

SEMINARS AT FBA BETWEEN JANUARY 2021 AND DECEMBER 2021

Online Seminar by Jamal Abdul Nasir

Jan 8 @ 1:40 pm – 2:40 pm



‘A decision support framework for home health care transportation with simultaneous multi-vehicle routing and staff scheduling synchronization’

by Jamal Abdul Nasir

The University of Hong Kong

Abstract

Due to the ageing population and the prevalence of chronic diseases, Home Health Care (HHC) practices are significantly increasing in developed countries to provide coordinated health related services to patients at their homes. Accordingly, the scope of HHC services is also expanding from typical nursing and postoperative care at home to cover all types of needs of elderly patients (e.g., personal care, drug delivery and meal services). This paper aims to address the pressing demand for HHC services and develop a novel and effective mathematical model and solution methodology for supporting health care service delivery decisions. Our decision support framework captures the real needs of HHC services, including the challenges of creating simultaneous schedules and route plans for a set of HHC staff and Home Delivery Vehicles (HDVs) under the requirements of synchronization between HHC staff and HDVs visits, multiple visits to patients, multiple routes of HDVs and pickup/delivery visits related precedence for HDVs. A Mixed Integer Linear Programming (MILP) model is developed to characterize the optimization problem. Considering the computational complexity of the problem, a Hybrid Genetic Algorithm (HGA) is proposed to suggest HHC planning decisions. The model formulation and proposed HGA are examined on real-life instances for demonstrating its practicality and randomly generated test instances for assessing the scalability of the proposed approach. The results show the effectiveness and efficiency of our solution methodology. Experimental results indicate that the proposed algorithm provided a good performance even with an increasing number of required synchronized services, whereas the heuristic tactics facilitate the HGA to produce better-quality solutions in a significantly shorter time. Our framework is expected to contribute to an important aspect of shared healthcare mobility.

Bio

Jamal Abdul Nasir is a Post-doctoral fellow in the Department of Industrial and Manufacturing Systems Engineering at the University of Hong Kong. He received his B.Sc. degree in Industrial Engineering and Management from the University of the Punjab, Pakistan and M.S. degree in Industrial and Systems Engineering from Korea Advanced Institute of Science and Technology, South Korea. Dr. Nasir earned his Ph.D. in Systems Engineering and Engineering Management from the City University of Hong Kong. During the period, he also worked as an Industrial Engineer at Interloop Limited, Pakistan. His current research interests include systems modeling and optimization, health care service delivery, supply chain systems and transportation planning. He tends to work on application-oriented research problems that try to bring cutting-edge research ideas to mainstream practice. His research draws tools from operations research, predictive analytics and queuing theory



‘Stochastic Clearing under Multiple Brownian Motion Input Processes’
by Bo Wei
Singapore University of Technology and Design

Abstract

Stochastic clearing theory has wide-spread applications in the context of supply chain and service operations management. While the existing literature in the area has focused on the single input case, our focus is on the case of multiple input processes with the goal of investigating the structure of exact optimal clearing policies, directly applicable in the context of shipment consolidation practices, under both cost- and service-based performance measures. To this end, first, we demonstrate that the previously established cost-optimal quantity-based policy (QP) is not cost-wise superior to the cost-optimal time-based policy (TP): a notable result which is fundamentally different than for the case of single input process. Next, we identify a new set of policies, referred as (TQ + T)-policies, and show that the cost-optimal (TQ+T)-policy is either the optimal QP or the optimal TP. Building on these results, we propose an instantaneous rate policy (IRP) and prove its optimality among a large class of renewal-type clearing policies, in terms of the average cost. In relation to service-based performance, we study the behaviour of average weighted delay rate (AWDR) under the IRP. We show that, for a fixed clearing frequency, the IRP also achieves the lowest AWDR among a large class of renewal-type clearing policies. Hence, our newly established IRP leads to a win-win operational strategy in terms of both cost- and service-based criteria. Our methodological contribution is in the delivery of a unified method to calculate both cost- and service-based performance measures for a general class of renewal type clearing policies by developing novel martingale-based arguments. Our results are of practical value in the context of design and operation of shipment consolidation programs.

