

THE HONG KONG POLYTECHNIC UNIVERSITY
DEPARTMENT OF MANAGEMENT & MARKETING
DEPARTMENTAL RESEARCH SEMINAR

**Value-enhancing Roles for Senior Marketing Executives:
Increase Analyst Following and Reduce Myopic Decisions**

By

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Time: 2:30 p.m. - 4:00 p.m.

Venue: M802

All interested are welcome

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Abstract

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Inclusion of a marketing executive on a firm's top management team (TMT) will deepen and enrich that team's consideration of consumers, business customers and the marketplace in general. Resulting enhanced insights should contribute to firm value in at least two ways. First, these insights will inform CEO and CFO comments to analysts, broadening information provided hence increasing the number of financial analysts following the firm (which has been shown in prior research to increase firm value). Second, these insights will also inform TMT planning, reducing the team's impulse to myopically cut marketing spending, thereby avoiding the firm value penalty associated with myopic marketing cuts. In addition to its direct impact on analyst following and myopic decisions, we propose that marketer-driven-insight on the TMT will also positively moderate the impact of analyst following on firm value and negatively moderate the impact of myopic decisions on firm value. We identify CMOs using ExecuComp, analyst following using I/B/E/S and firm financial data using COMPUSTAT. Results confirm a main effect of CMO on firm value, mediation of that effect by analyst following and by myopic decisions and moderation of the analyst following effect on firm value.

Leigh McAlister is the Ed and Molly Smith Chair in Business Administration at the McCombs School of Business, University of Texas at Austin. Prof. McAlister received a BA from the University of Oklahoma (1972) and an MS (1975) and a PhD (1978) from Stanford University. Her dissertation won both the AMA Howard Dissertation Award and the *ACR/JCR* Ferber Dissertation Award. Subsequent research, well published in leading journals, includes the papers that won the 2003 O'Dell Award (most significant contribution to theory and practice in the *Journal of Marketing Research*) and the 2007 and 2011 Davidson Awards (best article in *Journal of Retailing*). With more than \$1.6 million of industry support for her work, she favors rigorous research that has managerial relevance. In that spirit, her work now focuses on marketing's influence on a firm's stock market value. She currently serves as Associate Editor for *Journal of Marketing* and *Marketing Science* and recently served as Associate Editor for *Journal of Marketing Research*. Always closely associated with the Marketing Science Institute, she was MSI's Executive Director from 2003-2005. Leigh was selected as the AMA/Irwin/McGraw-Hill Distinguished Marketing Educator, 2014.