

## **SEMINARS AT FBA BETWEEN DECEMBER 2017 AND DECEMBER 2018**

### **Seminar by Niels Noorderhaven @ MA-330 (FBA Building, Umit Berkman Seminar Room)**

**Dec 8 @ 1:40 pm – 2:40 pm**



#### **“Towards Collaborative Behavioral Intentions in M&A Integration”**

*by Professor Dr. Niels Noorderhaven*

Tilburg School of Economics and Management – Department of Management

#### **Abstract**

Theoretical insights into factors influencing the success of large-scale organizational change are scarce. We explore such change in the context of post-acquisition integration, where success hinges on realizing synergies while maintaining positive attitudes and behaviors of employees. We conduct an in-depth inductive study of the integration of an acquired firm to develop theory pertaining to the question how task integration management and human integration management lead to intergroup interaction processes that either engender or impede the development of organizational members' collaborative behavioral intentions. Our study advances the M&A literature by revealing the crucial role of intergroup interaction processes. More generally, our study articulates the roles played by task-oriented and human-oriented interventions in large-scale organizational change.

### **Seminar by Olga Bountali @ MA-330 (FBA Building, Umit Berkman Seminar Room)**

**Dec 12 @ 1:40 pm – 2:40 pm**



#### **“Strategic Customers in Systems with Batch Arrivals: How Much You Can Protect Your Party”**

*by Dr. Olga Bountali*

Southern Methodist University – Department of Engineering Management, Information, and Systems

#### **Abstract**

Customers who arrive in groups at a service or production system but are served individually are faced with a convoluted manifestation of the “join-balk” dilemma when they try to balance the payoff obtained from service with the costs caused by waiting in the queue: if they are bound to join or balk as a group, then some of them may be forced to join so that the net benefit of the entire group is maximized. On the other hand, if separate customer entrances are allowed, then their individual interest plays the major role in their decision. In this sense, when all arriving groups act strategically, it is of interest to predict the resulting join-balk strategies under equilibrium in both cases, as well as their differences in system performance, customer throughput, total customer welfare, etc. We consider these questions in the framework of a single server Markovian queue with batch arrivals and random batch sizes. We explicitly consider two cases with respect to the entrance decision rules: the 0-1 case, in which the entire batch (i.e., all its customers) decides to either join or balk, and the partial case, where the batch is allowed to join partially (i.e., only a fraction of the customers decides to join). We analyze and compare how the customers behave in equilibrium under both rules and the corresponding implications on the social welfare.

**Seminar by Tanseli Savaşer @ MA-330 (FBA Building, Umit Berkman Seminar Room)**

**Dec 15 @ 1:40 pm – 2:40 pm**



**“CEO Incentives and Bank Risk over the Business Cycle”**

**by Tanseli Savaşer**

Assistant Professor of Finance – Faculty of Business Administration  
Bilkent University

**Abstract**

Due to government guarantees provided to financial firms, bank shareholders have a natural preference for risky lending, taking excessive risks at the expense of debt holders and taxpayers (risk shifting). We propose and test a joint hypothesis that these risk-shifting incentives become more prominent as economic conditions deteriorate and that shareholder’s increased risk appetite leads to a stronger relationship between managerial risk-taking incentives and bank risk in a contracting economy. Consistent with this hypothesis, we find that the same level of pay-for-risk incentives given to a CEO leads to higher bank risk during economic downturns. This is because shareholders’ increased risk preference is passed on to the manager (through stock-based compensation) increasing the sensitivity of bank risk to CEO pay-for-risk incentives. Our results suggest that holding sufficiently high amount of bank capital limits this effect, making the CEO compensation-bank risk relationship less sensitive to the underlying macroeconomic environment.

**Seminar by Bige Kahraman Alper @ MA-330 (FBA Building, Umit Berkman Seminar Room)**

**Dec 22 @ 1:40 pm – 2:40 pm**



**“Show Us Your Shorts!”**

*by Bige Kahraman Alper*

**Oxford Said Business School**

**Abstract**

What is the impact of greater publicity in the shorting market on informational efficiency? To answer this, we exploit rule amendments in U.S. securities markets which increased the frequency of public disclosure of short interest. Greater publicity can potentially improve or deteriorate informational efficiency. We find that with more frequent disclosure, short-sellers’ private information is incorporated into prices faster, improving informational efficiency. We also document significant market reactions to short interest announcements, suggesting investor learning, and furthermore, increases in short-sellers’ returns and reductions in their holding periods.

