



**Dear Spartans and friends,**

This issue of the *Broad Research Review* features publications that examine how information, incentives, and context shape decision-making in business and economic settings. Across the studies highlighted here, researchers examine how evidence and assumptions influence outcomes, from governance and coordination inside organizations to risk, accountability, and behavior in financial settings.

The issue opens with a video feature from Professor of Finance **Ryan Israelsen**, who discusses his research on political polarization in financial news and the broader questions that motivated the work. We are proud to share research from Broad College faculty that advances knowledge while engaging directly with issues that matter to businesses, markets, and public institutions. We invite you to explore these insights and see how research at Broad College contributes to practice and policy.

If a friend shared this issue with you, be sure to [subscribe](#) to receive future editions directly to your inbox.

Warm regards,

**John R. Hollenbeck**  
**Associate Dean for Research and**  
**Doctoral Programs**

**Natalie DeVolder**  
**Research and Program**  
**Administrator**



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**RYAN ISRAELSEN**



## How Political Perspectives Shape Financial Journalism

Hear Ryan Israelsen provide insights from his recent publication in [\[this video\]](#).

In the featured article for this edition of the *BRR*, Kaufman Endowed Professor in Insurance and Risk Management **Ryan Israelsen** and his co-authors explore how political polarization affects financial journalism and, in turn, investor behavior. By comparing how the *Wall Street Journal* and the *New York Times* report on the same corporate financial developments, the study finds that political orientation shapes both the amount of coverage firms receive and how that information is presented. These differences matter for markets. When coverage of a company diverges across politically distinct news outlets, investors respond with higher levels of trading activity, particularly among firms that are more strongly aligned with a political party. The findings suggest that political polarization in financial news can shape how investors interpret the same underlying business news, leading to divergent perceptions. For firms, investors, and market observers, the research highlights how the media environment can affect market dynamics and perceptions of corporate performance.

Goldman, E; Gupta, N; **Israelsen, R.** (2024). Political polarization in financial news. *JOURNAL OF FINANCIAL ECONOMICS*, 155, Article 103816.

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## Passive Investing and the Growing Influence of the Largest Firms

Philip J. May Professor in Finance **Hao Jiang** and colleagues study how the secular shift toward passive investing reshapes equity valuations. Using a theoretical framework and empirical evidence from large-cap U.S. equities, the study demonstrates that capital flows into index funds exert disproportionate upward pressure on the valuations of “mega-firms.” This price impact is independent of firm fundamentals, as value-weighted indexing mechanically directs more capital toward the largest companies. The research reveals that these high-visibility firms experience heightened return volatility and increased sensitivity to non-fundamental demand shocks. By decoupling stock prices from underlying business performance, the rise of indexing impairs informational efficiency and concentrates market influence among the largest firms. These findings have important implications for market stability and competition, highlighting how the mechanics of passive management can distort the aggregate distribution of market capital and risk.

**Jiang, H;** Vayanos, D; Zheng, L. (2025). Passive Investing and the Rise of Mega-Firms. *REVIEW OF FINANCIAL STUDIES*, 38(12), 3461-3496.

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## New Method Reveals How Market Conditions Shape Investor Risk Perception

In a paper published in the *Journal of Financial Economics*, Assistant Professor of Finance **David Schreindorfer** and his co-author Tobias Sichert (Stockholm School of Economics) develop a new method to estimate how painful market losses feel to investors under different conditions.

Using equity index options data, they find that a 10% market drop in the market is approximately three times more painful when it occurs during calm periods than during volatile ones. This means investors value each dollar far more during unexpected downturns—losses hurt more when they come as a shock.

The study provides a new lens for viewing expected returns, volatility, and investor behavior. Rising volatility affects expected returns through two opposing channels: it increases expected returns due to higher risk, but decreases them because investors become less sensitive to risk during turbulent times.

The findings reveal that leading asset pricing models fail to capture how investors actually perceive and price risk across different market environments—a troubling gap given that explaining stock market risk pricing is these models' primary objective.

**Schreindorfer, D;** Sichert, T. (2025). Conditional risk and the pricing kernel. *JOURNAL OF FINANCIAL ECONOMICS*, 171, 104106.