Bio

Bo Wei is a research fellow at Singapore University of Technology and Design from November 2020 onward. Prior to his current position, he was a research fellow at National University of Singapore since 2015. He obtained his PhD in Industrial Engineering from Texas A&M University in United States in December 2014 under the supervision of Drs. S. I. C. etinkaya and Daren B. H. Cline. He also holds an MS in Control Theory (2008) and a BS in Automation (2005), both from the University of Science and Technology of China. His research expertise and interests are in applied probability and large-scale constrained optimization with applications in supply chain and service systems. Wei's publications in these areas have appeared in Operations Research Letters, Probability in Engineering and Informational Sciences, Annals of Operations Research, and Mathematical Methods of Operations Research.

Online Seminar by Efe Çötelioglu
Jan 29 @ 1:40 pm – 2:40 pm



'Do Mutual Funds and ETFs Affect the Commonality in Liquidity of Corporate Bonds?'
by Efe Çötelioglu
Swiss Finance Institute & USI Lugano

Abstract

The paper studies the effect of growing mutual fund and ETF ownership on the commonality in liquidity of bonds in their portfolios. Unpredictable liquidity needs of funds may give rise to correlated trading across underlying illiquid bonds. I document a positive and significant relationship between ETF ownership and liquidity commonality of investment-grade bonds, which suggests that ETFs reduce the possibility to diversify liquidity risk. In contrast, and unlike for equities, mutual fund ownership does not affect the co-movement in bond liquidity. I identify three channels that explain the differential impact of ETFs and mutual funds: flow-driven correlated trading, different investor clienteles, and ETF arbitrage activity.

Online Seminar by Mosab Hammoudeh
Feb 5 @ 5:00 pm – 6:00 pm



‘Competition Threats and Rival Innovation Responses: Evidence from Breakthrough Therapies’
by Mosab Hammoudeh
University of Iowa

Abstract

We study the effect of competition on firm innovation at the product level. We instrument shocks to competition in therapeutic areas with the FDA’s breakthrough designation therapy (BTD) indication. BTDs strongly associate with several indicators of future success, including announcement returns and eventual FDA approval to market the drug. BTD shocks discourage rivals’ innovation in that therapeutic area. The effect varies with the ex-ante competitiveness of the therapeutic area, as well as with the rival’s position (leader vs. follower) in that area, in a manner consistent with the theory by Aghion et al. (2005).

Online Seminar by Bahattin Büyükşahin
Feb 12 @ 5:00 pm – 6:00 pm



'Do Institutional Traders Predict Bull and Bear Markets?'
by Bahattin Büyükşahin
American University, Washington

Abstract

We analyze the role of hedge fund, swap dealer, and arbitrageur activity in the crude oil market. Using confidential position data on institutional investors, we first analyze the linkages between trader positions and fundamentals. We find that these institutional position changes reflect fundamental economic factors. Subsequently, we adopt a Markov regime-switching model with time-varying probabilities and find institutional position changes contribute incrementally to the probability of regime changes, displaying the synchronization patterns modeled in Abreu and Brunnermeier (2002; 2003).

Online Seminar by Hakan Özyılmaz
Feb 19 @ 5:00 pm – 6:00 pm



‘The Debt Payment Puzzle: An Experimental Investigation’
by Hakan Özyılmaz
University of California

Abstract

This paper studies the sources of suboptimal allocations observed in credit card repayments using a diagnostic laboratory experiment. We find that optimization ability and limited attention are jointly insufficient to explain the puzzle. Moving beyond existing results, we find that the inherent negative frame of the debt payment problem interferes with subjects’ ability to optimize and hinders learning. We show that subjects predominantly rely on the irrelevant balance information while forming their decisions, regardless of how vividly the balance information is displayed. Using additional treatments, we find that the debt frame increases subjects’ focus on the irrelevant balance information.

Online Seminar by Irina Zviadadze
Feb 26 @ 1:40 pm – 2:40 pm



‘Monetary policy risk: Rules vs. discretion’
by Irina Zviadadze
HEC Paris

Abstract

Long-run asset-pricing restrictions in a macro term-structure model identify discretionary monetary policy separately from a target-rate policy rule. We find that policy discretion is an important contributor to aggregate risk. In addition, discretionary easing coincides with good news about the macroeconomy in the form of lower inflation, higher output growth, and lower risk premiums on short-term nominal bonds. However, discretionary easing also coincides with bad news about long-term financial conditions in the form of higher risk premiums on long-term nominal bonds. Target-rate changes correlate with changes in the yield curve’s level, whereas discretionary changes correlate with changes in its slope.

