
INSEAD Insights: September 2024 Research Picks



By Lily Fang , INSEAD

How consumers perceive loyalty programmes, the drawbacks of collective learning, what shapes a start-up's culture and more findings from recent research.

What characteristics could make certain CEOs better at guarding their firms against corporate social irresponsibility? What are some drawbacks of learning in groups as compared to learning as individuals? And how can firms incentivise users to pay with loyalty points instead of money?

New papers by INSEAD faculty tackle these questions. Other research examines how companies can optimise their assortment strategies to maximise revenue and what influences the organisational culture of start-ups.

1. Do consumers treat points like money?

Loyalty programmes are commonplace these days, and loyalty points issued by firms serve as a new form of currency alongside money. INSEAD's [So Yeon Chun](#), [Ville Satopaa](#) and their co-author* find that mental

accounting, the perceived value of points and reference exchange rates influence whether consumers choose to pay with loyalty points or money.

The researchers found that consumers who earn many points and primarily with the firm itself tend to value points more than money. Those consumers who earn few points or earn them through a co-branded credit card tend to value money over points. The study demonstrates how a company can implement the right money- and point-pricing policies to best target consumers and influence their payment choices.

*[Freddy Lim](#), National University of Singapore.

[Read the full paper](#)

2. How groups differ from individuals in learning from experience

Learning occurs at both individual and organisational levels. However, the details of how a collection of minds differs from individuals in terms of learning from experience (learning by doing) remain poorly understood.

INSEAD's [Phanish Puranam](#) and [Xina Li](#), along with their co-authors*, compare how groups and individuals approach learning from experience. Using data from an online contest platform, they find that groups tend to generate more ideas and that the ideas are more diverse. However, they may struggle to generalise the feedback they receive. The study suggests that while groups might be better than individuals at coming up with a range of ideas, they could be worse at evaluating and selecting the best ones.

*[Tianyu He](#), National University of Singapore, and [Marco S. Minervini](#), IE Business School.

[Read the full paper](#)

3. CEO humility and corporate social irresponsibility

More than ever, the world requires responsible leaders to safeguard stakeholder interests and guard their firms against corporate social irresponsibility (CSIR) incidents. However, some CEOs fail to do so because they are unaware of their own preferences and biases and might be insulated from hard truths and wise counsel.

A study by INSEAD's [Guoli Chen](#) and [Xina Li](#), together with their co-authors*, explores the relationship between CEO humility and CSIR. The researchers suggest that humble CEOs – those who prefer protecting stakeholder interests and employing systematic information processing – are better guardians against CSIR and take more corrective actions after CSIR has occurred within their firm.

*[Amy Y. Ou](#) and [Chung Chi-Nien](#), Hong Kong Polytechnic University, and [Qian Lu](#), Nanjing University of Science and Technology.

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4. Robust assortment optimisation

Assortment optimisation has many practical applications across industries, including retail and online advertising. Here, the goal is to select the ideal product mix to offer customers in order to maximise revenue.

In their paper, INSEAD's [Antoine Desir](#) and his co-authors* develop a method of computing the optimal assortment under the Markov chain choice model. Their results yield insights into the effect of changing the uncertainty set on the optimal assortment. Among their findings is that bigger uncertainty sets always lead to bigger assortments, and that firms should offer larger assortments to help guard against uncertainty.

*[Vineet Goyal](#), Columbia University; [Bo Jiang](#) and [Tian Xie](#), Shanghai University of Finance and Economics; and [Jiawei Zhang](#), New York University.

[Read the full paper](#)

5. What influences the culture of new ventures?

What determines a start-up's organisational culture? According to research by INSEAD's [Henrich Greve](#) and [Yeonsin Ahn](#) from HEC Paris, it is possible that new ventures incorporate elements from the culture of the organisation the founder left before starting the new venture.

The researchers investigate whether and under what circumstances cultural spawning occurs. Applying the cultural toolkit perspective, they predict that this is stronger when founders have spent a longer time in the parent (previous) organisation, the parent culture is more coherent, and the parent

culture is more unique when compared to other organisations. Their analysis shows that cultural spawning occurs and reveals a previously unexplored area of cultural transmission.

[Read the full paper](#)

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About the author(s)

Lily Fang is the Dean of Research and Innovation, the AXA Chaired Professor in Financial Market Risk and a Professor of Finance at INSEAD. In addition, she directs the **Finance for Executives** course and the **INSEAD Fintech Programme**.