**Seminar by Görkem Aksaray @ MA-330 (FBA Building, Umit Berkman Seminar Room)**  
**Dec 27 @ 1:40 pm – 2:40 pm**



**“Occupational Specialization, Job Mobility, and Transition to Self-Employment”**

*by Görkem Aksaray*

**Emory University – Organization & Management**

**Abstract**

Some occupations are prevalent across a wider range of industries than others. This paper compares how occupational specialization by industry affects the mobility of workers within and across industries. Empirical results suggest that occupational specialization increases the probability of finding a job in the same industry while hurting chances of changing industries after involuntary termination. However, it increases the probability of voluntarily transitioning to self-employment in another industry. These findings provide support for self-employment as a mechanism for overcoming structural barriers to inter-industry mobility.

**Seminar by Merih Sevilir @ MA-330 (FBA Building, Umit Berkman Seminar Room)**  
**Dec 28 @ 1:40 pm – 2:40 pm**



**“Access to Public Capital Markets and Employment Growth”**

*by Merih Sevilir*

**Indiana University – Kelley School of Business**

**Abstract**

We use the context of initial public offerings (IPOs) as a laboratory to examine the link between access to public capital markets, and the consequent relaxation of the financial constraints of firms, and their long-term employment decisions. To address endogeneity issues, we use a novel data set of private firms and investigate employment growth in IPO firms relative to two control groups: First, a matched sample of private firms that never file for an IPO, and second, a group of private firms that file for an IPO but eventually withdraw their offering due to exogenous reasons. We show that employment growth increases after going public relative to each control group and the effect of access to public capital markets on human capital investment is not temporary but more persistent. The most likely channel for the observed employment dynamics is relaxation of financial constraints, allowing newly public firms to access *both equity and debt markets* for funding investment in human capital. Overall, these results highlight the importance of public capital markets for job creation over long-term horizons.

**Seminar by Emrah Karakaya @ MA-330 (FBA Building, Umit Berkman Seminar Room)**

**Jan 4 @ 1:40 pm – 2:40 pm**



**“Sustainability transitions: Learnings from demand and supply side perspectives”**

*by Emrah Karakaya*

**KTH Royal Institute of Technology – Industrial Economics and Management**

**Abstract**

How do innovations diffuse in societies and organizations? How do sustainability transitions of industries happen? In order to shed some lights on these fundamental questions, this seminar aims at bringing insights from different theoretical perspectives. To do so, first, the seminar provides a brief overview of diffusion of innovations theory (Hägerstrand 1967; Rogers 1962), which is a demand-side perspective, and technological innovation systems approach (Carlsson and Stankiewicz 1991; Hekkert et al. 2007), which has a supply-side focus. Second, it discusses two distinct empirical cases. The first case focuses on the diffusion of solar photovoltaic systems among households in Germany while the second case explains the story of a hydrogen based technology in iron and steel industry in Sweden. By doing so, the seminar tries to create an opportunity to discuss the dynamics behind transitions towards more sustainable production and consumption.

**Seminar by Özge Tuncel @ MA-330 (FBA Building, Umit Berkman Seminar Room)**

**Jan 5 @ 1:40 pm – 2:40 pm**



**“The Role of Complexity in Supply Chain Contract and Parameter Selection”**

*by Dr. Özge Tuncel*

**PhD Singapore University Singapore University of Technology and Design (SUTD) – Industrial Engineering and Operations Management**

**Abstract**

It has been established in the prior literature that human subjects fail to optimize parameters for two-parameter efficient/coordinating contracts, such as the buyback and revenue-sharing contracts, due to their complexity or cognitive burden. However, they can optimize the inefficient single-parameter wholesale price contract. Therefore, there is a trade-off between using efficient but complex contracts, and using simpler but inefficient contracts. We set out to identify whether the minimum order quantity (MOQ) contract, often used in business-to-business settings, can mitigate the tradeoff by inducing less cognitive burden than other coordinating contracts. We find that (i) subjects perform significantly better with the MOQ contract compared to other coordinating contracts, both in terms of supply chain performance and their own payoff; (ii) the MOQ contract induces lower cognitive burden than other coordinating contracts; (iii) cognitive burden associated with more complex contracts can be reduced with tools that are designed to lessen complexity and with learning; (iv) when given a choice, subjects choose the MOQ contract more frequently over other types of contracts and they favor the MOQ contract even more as they learn more about the contracts.

**Seminar by Tolga Demir @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Feb 16 @ 1:40 pm – 2:40 pm**



**“Utilizing Management Technology Advantages in Cross-Border Acquisitions”**

*by Tolga Demir*

Stockholm School of Economics – PhD in Finance

**Abstract**

A growing literature documents that management quality accounts for an important portion of the differences in productivity across firms and countries. One route through which management practices could affect productivity is through mergers and acquisitions. In this paper, I investigate the role of management quality on cross-border acquisition activities and outcomes. I find that cross-border deal volume is positively associated with management quality differences across countries and firms. Firms with better management practices are more likely to be the acquirers. Acquisition premia paid to the target are positively related to the difference in management quality between the acquirer and target firms. Managers of the target firm are more likely to quit when the acquiring firm has better management practices. Lastly, target firms are less likely to be divested post-acquisition when acquirer firms have better management practices. My results indicate that management as a strategic intangible asset plays an important role in the cross-border acquisition plans, activities and outcomes.

