

Departmental Research Seminar

Market Reaction to War Language:  
The Role of Metaphorical Fit

By

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Date : 14 Dec 2022 (WED)

Time : 2:00 – 3:30 pm

Venue : Online via Zoom

**Abstract**

Most top executives use some form of metaphorical communication to convey their strategies. Though management research has largely treated metaphor as a single category of language, metaphors vary in their source domains, i.e., the conceptual domains (such as war or racing) from which expressions are drawn. Combining conceptual metaphor theory and the risk-as-affect perspective, we argue that the source domain is critical to understanding the effect of metaphor on investor reactions. In particular, by underscoring the high stakes inherent in an announced strategy, war language is uniquely suited to generating risk perception and negative sentiment, whereby the effect may be attenuated according to the context facing the firm and investors' own risk preferences. We find consistent evidence for these hypotheses in an archival study and an experiment. The former uses data from 1,363 corporate acquisition announcements; the latter is an experiment involving a targeted sample of 318 active stock market investors. Our findings advance a cognitive-linguistic perspective on investor response to strategy disclosures and complement extant work on strategic communication and resource acquisition.

**Prof. Donal Crilly** is Professor of Strategy and Entrepreneurship at the London Business School. His research interests include stakeholder theory, managerial cognition, and intertemporal choice. His work has been published in journals such as the *Strategic Management Journal*, the *Academy of Management Journal*, the *Academy of Management Review*, *Organization Science*, and the *Journal of International Business Studies*.

Donal Crilly is Associate Editor at the *Strategic Management Journal*, and an editorial board member of the *Academy of Management Journal*, the *Academy of Management Review*, *Organization Science*, and *Strategic Organization*.

**All interested are welcome.**

