

Financial Ratios, Earnings Persistence and Transitory Items



Itay Kama

Researchers from Tel Aviv University propose, in a published paper, a new measure of sustainable earnings, based on abnormal profit margins. In their paper they argue that while some other sustainable earnings techniques attempt to identify permanent components on a line-by-line basis, they use financial ratio analysis to remove the transitory component of earnings from all line items. Empirical results indicate that the measure is associated with higher earnings quality. The purpose of this survey is to introduce the paper to non-academic readers, presenting its contribution and possible limitations.

Incivility's Impact on Individual and Team Performance: a Cognitive Perspective



Arie Riskin, Amir Erez and Peter Bamberger

Arrogant brands have a multifaceted influence on consumers: Although consumers appreciate arrogant brands as reflecting high status and quality, arrogance can also make consumers feel inferior. Consumers whose self-perception is a priori low may consequently avoid arrogant brands. Results from six experiments using fictitious or actual arrogant brands show that when consumers experience prior threat on their self-perception, they may avoid brands that convey arrogance in favor of a competing, less-arrogant alternative. Such avoidance helps consumers with low self-esteem to restore their self-perceptions and feel better about themselves. From a practical perspective, the current findings suggest that while adopting an arrogant image may attract some consumers, it is likely to repel others, and so the decision to employ arrogance as a marketing tool should be taken with caution.