**Seminar by Atanu Kumar Paul @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Feb 23 @ 1:40 pm – 2:40 pm**



**“Optimal Monetary Policy under Recursive Preferences and the Term Structure of Equity and Bond Risk Premia”**

*by Atanu Kumar Paul*

Carnegie Mellon University, Ph.D. Finance

**Abstract**

I build a New Keynesian asset pricing model with optimal monetary policy and Epstein-Zin preferences that accounts for some of the stylized facts concerning the term structures of equity and bond risk premia. The model-implied term structure of equity risk premia and its volatility are downward sloping, the term structure of bond risk premia is upward sloping, and the term structure of Sharpe ratios on dividend strips is downward sloping. Under Epstein-Zin preferences, the central bank amplifies short- and long-run productivity shocks to maximize surprise utility in an optimal monetary policy setting by making the output gap procyclical with respect to these shocks. The output gap gradually falls after a positive short- or long-run productivity shock so short-horizon output and dividends are more procyclical than medium-horizon output and dividends. Under the optimal monetary policy, the weight on the difference between inflation and its target in the loss function is large so inflation closely tracks the inflation target, which is persistent and responds negatively to long-run productivity shocks. This makes long-horizon price levels more countercyclical than short-horizon price levels with respect to the long-run productivity shock.



**Seminar by Çisil Sarısoy @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Mar 1 @ 1:40 pm – 2:40 pm**



**“Variance Dynamics in Term Structure Models”**

*by Çisil Sarısoy*

Kellogg School of Management, Ph.D in Finance

**Abstract**

I design a novel specification test for diagnosing the adequacy of affine term structure models to describe the observed yield variance dynamics, and derive the associated limit theory necessary for carrying out the test. The test statistic utilizes model-free estimators of instantaneous variances based on intraday data as well as model-free prices of variance swaps. Hence, it enables a direct testing of variance dynamics, independent of any specific modeling assumptions. I implement the test statistic in Eurodollar futures and options markets and find that affine term structure models cannot accommodate the yield variance dynamics observed in the data, especially during the crisis period of 2008–2010. However, a logarithmic affine specification of variances provides a remarkably improved fit.

**Seminar by Ayşe Kocabıyıkoglu @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Mar 9 @ 1:40 pm – 2:40 pm**



**“An Experimental Study of Newsvendor Decisions under Incomplete Information”**

*by Ayşe Kocabıyıkoglu*

Sabancı University, Ph.D in Management

**Abstract**

We present an experimental study of newsvendor decisions under incomplete information. We observe that orders deviate from normative benchmarks when decision makers have incomplete information, and this tendency is stronger when information about the demand distribution is not available. This pattern is reflected in profits: subjects capture at most 81% of earnings they could have incurred if they ordered the normative quantity in high-margin settings; the corresponding percentage is 50% in low-margin settings. Our results also suggest decision variability is not affected by the type or amount of information available. Comparison with benchmarks with full and no information reveal, when the underlying demand distribution is not known, the availability of price and cost information significantly improves decisions, whereas when demand information is available, not knowing price or cost does not hurt decisions. We also consider the impact of information on profits; in our study the improvement in profits with any type of information (price, cost, demand) depends on the information set available to the decision maker, and more information does not necessarily lead to better performance.

**Seminar by Güliz Ger & Alev P. Kuruoğlu @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Mar 16 @ 1:40 pm – 2:40 pm**



**“Market Formation, Emotional Economy, and Politics: Kurdish Music Cassettes”**

*by Prof. Dr. Güliz Ger & Dr. Alev P. Kuruoğlu*

Bilkent University & Southern Denmark University

**Abstract**

We will present the theoretical development of our published article titled “An emotional economy of mundane objects” and then, very briefly, Alev’s yet-unpublished article on market formation and politics, both of which were based on the same fieldwork. Our published article illuminates the affective potentialities of objects. We examine the circulation of Kurdish music cassettes in Turkey during the restrictive and strife-laden period of the 1970s, 1980s, and 1990s. We find that the practices comprising circulation – recording, hiding, playing, and exchanging cassettes – constituted tactical resistance and generated communal imaginaries. We illuminate the “emotional economy” that is animated by a mundane object: the cassette, through its circulation, becomes saturated with emotions, establishes shared emotional repertoires, and habituates individuals and collectives into common emotional dispositions. Cassettes thus play a part in shaping and reinforcing an emotional habitus that accompanies the emergence of a sense of “us,” the delineation of the “other,” and the relationship between the two. The article thus demonstrates the entwinement of materiality and emotions and how this entwinement generates emotional structures that shape and perpetuate the imagining of community as well as the enactment of resistance. We will end with the to-be-revised article which moves from the above pre-market dynamics to market formation.