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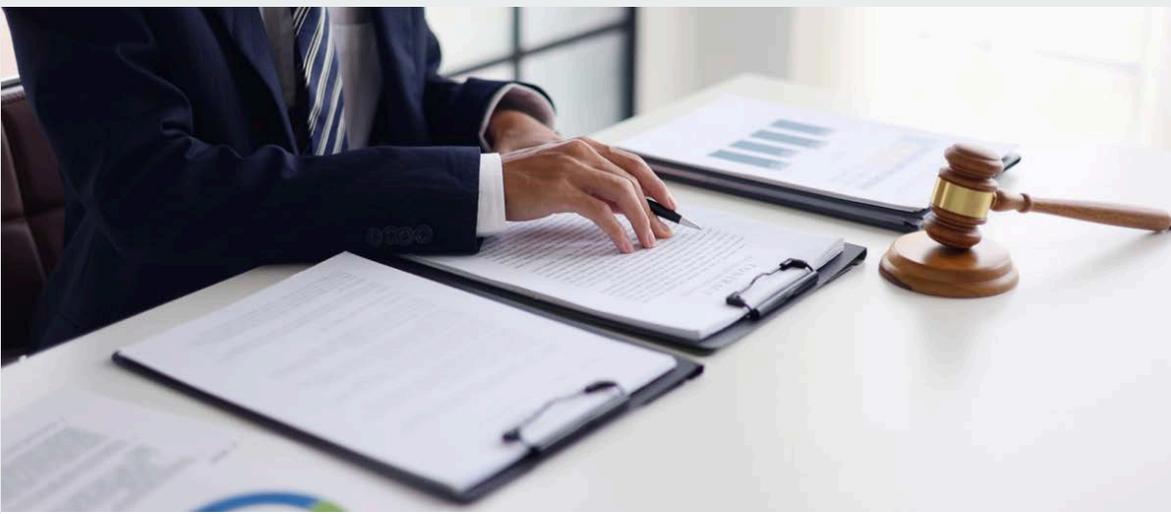


## How Board Gender Diversity Shapes Innovation

Ernest W. and Robert W. Schaberg Chair in Accounting **Ranjani Krishnan** with co-authors **Aishwarya Deore** (Broad AIS PhD, 2022) and Deepa Mani (Indian School of Business) examine how gender diversity on corporate boards influences firms' ability to pursue high-value innovation strategies. The study focuses on *innovation ambidexterity*, defined as balancing innovation efficiency, which involves leveraging existing technological trajectories with more radical, moon-shot innovation. Using data from publicly traded companies, and textual analysis of patent submissions, the authors examine seven measures of innovation efficiency and radicalness. They find that firms with more gender-diverse boards are more likely to achieve innovation ambidexterity. The results point to two mechanisms that help explain the relationship: ambidextrous firms tend to engage in prudent experimentation, and board gender diversity has trickle down effects on the organization with respect to female inventors. The study also shows that effects are weaker when female directors are assigned heavier monitoring roles and stronger when directors' compensation is tied to long-term goals. The findings suggest that board composition and incentive design are associated with how firms manage ambidextrous innovation and translate it into performance outcomes.

Deore, A; **Krishnan, R**; Mani, D. (2025). Board gender diversity, innovation ambidexterity, and firm performance. *ACCOUNTING ORGANIZATIONS AND SOCIETY*, 115, 101613.

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## Does Fair Value Accounting Increase or Decrease Lawsuits Filed by Investors?

Accounting and Information Systems Associate Professor **Musaib Ashraf** and his coauthors examine whether investors are more likely to sue companies who rely on fair value estimates in financial statements. Fair value estimates use market prices or valuation models instead of historical costs, and such estimates inherently require managerial discretion. This discretion could open a company up to lawsuits as investors “second guess” managerial discretion in order to recoup losses. Alternatively, having inherent discretion could provide companies with a legal shield because it is harder for investors to prove managerial intent to deceive when the decision-making itself involves subjective judgement.

Overall, the authors find that companies who rely more heavily on fair value accounting are less likely to be sued. This finding has big implications because (i) the use of fair value accounting is growing, and (ii) lawsuits are one of the main disciplining mechanisms that investors can use to protect their capital. If fair value accounting makes it more difficult for investors to hold companies accountable, will that have an unintended knock-on effect for capital markets?

**Ashraf, M;** Donelson, DC; Mcinnis, J; Mergenthaler, RD. (2025). Fair value accounting standards and securities litigation. *JOURNAL OF ACCOUNTING & ECONOMICS*, 79(1), 101705.

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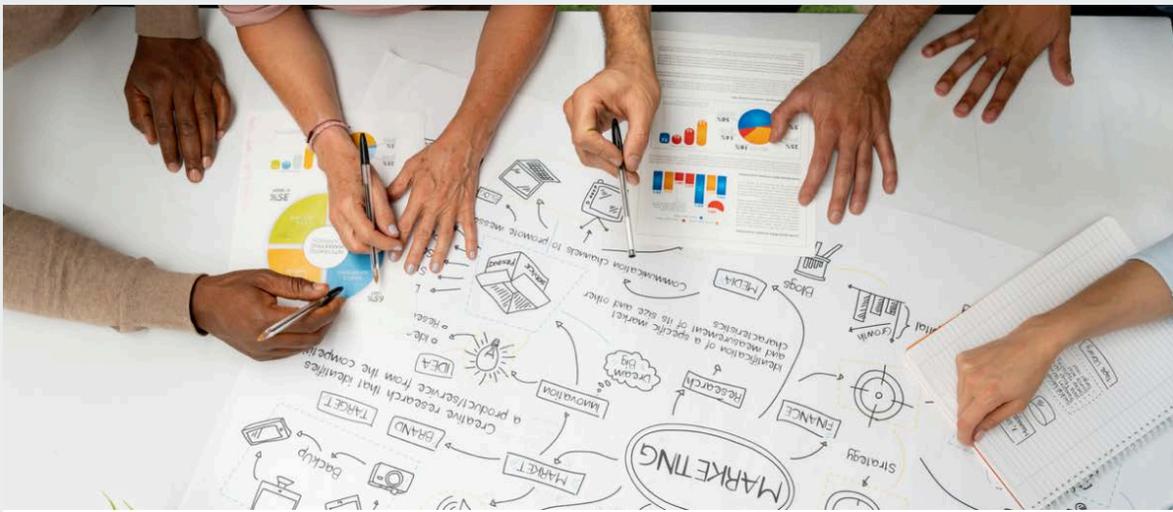