Online Seminar by Kathy Yuan
Mar 12 @ 1:40 pm – 2:40 pm



'Dynamic Asset-Backed Security Design'
by Kathy Yuan
London School of Economics

Abstract

Borrowers obtain liquidity by issuing securities backed by dividend and resale price of a long-lived collateral asset. They are privately informed about the dividend distribution. Asset price can be self-fulfilling: higher asset price lowers adverse selection allowing for borrowers to raise more funding which makes asset more valuable, leading to multiple equilibria. Optimal security design eliminates multiple equilibria, improves welfare through inter-temporal coordination, and can be implemented as repo debt. Persistence in adverse selection lowers debt funding, generates volatility in asset price, and exacerbates credit crunch. The theory demonstrates the role of asset-backed securities on stability of market-based financial systems..

Online Seminar by Burçak Ertimur
Mar 19 @ 1:40 pm – 2:40 pm



'Navigating Institutional Logics of Markets: Implications for Strategic Brand Management'
by Burçak Ertimur
Fairleigh Dickinson University

Abstract

Adopting an institutional theoretic framework, this article examines the evolution and competitive dynamics of markets composed of multiple practices, beliefs, and rule systems. The 30-year historical analysis of the U.S. yoga market illustrates the coexistence of spirituality, medical, fitness, and commercial logics. Using data gathered through archival sources, netnography, in-depth interviews, and participant observations, the authors link shifting emphases on institutional logics and their sustenance to institutional entrepreneurs' accumulation and transmission of cultural capital, strategies to legitimize plural logics, distinct branding practices, and contestations among the pervading logics. The study offers a managerial framework for managing conflicting demands of logics, conveying brand legitimacy, and creating a coherent brand identity in plural logic markets; in addition, it develops a theoretical account of links between institutional logics, competitive dynamics, and market evolution.

Online Seminar by Stefan Obernberger
Mar 26 @ 1:40 pm – 2:40 pm



‘The reorganization of knowledge when firms go public’
by Stefan Obernberger
Erasmus University

Abstract

We examine the consequences of going public for the firm’s organization of labor. We document increases in jobs requiring expert knowledge in finance, accounting, and governance. In order to economize on the costs of maintaining a more specialized labor force, we find the IPO firm to reorganize into a more hierarchical structure with smaller, more specialized departments. IPO firms hire many young, highly skilled, but inexperienced employees to fill the middle ranks in this organization. Two thirds of top management are replaced in the process of going public. We observe that the wage gap between top managers and middle managers widens, consistent with a higher utilization rate of knowledge of top managers after the reorganization. Departures of top managers are correlated with the degree of restructuring, suggesting that they do not appreciate their new roles or the bureaucracy of the new organization. Overall, our results are consistent with the economics of knowledge-based organizations.

The paper is joint work with Daniel Bias, Ben Lochner, and Merih Sevilir.

Online Seminar by Gerry Souk
Apr 9 @ 1:40 pm – 2:40 pm



‘Initial Coin Offerings, Speculation and Asset Tokenization’
by Gerry Souk
Wharton University

Abstract

Initial Coin Offerings (ICOs) are an emerging form of fundraising for Blockchain-based startups. We examine how ICOs can be leveraged in the context of asset tokenization, whereby firms issue tokens backed by future assets (i.e., inventory) to finance growth.

We (i) make suggestions on how to design such “asset-backed” ICOs—including optimal token floating and pricing for both utility and equity tokens (aka, Security Token Offerings, STOs)—taking into account moral hazard (cash diversion), product characteristics and customer demand uncertainty, (ii) make predictions on ICO success/failure, and (iii) discuss implications on firm operating strategy.

We show that in unregulated environments, ICOs can lead to significant agency costs, underproduction, and loss of firm value. These inefficiencies, however, fade as product margins and demand characteristics (mean/variance) improve, and are less severe under equity (rather than utility) token issuance. Importantly, the advantage of equity tokens stems from their inherent ability to better align incentives, and thus continues to hold even absent regulation.

The paper is joint work with Daniel Bias, Ben Lochner, and Merih Sevilir.

Bio: Gerry Tsoukalas is an assistant professor at the Wharton School at the University of Pennsylvania, teaching the Wharton MBA core in Business Analytics, as well as graduate and undergraduate-level electives in advanced Mathematical Modeling (with applications in finance).

His research examines how technology impacts firm operating strategy and financing. Recent areas of application include how to optimally design and operate blockchain and fintech platforms. His work has appeared in leading academic journals, including *Management Science*, *Operations Research*, and *M&SOM*. He serves on the editorial boards of *Management Science*, and *M&SOM*, as Associate Editor.