**Seminar by Shumail Mazahir Muhammad @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Mar 30 @ 1:40 pm – 2:40 pm**



**“Did Europe Move in the Right Direction on E-Waste Legislation?”**

*by Shumail Mazahir Muhammad*

Ph.D. in Management – HEC Paris, France

**Abstract**

This paper presents an analytical framework of the product take back legislation in the context of product reuse. We characterize existing and proposed forms of E-waste legislation and compare their environmental and economic performance. Using stylized models, we analyze an OEM’s decision about new and remanufactured product quantity in response to the legislative mechanism. We focus on the 2012 waste electrical and electronic equipment directive in Europe, where the policy-makers intended to create additional incentives for the product reuse. Through a comparison to the original 2002 version of the directive, we find that these incentives translate into improved environmental outcomes only for a limited set of products. We also study a proposed policy that advocates a separate target for the product reuse. Our analysis reveals that from an environmental standpoint, the recast version is always dominated either by the original policy or by the one that advocates a separate target for the product reuse. We show that the benefits of a separate reuse target scheme can be fully replicated with the aid of fiscal levers. Our main message is that there cannot be a single best environmental policy that is suitable for all products. Therefore, the consideration of product attributes is essential in identification of the most appropriate policy tool. This can be done either by the implementation of different policies on each product category or by implementation of product-based target levels.

**Seminar by Berk Ataman @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Apr 6 @ 1:40 pm – 2:40 pm**



**“ADVERTISING’S LONG-TERM IMPACT ON BRAND PRICE ELASTICITY ACROSS BRANDS AND CATEGORIES”**

*by Assoc. Prof. Berk Ataman*

**Koç University Faculty of Economics and Administrative Sciences – Marketing**

**Abstract**

Advertising often aims at creating and reinforcing brand differentiation, which should translate into reduced price competition. But to what extent does it do so, what is the route through which this effect of advertising materializes, and what are the boundary conditions? The authors develop a Hierarchical Dynamic Linear Model that links advertising to brand price elasticity directly and indirectly through consideration and preference mindset metrics. The model accommodates dynamic dependencies in mindset metrics and explains cross-sectional variation as a function of brand and category characteristics. Model estimation on six and a half years of data for 350 brands in 39 categories shows that advertising decreases price elasticity for the average brand, both directly and indirectly, mainly through consideration. The effect through main brand preference is much smaller. The decrease in price elasticity is more pronounced for less expensive and low-quality brands and in complex and frequently purchased product categories. Monetary gains from this increased pricing power are especially pronounced for expensive brands in complex and frequently purchased categories. The findings thus help managers demonstrate the benefits of advertising in sustaining brand performance.

**Seminar by Pooya Hoseinpour @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Apr 13 @ 1:40 pm – 2:40 pm**



**“A profit-maximization location-capacity model for designing a service system with risk of service interruptions”**

*by Pooya Hoseinpour*

**Ph.D. in Industrial Engineering & Management Systems – McGill University**

**Abstract**

This paper considers the design of an immobile service system in which each facility’s service process is subject to the risk of interruptions. The location-capacity decisions and allocations are simultaneously made to maximize the difference between the service provider’s profit and the sum of customers’ transportation and waiting costs. An efficient Lagrangian-based solution algorithm is developed, which solves large-sized instances with up to 50 service facilities and 500 customers in a few seconds. Several sensitivity analyses and managerial insights are presented. The model is also applied to a case study on a logistics network design problem in the zinc mining industry.



**Seminar by Erkan Yönder @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Apr 20 @ 1:40 pm – 2:40 pm**



**‘No Shelter from the Storm? Hurricane Sandy and Commercial Real Estate Values’**

*by Erkan Yönder*

**Ph.D. in Finance, Maastricht University**

**Abstract**

We use micro-level data to study how investors price hurricane risk in the US commercial real estate market. Using Hurricane Sandy as a natural experiment, we find that properties exposed to hurricane risk experience 4 to 21 percent lower price appreciation post-Sandy as compared to their pre-Sandy counterparts matched on locational hurricane risk exposure. This price effect dissipates over time but, in the cross-section, it extends beyond areas immediately affected by the disaster to similar locations that have not yet experienced a hurricane strike, such as Massachusetts. We also document that the price effect of hurricane risk operates through mainly discount rates. Lastly, we present evidence for contagion effects from locally important occupiers adversely affected by Sandy to the value of unrelated properties nearby. A placebo test for Chicago confirms our results.