## When Data Analytics Strengthens the Supply Chain

In this study, Eli Broad Professor in Supply Chain Management **Sriram Narayanan** and Associate Professor of International Business and Marketing **Ahmet Kirca** link a firm's analytics capability, defined as its ability to collect, analyze, and use data, to supply chain and operational performance. Using evidence drawn from 174 prior empirical studies, the research evaluates how analytics capability affects performance through three supply chain capabilities: integration (coordinating activities across the supply chain), flexibility (adjusting quickly to change), and resilience (recovering from disruptions). The results show that these capabilities explain a substantial portion of the relationship between analytics capability and operational performance, which in turn supports customer service outcomes. The study also finds that the association between analytics capability and operational performance is stronger in developing economies, while the link between operational performance and customer service is stronger in developed economies. The findings indicate that firms are more likely to see operational benefits from data analytics when they also invest in building supply chain integration, flexibility, and resilience, rather than relying on analytics alone.

Raj, A; Kumar, RR; **Narayanan, S; Kirca, AH**; Jeyaraj, A. (2025). Analytics Capability, Supply Chain Capabilities, and Operational Performance: A Meta-Analytic Investigation. *JOURNAL OF OPERATIONS MANAGEMENT*, 71(6), 786-805.

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## Team Identity and Better Strategic Performance Management Design

Designing effective strategic performance management systems often requires cross-functional teams that can integrate information and expertise that is spread across different functional areas. This study by Ernest W. and Robert W. Schaberg Chair in Accounting **Ranjani Krishnan** with two co-authors **Aishwaryya Deore** (Broad AIS PhD, 2022) and **Sue Yang** (Broad AIS PhD, 2023) focuses on how *team identification*, defined as the extent to which individuals see themselves as part of an organizational team rather than as representatives of their own functional background, affects the success of these design efforts. Strategic performance management systems are formal tools organizations use to set goals, track performance, and guide strategic decisions. The research uses the theory of *transactive memory systems*, or shared understandings of who knows what within a team. The authors use experimental analysis using cross-functional teams and map a causal pathway by which team identification enhances transactive memory systems, fosters team learning, and improves strategic performance management systems design performance. The findings suggest that organizations designing performance systems may benefit when cross-functional team members see themselves as part of a shared team rather than as representatives of individual departments.

Deore, A; **Krishnan, R**; Yang, S. (2025). Team identification and transactive memory systems in strategic performance management system design. *ACCOUNTING ORGANIZATIONS AND SOCIETY*, 115, 101611.

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## How Representative Is Organizational Research?

Drawing on a large review of published research, John A Hannah Distinguished Professor of Organizational Behavior **Quinetta Roberson** and colleagues evaluate how representative the samples used in organizational studies actually are. Examining articles published over the past decade in leading management journals, they find a strong reliance on WEIRD samples, meaning organizations and individuals from Western, educated, industrialized, rich, and democratic contexts. The review also shows that small and medium-sized enterprises, along with certain industries and organizational settings, are consistently underrepresented. To highlight these patterns, the authors introduce a framework that describes sample diversity across geographic, organizational, and personnel dimensions. The article also discusses factors that contribute to narrow sampling and offers concrete guidance for improving sample diversity in future research. These findings suggest that before adopting evidence-based practices, managers and policymakers should consider whether the organizational contexts studied resemble their own in size, industry, workforce, and operating conditions. Where gaps exist, the authors recommend piloting initiatives on a small scale and drawing on local data before scaling policies or interventions.

Schimmelpfennig, R; Elbaek, C; Mitkidis, P; Singh, A; **Roberson, Q.** (2025). The WEIRDEST Organizations in the World? Assessing the Lack of Sample Diversity in Organizational Research. *JOURNAL OF MANAGEMENT*, 51(6), 2460-2487.

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**Eli Broad College of Business**  
632 Bogue Street, N520,  
East Lansing, Michigan 48824 United States  
(517) 355-8377 | [broad.msu.edu](http://broad.msu.edu)

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