Online Seminar by Heikki Peura
Apr 16 @ 1:40 pm – 2:40 pm



‘Capacity Expansion in Service Platforms: Financing vs. Employment’
by Heikki Peura
Imperial College Business School

Abstract

Service platforms connect consumers to independent service providers in a growing number of industries. In need of expanding capacity to better serve demand, some platforms aim at new providers who do not yet possess the requisite assets to provide the service (e.g., cars for ride-hailing). This paper examines the viability and relative performance of two innovative mechanisms platform have trialled to attract such potential providers: platform financing (the providers invest in assets, financed through the platform; the platform subsequently sets the wage, and the providers decide whether to serve on the platform or an outside option) and employment (the platform itself invests in asset capacity, and offers providers an exclusive employment contract). We consider a two-stage game-theoretic model consisting of a platform, its existing providers, and potential providers with uncertain labor productivity and outside option. We find that relative to bank financing, platform financing with an interest-only loan fails to benefit the platform nor the service providers when the asset investment cost is low. In contrast, platform financing with terms linked to on-platform activities greatly improve platform profitability, especially when the investment cost is high and the new providers’ outside options are valuable. Compared to financing, the platform prefers employing providers when the investment cost is low, the market demand is high, and when the providers’ outside options are unattractive. Stronger indirect network effect and capacity pooling further enhance the relative performance of employment-like contracts.

Heikki Peura is an Assistant Professor of Operations and Analytics at Imperial College Business School. His research examines firms’ pricing and risk management strategies, with a focus on the energy industry. His work has been published at Management Science, Operations Research, and Manufacturing & Service Operations Management. Heikki holds a PhD in Management Science and Operations from London Business School and an MSc in Engineering Physics and Mathematics from Aalto University.

Online Seminar by Pınar Yıldırım
May 7 @ 1:40 pm – 2:40 pm



'Matching Pennies on the Campaign Trail: An Empirical Study of Senate Elections and Media Coverage'
by Pınar Yıldırım
Wharton School at the University of Pennsylvania

Abstract

We study the strategic interaction between the media and Senate candidates during elections. While the media is instrumental for candidates to communicate with voters, candidates and media outlets have conflicting preferences over the contents of the reporting. In competitive electoral environments such as most US Senate races, this can lead to a strategic environment resembling a matching pennies game. Based on this observation, we develop a model of bipartisan races where media outlets report about candidates, and candidates make decisions on the type of constituencies to target with their statements along the campaign trail. We develop a methodology to classify news content as suggestive of the target audience of candidate speech, and show how data on media reports and poll results, together with the behavioral implications of the model, can be used to estimate its parameters. We implement this methodology on US Senatorial races for the period 1980-2012, and find that Democratic candidates have stronger incentives to target their messages towards turning out their core supporters than Republicans. We also find that the cost in swing-voter support from targeting core supporters is larger for Democrats than for Republicans. These effects balance each other, making media outlets willing to cover candidates from both parties at similar rates.



**‘How situational and dispositional factors predict causal diffusion and product perseverance on
‘Ineffective’ health remedies, with consequences for consumption behavior ‘
by Mesay Moges Menebo**

University of South-Eastern Norway

Abstract

Extreme loyalty to ‘ineffective’ unconventional health products is widely reported. It is specifically fascinating that even the experience of failure (or lack of improvement) with unconventional remedies is often not enough to turn users off. It seems that consumers of unconventional remedies like holistic medicine are prone to considering themselves, and not the product, the cause of failure or lack of improvement. This phenomenon is particularly interesting because it goes against one of the most elementary findings in consumer behavior, namely the tendency of consumers to attribute product success to themselves and product failure exclusively to the product or service. In this study, I find evidence to this phenomena and rely on causal attribution theory to explore conceptual antecedents and marketing consequences. Study 1-3 report empirical evidence documenting the two phenomena that are central to my inquiry. Study 4 investigates situational factors that are unique in the context, or generally unique to unconventional remedies. In Study 5, it is shown how claims of unconventional remedies are generally difficult to be evaluated by an average consumer, which in turn leads to diffusing causal attribution and eventually favoring perseverance. I argue that low evaluability leads to sustaining motivated cognition thus making causal assignment ambiguous. A specific type of prescientific belief, a belief in psycho-immunology (BPI), which is often promoted by holistic healers, is also described as a potential predictor. BPI is the conviction that mere thoughts, emotional states, feelings and the products of our imaginations can influence or promote our state of health and mitigate the prevalence of disease. Study 6-10 reports development of both a dispositional belief scale for the construct, and documents how it successfully predicts the phenomenon. Study 11-12 documents the interactive effect of situational and dispositional factors both on perseverance and on willingness to pay.