**Seminar by Betül Açıkgoz @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Apr 27 @ 1:40 pm – 2:40 pm**



**“Equity Crowdfunding Opportunities among Start-up Companies”**

*by Betül Açıkgoz*

**Assistant Professor of Accounting – Bozok University,  
Faculty of Economics and Administrative Sciences**

**Abstract**

The startup companies who need financial sources usually apply credits, subsidies or grants from government agencies, angel investors or joint ventures. Crowdfunding is a kind of financial support from masses to accomplish a project such as an audio album, a software program, a social responsibility movement or a product design. This could be in the form of a reward, charity activity, equity or debt. Equity crowdfunding is a recent method to finance the operations of newly established startup companies. Startup companies who have bright ideas but lacking of funds to carry out their projects are in need of financial sources. To clear away the financial challenges, equity crowdfunding provides little amounts of funds from a number of investors. In this kind of financing, the financial institutions such as banks are eliminated. The creditor and the startup company meets on the internet platform. Although it is a very new application in Turkey, the crowdfunding is of very broad use in the US and Europe. This study aims to measure of perceptions of startup companies about the crowdfunding and the contribution on the new investments.

**Seminar by Olena Havrylchyk @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**May 11 @ 1:40 pm – 2:40 pm**



**“What has driven the expansion of the peer-to-peer lending”**

*by Prof. Olena Havrylchyk*

**University of Paris Panthéon-Sorbonne**

**Abstract**

Peer-to-peer (P2P) lending platforms are online intermediaries that match lenders with borrowers. We use data from the two leading P2P lending platforms on the US consumer credit market, Prosper and Lending Club, to explore the main drivers of the expansion of demand for P2P credit. We exploit the heterogeneity in local credit markets at the county level to test three main hypotheses: 1) global financial crisis; 2) competition and barriers to entry; and 3) learning costs. We find that P2P lending platforms have partly substituted for banks in counties that were more affected by the financial crisis. High market concentration and high branch density appear to deter the entry and expansion of the P2P lending. Finally, we find a positive impact of variables that are correlated with lower learning costs, such as education, population density, high share of young population, as well as important spatial interactions.

**Seminar by Nejat Seyhun @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**May 22 @ 1:40 pm – 2:40 pm**



**“Understanding Anomalies Using Insider Trading”**

*by Prof. Dr. Nejat Seyhun*

**Ph.D. in Finance, University of Rochester**

**Abstract**

Many studies show that future stock returns are predictable. These findings are consistent with either mispricing or risk. We use a large backward-extended insider trading database from 1975 to 2014 to construct anomaly-specific measures of mispricing that are designed to be unrelated to risk. We find mispricing is corrected shortly after insider trading becomes public when the direction of insider trading agrees with the anomaly. Mispricing completely disappears when the direction of insider trading disagrees with the anomaly, and mispricing is modest when there is no insider trading. We conclude that mispricing is an important component of the predictive ability of all thirteen anomalies we consider. Our evidence also indicates that insiders improve market efficiency through information not only about mispricing itself, but also about when mispricing will be corrected.

**Seminar by Haldun Süral @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**May 25 @ 1:40 pm – 2:40 pm**



**“City Logistics Systems”  
by Prof. Dr. Haldun Süral  
M.E.T.U.**

**Abstract**

We provide an overview of challenges appeared in the real-life applications of City logistics (CL) systems and CL studies in the literature. Coordination of stakeholders and consolidation of goods are the key elements of CL. Consolidation takes place at city distribution centers (CDC). Freight arrives to CDC through different modes. Goods are processed and consolidated based on demands and are dispatched to be distributed to the customers. This is how the single-echelon systems work. In the multi-echelon systems, there are satellites between CDCs and customers and goods of the higher echelon vehicles are trans-docked to the next echelon vehicles without staging. Varieties of CL freight systems and some analytic results will be presented.

**Seminar by M. Sabeeh Iqbal @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Jun 1 @ 1:40 pm – 2:40 pm**



**“Institutions’ Investment Horizon, Herding, and long Term Returns”  
by M.Sabeeh Iqbal  
Ph.D Candidate, Bilkent University**

**Abstract**

The financial institutions have the tendency to herd but their herding may be informational or behavioral depending upon the type of institutions. Short horizon institutions trade on superior information unlike long horizon institutions which trade on stale information (or behavioral reasons). Therefore, herding by different institutions have different price implications for securities. We find that herding by long horizon institutions is negatively related to long horizon returns and herding by short horizon institutions have insignificant impact on long horizon returns. Our results are robust to various control variables which are known to affect returns, to sub-periods, and to use of returns of different horizons as dependent variable. These evidence suggest that short/long horizon institutions’ herding is informational/behavioral.

