Recent findings on anti-corruption efforts, technology displacement, pay negotiation for social impact work, financial forecasting and scientific entrepreneurship approaches.

New research by INSEAD faculty explores the potential downsides of anti-corruption efforts and the various ways incumbent firms successfully defend themselves against new technologies that could displace them.

Another paper examines how job candidates self-censor when negotiating pay at firms that frame the work in terms of its social impact. Other published articles delve into the impact of short-term-oriented data on financial forecasting, and what happens when entrepreneurs use scientific approaches.

1. Do anti-corruption efforts affect a country’s investment appeal?

Anti-corruption efforts impact a country’s investment appeal by influencing its institutional stability; however, meaningful change requires a radical overhaul of the existing system. INSEAD’s Guoli Chen and his co-authors*
show that campaign-style anti-corruption enforcement in emerging-market countries can lead to “regulatory institutional misalignment”, where government agencies monopolise resources while bureaucratic discretion diminishes. This may harm domestic business environments and drive firms towards cross-border acquisitions.

*Jiyang Dong, Nazarbayev University; Jinshuai Hu, Xiamen University; and Feida Zhang, CEIBS

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2. When new technologies threaten their survival, incumbent firms can use effective strategies to defend themselves

Research by INSEAD’s Nathan Furr and Daniel Snow from Brigham Young University reveals that, contrary to commonly held views, firms can use effective strategies to delay or mitigate substitution effects. These include extending incumbent technology, creating hybrids or retreating to niche markets. A study on automobile carburetor manufacturers from 1979 to 1992 shows that these “technology counteroffensive” strategies enhanced product performance, delayed substitution and sustained the survival of many firms.

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3. How framing work around the greater good compels job candidates to accept lower wages

When organisations frame jobs in terms of their social impact, it contributes to job candidates accepting lower wages. Research by INSEAD’s Stefan Thau and his co-authors* shows that this is due to a perception that requesting higher pay would breach organisational norms to value work for intrinsic rewards rather than extrinsic ones. This self-censoring effect on compensation negotiation is unique to monetary rewards.

*Insiya Hussain, University of Texas at Austin; Marko Pitesa, Singapore Management University; and Michael Schaerer, Singapore Management University

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4. Does the wide availability of short-term-oriented data improve financial forecasting?

The digitisation of information has generated phenomenal growth in what’s called “alternative data” (e.g. social media, web traffic, credit card and point-of-sale, geolocation, etc). Research by INSEAD’s Olivier Dessaint and his co-authors* shows that the wide availability of such data, which is usually short-term-oriented, can prompt forecasters to prioritise short-term over long-term forecasts, diminishing the informativeness of long-term predictions while enhancing that of short-term ones.

*Thierry Foucault, HEC Paris, and Laurent Fresard, Universita della Svizzera italiana

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5. What happens when entrepreneurs use the scientific method

In a large-scale replication study involving 759 firms, INSEAD’s Chiara Spina and her co-authors* show how entrepreneurial practices can benefit from a scientific decision-making approach. Adopting this approach leads to increased idea termination and influences strategic changes, with firms tending to make fewer, more deliberate shifts in strategy. In essence, it helps entrepreneurs be more efficient when searching for valuable ideas, as well as being more careful in selecting those ideas.

*Arnaldo Camuffo, SDA Bocconi; Alfonso Gambardella, SDA Bocconi; Danilo Messinese, IE University; Elena Novelli; City University of London; and Emilio Paolucci, Politecnico di Torino

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