Online Seminar by Meltem Türe
Jun 7 @ 1:40 pm – 2:40 pm



‘ Consumer Responsibilization, Waste Risks, and Sustainability: A Research Agenda in Consumer Waste Management ’
by Meltem Türe

Royal Holloway University of London

Abstract

Amidst the increasing waste volume and ecological problems in an overheating world, the pressure to control waste sustainably has also increased, leading various social and political authorities to responsibilize consumers to minimize waste risks. Despite these urgent calls to dispose of waste responsibly and existence of various pathways for object disposal, consumers keep unused objects in their homes until they deteriorate, get damaged, or become outdated and obsolete. Current research mobilizes the concept of waste regimes to explore why and how French consumers keep rather than dispose of objects. The findings reveal how consumers negotiate tensions associated with waste responsibilization via keeping and highlight the use of a risk perspective in consumer research.

Online/Hybrid Seminar by Selcen Erdem
Oct 5 @ 1:00 pm – 2:00 pm



‘Sustainability in Business’
by Selcen Erdem

Ümit Berkman Seminar Room (MA-330)

Abstract

For years, Sustainability and ESG (Environmental, Societal and Governance) Principles have been of secondary concern to the businesses. Still, in the last couple of decades, we have been witnessing how this topic is becoming a core element of business practices. This is mainly due to the overall impact of Environmental Issues on daily life that is hard to ignore anymore and the high prices that the companies are forced to pay when they fail to comply with any of the ESG Principles. This eventual (and rather forced) interest from the business community might serve as an opportunity for bringing Sustainability even more to the top of mind while taking business decisions, making ESG Principles an essential part of business strategy.



‘ Understanding Social Cause-Related Purchase Intentions Of Young Adults ’
by Selma Kadić-Maglajlić
Department of Marketing, Copenhagen Business School

Abstract

Building on social identity theory, this study sheds light on the interplay of social connections and emotion regulation in determining social cause-related purchase intentions. The focus of the study is on young adults, an age segment whose active role in solving social problems is appreciated today. We examine the context of three South-East European countries with varying levels of familiarity with social cause-related purchases and test the conceptual model using multi-group structural equation modeling. The results show that participation in socially friendly activities is positively related to young adults' social cause-related purchase intentions, while emotion regulation strengthens this relationship only in countries where young adults have more opportunities for social cause-related purchases. The study has both theoretical and policy implications for multiple stakeholders, including managers, policy makers, and advocacy group representatives.

Bio

Selma Kadić-Maglajlić holds a Ph.D. in Marketing from the University of Ljubljana. She is Associate Professor of Marketing at the Department of Marketing at Copenhagen Business School. Her research focuses on interpersonal interactions, emotions and ethics in sales and sales management. Her work has been published in various international journals, including *Journal of International Marketing*, *Journal of Business Ethics*, *Industrial Marketing Management*, *Journal of Business Research*, *International Marketing Review*, *Technovation*, *Technological Forecasting and Social Change*, *Journal of Macromarketing*, *Journal of Business & Industrial Marketing* and others. She serves as Associate Editor for Special issues at *Industrial Marketing Management*.

Online Seminar by Necati Ertekin
Oct 15 @ 3:00 pm – 4:00 pm



‘ Strategic Visual Merchandising of New and Open-box Products: Evidence from Experiment and Retail Data ’

by Necati Ertekin
University of Minnesota

Abstract

Retailers are increasingly selling returned products as open-box along with their new product offerings. While some retailers position open-box products side-by-side with their new counterparts in the assortment (i.e., side-by-side strategy), other retailers position them separately in a different part of the retail space/website (i.e., separate strategy). We conduct multi-methodology research to investigate the effectiveness of these two visual merchandising strategies. First, using a choice-based conjoint design in a controlled behavioral experiment, we identify how the two strategies affect the perceived value, initial sales, and subsequent returns of new products. Next, using proprietary data from a retailer that has implemented both strategies across different stores, we empirically test the impact of each strategy on new product sales and returns under real market conditions. Finally, we extend our empirical analysis to prescribe how retailers can identify the right visual merchandising strategy for a given product profile. Overall, our results reveal a novel trade-off between the two visual merchandising strategies. With respect to retail revenue, the separate strategy outperforms the side-by-side strategy as we find that new product sales are higher with the separate strategy. However, with respect to retail cost, the side-by-side strategy outperforms the separate strategy as we find that new product returns are lower with the side-by-side strategy. Our extended analysis reveals that this trade-off varies by product profile. Using counterfactual analysis, we further demonstrate that customizing the visual merchandising strategy by product profile could increase profit by another 1.6% at the focal retailer.