**Seminar by Onur Boyabatlı @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Jun 8 @ 1:40 pm – 2:40 pm**



**“Optimal Procurement from Multiple Contracts in Agricultural Processing: Implications for Biomass Commercialization”**

***by Assoc. Prof. Onur Boyabatlı***  
**Singapore Management University**

**Abstract**

This paper examines the procurement strategy of an agricultural processor that sources a commodity input from two quantity-flexibility contracts to produce a commodity output and a byproduct in the presence of input and output spot price uncertainties. We characterize the optimal procurement volume from these contracts (and the subsequent processing, input spot procurement, output spot transactions) and perform sensitivity analysis to investigate how spot price correlation affects the processor’s optimal procurement strategy and profitability. We show that, in contrast to the common understanding in the literature that comes from studies that ignore contract procurement, a higher spot price correlation increases the processor’s profitability in the presence of contract procurement. Using our modeling framework, we also examine the impact of commercializing byproduct as biomass on the procurement strategy and profitability of the processor. While the processor optimally procures only from a single contract (single-sourcing) before the biomass commercialization, the processor may optimally source from two contracts (dual-sourcing) after the commercialization. Using a calibration based on the palm industry, we show that failing to update procurement strategy after commercialization leads to a significant profit loss, and this profit loss is higher when biomass demand is sufficiently high. To understand the environmental implications of biomass commercialization, we characterize the expected greenhouse gas (GHG) emissions of the processor—which is new to the literature—and examine how commercialization affects the expected GHG emissions.

**Seminar by Rasim Serdar Kurdoğlu @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Oct 12 @ 1:40 pm – 2:40 pm**



**“RHETORICAL INVESTIGATION OF MANAGERIAL LEGITIMATIONS: STUDYING ARGUMENTS ON ALLEGEDLY UNFAIR CAREER ADVANCEMENT DECISIONS”**

***by Rasim Serdar Kurdoğlu***  
**University of Leicester**

**Abstract**

This present study offers a new theoretical view on organisational justice, and then empirically applies it to study fairness of career advancement decisions in organizations. Theoretically, it challenges the concept of procedural justice in organizations by drawing on Hayek’s liberal justice theory. It then introduces a new understanding of interactional justice derived from Perelman and his colleague’s argumentation theory. Accordingly, eristic modes of legitimations (preposterous reasoning to win the argument) are considered to be a breach of interactional justice, which is crucial to enable economic exchanges without deception. For applying these theoretical views in an empirical investigation, 15 interviews were conducted with former employees who claimed that their promotions were denied unfairly. In addition, 21 interviews were conducted with HRM professionals to elicit their general views on career advancement decisions. The consequent rhetorical analysis indicates that raising unfairness concerns can be futile and destructive when managerial authorities are in eristic mode of discussion which instigates malevolent political strives within organizations. Breach of interactional justice is found to be conducive to various inefficiencies for organizations as well as for individual careers.

Seminar by Fehmi Tanrısever @ MA-330 (MA Building, Umit Berkman Seminar Room)

Oct 26 @ 1:40 pm – 2:40 pm



**“Managing Capital Market Frictions via Cost-Reduction Investments”**

*by Fehmi Tanrısever*

**Bilkent University – Faculty of Business Administration**

**Abstract**

**Problem definition:** We examine how the presence of capital market frictions influences the decision to invest in production cost reduction and the resulting production volume. This investment can increase the firm’s cash flow by increasing the profit margin, but it can also decrease the firm’s risk-free cash reserves and thus affect its exposure to capital market frictions.

**Academic / Practical Relevance:** Process improvement aimed at production cost reduction has generated myriad of theoretical questions about efficient investment options and capacity choices. From a managerial perspective, process improvement is a fundamental concern in operations strategy. Nevertheless, its analysis typically excludes financial constraints by assuming a perfect capital market.

**Methodology:** We formulate a two-stage profit maximization model in which a capital-constrained firm commits to a cost-reduction investment in the first stage in anticipation of its production decision in the second stage of this two-stage decision process. The firm considers capital market frictions when making decisions at each stage, while considering uncertainty in demand for its offering and in reducing its unit production cost.

**Results:** When a firm faces small initial capital and low pre-investment unit production costs, it can benefit from investing in production cost reduction in the presence of capital market frictions more so than in their absence. Moreover, uncertainty in the production cost reduction mitigates the impact of market frictions on the net benefit (i.e., additional profit), whereas demand uncertainty decreases the feasible parameter space where investing in production cost reduction is optimal.

**Managerial Implications:** A firm’s decision to invest in production cost reduction affects its operational and financial capabilities. Managers should thus consider this investment as an operational hedge not only against the uncertainty of matching supply and demand, but against exposure to capital market frictions and the resulting financial risk.

**Keywords:** cost-reduction investment, operational hedging, capital market frictions, OM-finance interface



**Seminar by Ayşe Başak Tanyeri @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Nov 2 @ 1:40 pm – 2:40 pm**



**“Financial Consequences of Political Uncertainty: The Arab Spring”**

*by A. Başak Tanyeri*

**Bilkent University – Faculty of Business Administration**

**Abstract**

We investigate how political unrest affects assets prices in the context of Arab Spring. Abnormal returns in major stock-market indices of Arab Spring countries average -1 percent on key days of Arab Spring where Egypt is the country most affected. Abnormal changes in credit default spreads average 1 percent with Saudi Arabia experiencing the most significant spike. The stock market reaction is more pronounced around local protests when compared to protests in neighboring countries. The significant reaction to region-wide protests indicates a spill-over with protests in neighboring countries affecting investors’ perception of local political instability and the pricing of assets.

