Recent findings on enhancing experiences, gender wage transparency, long-term planning, networks and the dangers of flattery.

New research by INSEAD faculty explores how our experience of an event can be influenced by unrelated factors, the positive impact of gender wage transparency reforms on the gender pay gap and why managers should take a longer-term view with their planning. Plus, there are recently published papers on the benefits of controlling networks during a crisis and why leaders should be careful when dealing with flattery.

1. How unrelated factors can impact an experience

This new study looks at how an experience - for instance, listening to music - can be influenced by seemingly unrelated factors, such as the weather or the view out the window. Through various studies, INSEAD’s Hilke Plassmann and their co-authors* found that positive incidental affects can enhance the enjoyment of experiences. The research concludes that both valence (whether an influence is positive or not) and arousal combine to impact an
individual’s enjoyment of an experience.

*Aiqing Ling, University College Dublin; Nathalie George, Sorbonne University; and Baba Shiv, Stanford Graduate School of Business.

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2. The effect of gender wage transparency reforms

Gender wage transparency reforms are an effective policy tool to reduce the gender pay gap. This was the overarching conclusion drawn by INSEAD PhD student Jiayi Wei and their co-authors* after the analysis of several recent studies looking at the impact of such reforms. The research found that transparency reforms reduce the gender pay gap in almost all countries; that this is typically due to the reduced growth of male incomes; and that the monetary cost of implementing these reforms is small.

*Morten Bennedsen, University of Copenhagen, and Birthe Larsen, Copenhagen Business School.

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3. How longer-term strategies can benefit both firms and shareholders

Managers taking a longer-term planning view helped increase inventory and capacity investment compared to organisations who adopted a shorter-term focus. This was the conclusion of INSEAD’s Luk Van Wassenhove and their co-authors*, who compared American firms operating in states that offered legal protection to executives favouring long-term strategies with those in states that did not. Their findings suggested that such an approach didn’t just benefit executives but was also in the long-term interest of shareholders due to the firm’s improved performance.

*Karca D. Aral and Erasmo Giambona, Syracuse University.

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4. The value of controlling networks during crises
Using data from investment banks during the 2000 dot-com and 2008 financial crises, INSEAD’s Andrew Shipilov and their co-authors* looked to explore whether such crises moderate the favourable effect of brokerage on company performance. Their study suggests that firms acting as the sole bridge between disconnected collaborators excel during crises. The results suggest the importance of building entry barriers into collaboration networks for firms frequently exposed to crises.

*Stan X. Li, City University of Hong Kong; Matthew S. Bothner, ESMT Berlin; and Nghi Truong, Chulalongkorn University.

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5. Why leaders need to beware of flattery

Flattery can have a negative impact on leaders, depending on how they respond to it. Across multiple studies, INSEAD professor Nadav Klein and their co-authors* found that leaders who were seen to reward flatterers were perceived as “falling for” the positive praise and ran the risk of being labelled as naïve. Whereas previous studies have looked at the benefits of flattery, this research suggests that it may have unexpected costs for leaders and their firms.

*Benjamin A. Rogers, Boston College, and Ovul Sezer, Cornell University.

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