Online Seminar by Asli Arıkan
Oct 22 @ 2:30 pm – 3:30 pm



**‘Why do firms with recent initial public offerings end up delisting? Role of acquisitions and capital investments’
by Asli Arıkan
Kent State University**

Abstract

One of the strategic concerns for newly public firms is to balance its internal investments and mergers and acquisitions (M&As) in the immediate aftermath of an initial public offering. We theorize that both capital investments and acquisitions impact survival (or hazard of delisting) as public firms, and empirically investigate whether these corporate development activities extend or shorten the survival of public firms differently under internal (reorganization) and external turbulence (demand uncertainty). Using a multi-industry sample of 4,350 US firms that held an IPO during 1988–2000 and tracking their post-IPO corporate development activities until they delist or 2012, we find that pursuing capital investments and acquisitions independently but together decreases the hazard of delisting compared to firms with no or specialized corporate development activities. While both internal and external turbulence increases hazard of delisting, pursuing capital investments mitigates the negative effect of high demand uncertainty yet acquisitions have no effect. Increased hazard of delisting due to voluntary reorganization is dampened for firms pursuing M&As but amplified for firms that pursue capital investments.

Online Seminar by Victor Maas
Oct 28 @ 1:40 pm – 2:40 pm



'Promote Internally or Hire Externally? The Role of Trust, Reciprocity, and Performance Measurement Precision'
by Victor Maas
University of Amsterdam

Abstract

Managers often face the choice between promoting an internal employee and hiring an external candidate. Using an incentivized experiment, we examine managers' promote/hire decision and employees' behavior before and after that decision in a setting in which the external candidate has superior ability. Consistent with theory on trust and reciprocity, results indicate that employees invest in costly effort to increase their chances of promotion, and managers reciprocate this effort by promoting them despite their inferior ability. Managers tend to anchor their promote/hire decision on employees' early effort level rather than their sharp increase in effort immediately prior to that decision. Importantly, we predict and find that managers are more likely to promote internally rather than hire externally under a less precise performance measurement system. Results also suggest that promoted (non-promoted) employees who exerted high effort react more positively (negatively) to their managers' promote/hire decision under a more precise system.

Online Seminar by Yeşim Orhun
Nov 5 @ 3:00 pm – 4:00 pm



'Sweet Lemons: Motivated Optimism across Time and Stakes'
by Yeşim Orhun
University of Michigan

Abstract

We provide field evidence that individuals engage in motivated optimism in the face of impending risk, and that their belief distortions are time- and stake-dependent. Our study leverages exogenous variation in when people are required to return to their workplaces during the COVID-19 pandemic. Among workers currently staying at home, individuals who are temporally closer to returning to their workplace are relatively more optimistic about the increase in infection risk associated with going back. Temporal belief differences are larger for people who are more likely to get severely ill if infected.



‘TECHNOLOGICAL OBSOLESCENCE’
by Song Ma
Yale University

Abstract

This paper proposes a new measure of technological obsolescence at the firm-year level using detailed annual patent ownership and citation data. Armed with this measure, we present two sets of results. First, for firms, technological obsolescence foreshadows substantially lower growth, productivity, and reallocation of capital. This finding applies mainly for obsolescence of core innovation and embodied innovation, and it is stronger when product markets are competitive. In stock markets, prices do not fully incorporate technological obsolescence—analysts are too optimistic about obsolete firms’ future profits, leading to an under-performance of 7 percent. Importantly, the measure contains incremental information relative to existing measures that focus on the arrival of new innovation. (JEL: O3, O4) .