**JEL: G23, G34**

**Keywords:** Political uncertainty, Arab Spring, regional spill-overs.

**Seminar by Nagihan Çömez Dolgan @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Nov 9 @ 1:40 pm – 2:40 pm**



**“Optimal Assortment Planning for Firms Using Transshipments”**

*by Nagihan Çömez Dolgan*

**İstanbul Şehir University**

**Abstract**

Transshipments may help firms to satisfy customer demand timely and at a lower cost than receiving emergency shipments from upper echelon supplier in case of stock unavailability. While the effects of considering transshipments along with inventory decisions are extensively investigated, transshipments may also affect more strategic level decisions such as assortment planning. In this study, our objective is to find the optimal assortments in a centralized system, where firms can utilize transshipments for the products they don’t keep. We use an exogenous demand model and consider the settings where an assortment capacity constraint at each firm is present or not. If a product is not carried by any of the firms, then it is considered that a customer can be willing to substitute his/her demand with another product, which can be either directly satisfied from the firms’s inventory or by transshipment. We shed light on optimal firm assortments when transshipments are utilized.

**Seminar by Mohamad Mazboudi @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Nov 23 @ 1:40 pm – 2:40 pm**



**“Audit Fees and CEO Network Centrality”  
by Mohamad Mazboudi  
American University of Beirut**

**Abstract**

We introduce the well-established concept of social network centrality to the auditing literature. We argue that CEO network centrality increases the CEO bargaining power in audit fee negotiations since high network centrality brings influence and power to CEOs within their social networks. We find that audit fees are lower in firms managed by CEOs with high network centrality. This is slightly more pronounced when a firm constitutes a greater share of an auditor’s industry clientele. Interestingly, we also find that audit quality does not deteriorate when audit fees are lower if the firms have more central CEOs. We further document the influence high-centrality CEOs have on the audit decisions of their social peers. For example, we show that less central (i.e., peripheral) CEOs are likely to hire auditors that do work for firms with CEOs enjoying high levels of network centrality. Together these results suggest that high network centrality reflects a bargaining power CEOs can use to lower their audit fees.

**Keywords:** Audit fees; Bargaining power; Social networks; Network centrality.

JEL Classification: L 14; M 41; M 42

**Seminar by Ali Ekici @ MA-330 (MA Building, Umit Berkman Seminar Room)**  
**Dec 7 @ 1:40 pm – 2:40 pm**



**“A New Integrated Clustering and Routing Algorithm for an Inventory Routing Problem”**  
*by Ali Ekici*  
**Ozyegin University**

**Abstract**

Inventory Routing Problem (IRP) arises from vendor-managed inventory business settings where the supplier is responsible for replenishing the inventories of its customers over a planning horizon. In IRP, the supplier makes the routing and inventory decisions together to improve the overall performance of the system. More specifically, the supplier decides (i) when to replenish each customer, (ii) how much to deliver to each customer, and (iii) how to route delivery vehicles between the depot and the customers. In this talk, we present a heuristic framework that integrates clustering and routing phases for an inventory routing problem where the supplier’s goal is to minimize total transportation cost over a planning horizon while avoiding stock-outs at the customer locations. In the clustering phase, we partition the customer set into clusters such that a single vehicle serves each cluster. In the routing phase, we develop the delivery schedule for each cluster. The novelty of the proposed approach is that it takes the three main decisions (when to deliver, how much to deliver and how to route) into account when partitioning the customer set and forming the delivery schedule for each cluster. We compare the proposed solution approach against the ones in the literature and obtain significantly better results in terms of both the number of instances that have been solved and the quality of the solution found. Since the proposed clustering approach is quite generic, we foresee that it can be used for other routing algorithms as well.

**Bio**

Ali Ekici is an Associate Professor in the Department of Industrial Engineering at Ozyegin University. He holds PhD and MS degrees in Industrial and Systems Engineering from Georgia Institute of Technology, and BS degrees in Industrial Engineering and Mathematics from Middle East Technical University. His research experience and interests are in the field of health and humanitarian logistics, disease spread modeling, vehicle/inventory routing and scheduling/packing applications. He has published in prestigious journals including MSOM, Transportation Science, Naval Research Logistics and Computers & Operations Research. His research is supported by TUBITAK grants.

