 3, we refined the items and repeated the exploratory analyses. In Studies 4 and 5, with samples from the United States and Europe, we confirmed the scale dimensionality and established convergent, discriminant, and nomological validity. We contribute to the work-

family literature by providing a valid instrument for assessing performance within the family domain.

281

G. Armon, S. Melamed, S. Toker, S. Berliner and I. Shapira

Joint effect of chronic medical illness and burnout on depressive symptoms among employed adults, *Health Psychology*, Vol. 33(3), 264-272, 2014; DOI: 10.1037/a0033712

Objective: Chronic medical illnesses (CMIs) are prevalent in nearly half the working population and are associated with a two-fold risk for developing depression. Burnout is a chronic affective state comprised of symptoms of emotional exhaustion, physical fatigue, and cognitive weariness. It is an outcome of depletion of energetic resources resulting from prolonged exposure to work and life stresses. Building upon the Conservation of Resources theory (Hobfoll, 1989), this prospective study was designed to test the hypothesis that CMI interacts with burnout to facilitate the development of depressive symptoms.

Method: Participants were 4,861 employed men and women, aged 19 to 67 years, who came for routine health examinations and were followed for 18 months on average. Forty-seven percent reported having one or more diagnosed CMIs.

Results: Burnout was found to predict an increase in depressive symptoms in apparently healthy individuals. Furthermore, the coexistence of burnout in employees with a CMI accelerates the process of developing depressive symptoms within a relatively short period. Burnout was also found to be associated with intensification of preexisting depressive symptoms in employees suffering from different chronic medical conditions (other than cancer), independent of medical comorbidities and other potent confounding variables.

Conclusions: Among employees, coexistence of burnout and at least one CMI predicts an increase in depressive symptoms with time. Health care professionals should be made aware of such at-risk employees and follow and manage them closely.

279

A. Galin

What makes court-referred mediation effective? *International Journal of Conflict Management*, 25(1), 21-37, 2014.

Purpose – The purpose of this paper is to obtain insight into court-referred mediation in the Israeli Labor Courts, by analyzing its processes and outcomes, as a function of tactics used by both the disputants and the mediator.

Design/methodology/approach – Observation of 103 court-referred mediations, for each of which a detailed process and outcome were documented. Data on disputants' refusal to participate in the mediation was also collected. At the end of each mediation case, disputants were given a questionnaire in which they expressed their satisfaction with the outcome and their evaluation of the mediator's contribution.

Findings – A low rate of refusal to participate in court-referred mediation was found. Also, the higher the ratio of soft tactics to pressure tactics employed (by all parties involved) during the process, the higher the rate of agreements. Mediators use significantly more soft tactics than disputants, and are more active in using tactics. The two significant variables that predict the mediation’s agreement are the ratio between soft tactics to pressure tactics used by all parties, and mediator contribution to the process.

Practical implications – The significant role of soft tactics in the process, outcome, and satisfaction of court-referred mediation may serve as a guideline for disputants and mediators.

Originality/value – This unique research, which examines the impact of tactics on court-referred mediation, may provide added and significant theoretical insight into its process and outcome, as well as a better understanding of other “hybrid” (compulsory at the beginning, voluntary at the end) mediations.

The Henry Crown Institute of Business Research in Israel

Research Director: Professor Peter Bamberger

The Henry Crown Institute of Business Research in Israel was established in 1969 as a non-profit organization to encourage, conduct and promote research in management and business administration. The Institute is an administratively independent unit operating under the academic auspices of the Faculty of Management – The Leon Recanati Graduate School of Business Administration at Tel Aviv University. Its activities are supported by contributions and by direct sponsorship of research projects. The Institute's main objectives and activities are:

- To stimulate and promote research, theoretical as well as empirical, in all areas of management and business administration, in general, and in those relevant to the Israeli environment in particular
- To evaluate research results and their implications for management decisions and policy
- To publish research results and circulate them among scholars and decision makers in the academic world, the business community, and the public sector
- To cooperate with similar institutions both in Israel and abroad for the purpose of exchanging information and conducting joint research projects and seminars

Publications Series

- Finance and Accounting and Insurance
- Business and Law
- General Management
- Business Ethics
- International Management
- Managerial Economics
- Operations Research and Decisions
- Technology and Information Systems
- Healthcare Management
- Marketing
- Strategy and Entrepreneurship
- Organizational Behavior and Human Resources

Working papers, research reports, and reprints may be ordered by writing to:
The Henry Crown Institute of Business Research in Israel, Faculty of Management,
Tel Aviv University, P.O.B. 39010, Tel Aviv 69978, Israel.

E-mail address: iibr@tauex.tau.ac.il

Working papers also appear on the Institute's website:

<http://recanati.tau.ac.il/research/IIBR/working.html>

Books are available directly from the publisher or bookstores.

THE HENRY CROWN INSTITUTE OF BUSINESS RESEARCH IN ISRAEL

MEMBERS OF THE INSTITUTE

Tel Aviv University	American Israeli Paper Mills
Israel Discount Bank	Professor Yair Aharoni
Mr. Leon Recanati	Association of Life Insurance Companies of Israel
Bank Leumi Le-Israel	United Mizrahi Bank
Industrial Development Bank of Israel	Professor Yair E. Orgler
Manufacturers Association of Israel	First International Bank of Israel
Strauss-Elite Industries	

Professor Peter Bamberger, Director of the HC-IIBR

BOARD OF DIRECTORS

Professor Niv Ahituv	Professor Emeritus, Faculty of Management – Faculty of Management, Tel Aviv University.
Professor Yair Aharoni	Professor Emeritus, Faculty of Management, Tel Aviv University.
Ms. Dafna Aviram-Nitzan	Head of Economic Research Department, Economics Division, The Manufacturers Association of Israel.
Mr. Neri Azougi	Deputy Director General for Finance, Tel Aviv University.
Mr. Zeev Even Chen	Managing Director, Association of Life Insurance Companies of Israel.
Professor Joseph Gross	Professor Emeritus, Faculty of Management, Faculty of Law, Tel Aviv University.
Professor Joseph Klafater	President, Tel Aviv University.
Mr. Boaz Leibovitch	Director, Business Division, Mizrahi Tefahot Bank Ltd.
Professor Yair E. Orgler	Professor Emeritus, Faculty of Management, Tel Aviv University.
Dr. Yuval Rabinovitch	Bank Leumi Le-Israel Ltd.
Mr. Leon Recanati	CEO, GlenRock Israel Ltd.
Professor Aron Shai	Rector, Tel Aviv University.
Professor Moshe Zviran	Dean, Faculty of Management, Tel Aviv University.