Song Ma is with Yale University and the NBER. This paper was started during my PhD study at Duke University. Working on this paper constantly reminds me of the joy and pain of working on a solo paper. For continuous support, I want to thank my coauthors and numerous colleagues whose comments and discussions helped shape my thinking around this topic over the years. For detailed comments and discussions, I thank Nick Barberis, Wesley Cohen, Michael Ewens, Laurent Fresard, Stefano Giglio, Paul Goldsmith-Pinkham, Po-Hsuan Hsu, Allen Hu, Bryan Kelly, Lenoid Kogan, Ernest Liu, Yueran Ma, Stavros Panageas, Dimitris Papanikolaou, Bruno Pellegrino, Peter Schott, Kelly Shue, Janis Skrastins, Kaushik Vasudevan, Ting Xu, and Alex Zentefis. I also want to thank workshop participants at BlackRock, Bocconi, FOM Annual Conference (Dartmouth), Harvard, Illinois, LSE, Lugano, Michigan State, NBER Summer Institute (Macroeconomics and Productivity), PKU, Queen Mary, RUC, Toulouse School of Economics, Tulane, UT Dallas, Warwick, Yale (Economics). Xugan Chen provided excellent research assistance. All errors are certainly my own.



'Hospital Readmissions Reduction Program does not provide the right incentives: Issues and remedies'
by Kenan Arifoğlu
University College London

Abstract

The Hospital Readmissions Reduction Program (HRRP) reduces Medicare payments to hospitals with higher-than-expected readmission rates where the expected readmission rate for each hospital is determined based on the readmission levels at other hospitals. Although similar relative-performance-based schemes are shown to lead to socially optimal outcomes in other settings (e.g., cost cutting efforts), HRRP differs from these schemes in three respects: (i) deviation from the targets are adjusted using a multiplier; (ii) the total financial penalty for a hospital with higher-than-expected readmission rate is capped; and (iii) hospitals with lower-than-expected readmission rates do not receive bonus payments. We study three regulatory schemes derived from HRRP to determine the impact of each feature, and use a principal-agent model to show that: (i) HRRP over-penalizes hospitals with excess readmissions because of the multiplier and its effect can be substantial; (ii) having a penalty cap can curtail the effect of financial incentives and result in a no-equilibrium outcome when the cap is too low; and (iii) not allowing bonus payments leads to many alternative symmetric equilibria, including one where hospitals exert no effort to reduce readmissions. These results show that HRRP does not provide the right incentives for hospitals to reduce readmissions. Next we show that a bundled payment type reimbursement method, which reimburses hospitals once for each episode of care (including readmissions), leads to socially optimal cost and readmissions reduction efforts. Finally, we show that, when delays to accessing care are inevitable, the reimbursement schemes need to provide additional incentives for hospitals to invest sufficiently in capacity.

Key words : Readmissions, healthcare, regulation, information asymmetry, queues, yardstick regulation

The 3rd NIBES Research Online Session

Nov 23 @ 1:00 pm – 4:00 pm

The 3rd NIBES Research Online Session “Sustainability Research in Business and Economics”

co-chaired by

Associate Professor Emre Berk & Associate Professor Ahmet Ekici
Bilkent University – Faculty of Business Administration

- The 3rd NIBES Research Session with the research theme “Sustainability Research in Business and Economics” will be held online on November, 23, 2021 at 13:00 – 16:00.
- The conference is hosted by the Faculty of Business Administration, Bilkent University under the auspices of the Bilkent University Centre for Societies in Transition in collaboration with the Cracow University of Economics.
- The research workshop is co-chaired by Associate Professor Emre Berk and Associate Professor Ahmet Ekici of Bilkent University.
- The aim of the workshop is to exchange research interests and ideas among members of the Network of International Business and Economics Schools (NIBES). This session focuses on research on sustainability issues in business and management as well as economics. The presented research will focus on sustainable consumption attitudes, societal marketing for alternative food networks, legacy narratives in regional construction and infrastructure projects, material flow cost accounting for resource efficiencies, multi-dimensional emission balancing for businesses, clean technology selection with carbon taxation, a meta-analysis of IFRS adoption effects, and case studies of sustainable finance and development, governance in renewable energy innovation, and best practices for resource efficiency measures.
- The research workshop will be held virtually on November 23, 2021, between 13.00 and 16.30 (Ankara time)
- **The Bilkent Faculty of Business Administration wishes to see you all in the audience at this event.**



Online Session – Research Day in Operations Management
Dec 1 @ 10:15 am – 3:30 pm

Online Session
Research Day in Operations Management

“Operations Management for Sustainable Systems: Agriculture, Carbon Footprint, and Healthcare”

Speakers:

Onur Boyabatlı

Singapore Management University

Emre Berk

Bilkent University

Yasemin Limon

Bilkent University

Nazlı Sönmez

Bilkent University

Bo Wei

Bilkent University

Online Seminar by Arzu Wasti
Dec 3 @ 1:30 pm – 2:30 pm



‘The Nature and Implications of Perceived Face Threats in Public Workplace Incivility Incidents’
by Arzu Wasti
Sabancı University