**Seminar by Pavel Kocourek @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Dec 13 @ 1:40 pm – 2:40 pm**



**“Revealing Private Information in a Patent Race”**

*by Pavel Kocourek*  
**Newyork University**

**Abstract**

In this paper I study dynamic and strategic aspects of R&D rivalry. I consider a patent race in which the first firm to make two consecutive breakthroughs wins the prize. A breakthrough arrives with instantaneous probability equal to the firm’s R&D effort level, and its arrival is observed privately. A firm varies its effort as it updates its belief about the rival’s progress. I find that a firm drops its effort over time until its first breakthrough arrives, in which case the effort jumps up and keeps increasing until one of the players patents. Further, I investigate whether a firm would want to reveal success in order to discourage its rival. I find that a firm never reveals if its rival has, and is first to reveal when a breakthrough is hard to achieve. When breakthroughs arrive quickly the firm prefers secrecy to revelation. For intermediate levels of research difficulty firm’s revelation behavior entails randomization or delay. Interestingly, when there are more than two players, equilibrium always entails revelation.

**Seminar by Şerif Aziz Şimşir @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Dec 14 @ 1:40 pm – 2:40 pm**



**“The Joint Effect of Unionization and Economy-wide Shocks on Industry M&A Activity”**

*by Şerif Aziz Şimşir*  
**Sabancı University**

**Abstract**

We examine the effect of labor unionization on industry-level takeover activity after negative economy-wide shocks. Focusing on the 2008 financial crisis, we find that the merger intensities drop significantly during the post-crisis period. However, the degree of unionization in an industry attenuates the negative effect of the financial crisis on merger activity. Prior literature shows that unionization tends to lower takeover activity. Our results indicate that, in times of economy-wide crises, this adverse effect is weakened since we also document a similar pattern after the 2001 recession. In contrast to economy-wide crises, industry-level economic shocks do not lead to a relative increase in M&A activity for unionized industries.

**Seminar by Ece Zeliha Demirci @ MA-330 (MA Building, Umit Berkman Seminar Room)**

**Dec 21 @ 1:40 pm – 2:40 pm**



**“Designing an Intervention Strategy for Public-interest Goods: The California Electric Vehicle Market Case”**  
*by Ece Zeliha Demirci*

**Eindhoven University of Technology**

**Abstract**

Public-interest goods are known as goods with positive externalities, allowing the consumers as well as others who do not pay for them benefit from their consumption. Health related goods, such as vaccines, or products with less carbon emissions are well known examples. Wider adoption of such goods are generally ensured via the intervention of a central authority in their supply chain. The main goal of the central authority is to design and fund an intervention scheme so that decisions of the channel are in line with the benefit of society. In this study, we explore the intervention problem for a public-interest good by considering a system composed of a retailer and a central authority. The central authority regulates the system by two intervention tools applied simultaneously: (i) investing in demand-increasing strategies; and (ii) rebates. We introduce a model that determines a social welfare maximizing intervention scheme and further investigate the model. Finally, we conduct a case study for California’s electric vehicle market and validate our findings by a detailed analysis of the results.

**Bio:** Dr. Ece Zeliha Demirci received her B.S., M.S., and Ph.D. degrees from Industrial Engineering Department of Bilkent University. Currently, she is a postdoctoral researcher at the Industrial Engineering and Innovation Sciences Department of Eindhoven University of Technology. Her research interests are supply chain management, sustainable operations, inventory theory, maintenance and spare parts planning.



**Seminar by Burçin Güçlü @ MA-330 (MA Building, Umit Berkman Seminar Room)**  
**Dec 28 @ 1:40 pm – 2:40 pm**



**“Do sharing economy firms refuse to share? Information asymmetries and consumer safety in short-term accommodation platforms”**

***by Burçin Güçlü***  
**Universitat Ramon Llull**

**Abstract**

This study investigates the effect of information asymmetries on consumer safety in the context of sharing economy platforms. In view of the negative effect of information asymmetries on consumer choice via moral hazard, adverse selection, and monopoly power, we aim to understand whether sharing economy platforms decrease consumer safety through asymmetric information. Empirically, we use i) secondary data from Inside Airbnb portal with descriptive information on the availability of Airbnb’s safety amenities in Amsterdam, ii) primary data we collected through R on Airbnb’s safety amenities listings to assess the change in customers’ accrued value with lack of safety amenities and asymmetry of information, and iii) data from a survey experiment to capture the effect of increased safety information on consumer choice. We find that asymmetry in safety information leads the customer to choose the less safe short-term accommodation, and conclude that consumers pick safer short-term accommodations when provided with full safety information. While secondary data highlight the limitations of Airbnb in providing full safety information to customers, our primary data analysis confirms the decline in customer value in case of lack of safety amenities and asymmetry of information. We share further implications of our study for (government) intervention to counteract asymmetry of information, and company policy to insure consumer safety in short-term accommodation rentals.

**Keywords:** sharing economy platforms, consumer safety, consumer choice, asymmetric information, Airbnb.