Abstract

Research that documents negative effects of workplace incivility for the targets mostly focuses on target-instigator dyad, and understanding of contextual factors on appraisals and responses of individuals remains limited. By adopting a social interactionist perspective, we studied public workplace incivility, incivility experienced in the presence of others, in its social context by considering relative effects of instigators, targets and witnesses. With two studies, a vignette experiment and a qualitative study, we showed that public incivility is appraised more negatively than private incivility, incivility experienced without witnesses. Moreover, our qualitative data revealed that public incivility triggered different face threats depending on the power of witnesses. We also observed that both instigator power and witness power jointly shaped target’s responses to disrespectful treatments. Overall, the results indicated a complex picture of workplace incivility appraisal affected from multiple contextual factors simultaneously.

Online Seminar by Ruouou Li
Dec 7 @ 3:00 pm – 4:00 pm



‘When and Why Products for Underserved Consumers Backfire’
by Ruouou Li
University of South Carolina

Abstract

As consumer demand for creating and embracing an inclusive marketplace increases, strategies that over-generalize the needs of different consumer groups are no longer viable. As a result of this change in the marketplace, many brands and companies have begun offering products that accommodate the specific needs of historically underserved consumers (e.g., people of color, women). How should these products be promoted to appeal to these previously underserved consumers? While prior research suggests that consumers will favor products with more explicit descriptions of the target consumer because doing so makes the targeted identity salient, I find that explicitly identifying underserved consumers as the target consumer (i.e., blatant targeting) can backfire because doing so can raise suspicions toward the targeting effort. In turn, these heightened suspicions negatively impact assessments of the company’s intentions and ultimately evaluations of the product.

Online Seminar by Dirk Jenter
Dec 10 @ 1:30 pm – 2:30 pm



‘CEO Compensation: Evidence From the Field’
by Dirk Jenter
London School of Economics

Abstract

We survey directors and investors on the objectives, constraints, and determinants of CEO pay. 67% of directors would sacrifice shareholder value to avoid controversy on CEO pay, implying they face significant constraints other than participation and incentive compatibility. These constraints lead to lower pay levels and more one-size-fits-all structures. Shareholders are the main source of constraints, suggesting directors and investors disagree on how to maximize value. Respondents view intrinsic motivation and reputation as stronger motivators than incentive pay. They believe pay matters to CEOs not to finance consumption, but because it affects perceptions of fairness. The need to fairly recognize the CEO's contribution explains why flow pay responds to performance, even though CEOs' equity holdings already provide substantial consumption incentives, and why peer firm pay matters beyond retention concerns. Fairness also matters to investors, with shareholder returns an important reference point. This causes CEO pay to be affected by external risks, in contrast to optimal risk sharing.

Online Seminar by Niyazi Taneri
Dec 17 @ 1:30 pm – 2:30 pm



'Labor Malpractice: The Role of Operations and Supply Chains'
by Niyazi Taneri
Cambridge Judge Business School

Abstract

Well-intentioned efforts by governments, non-governmental organizations (NGOs) and companies to eliminate labor exploitation have failed to curb unjust labor practice. The premise of this paper is that labor malpractice is not solely a corporate social responsibility and human resources issue; rather, its incidence can be driven by day-to-day operations. We thus develop and test hypotheses to identify key operational drivers of labor malpractice. Our analysis of a panel of over 7,000 controversy records at the firm-year level from 2008 to 2019 reveals that the volatility faced by the focal firm and supply chain spillovers have an impact on labor malpractice. We discuss and demonstrate that the firm has levers at its disposal to address these challenges. Our results show that the operations and supply chain function of the firm needs to be at the center of efforts to reduce labor malpractice.

<https://www.jbs.cam.ac.uk/faculty-research/faculty-a-z/niyazi-taneri/>

Online Seminar by Semih Yılmaz
Dec 22 @ 1:30 pm – 2:30 pm



'Implications of Counterfactual Thinking for Sustainable Service Consumption'
by Semih Yılmaz
California State University East Bay

Abstract

Counterfactual thinking is a cognitive process where 'what could have happened' is imagined by changing or modifying an antecedent event or element usually from the past (e.g., *"I could have caught my flight if I had taken a cab earlier"*).

Ubiquitous yet long-overlooked, counterfactuals have increasingly been shown to have a functional potential – they may increase saliency of the undesirable elements in the environment, create meaningful causal links, initiate behavioral goals and eventually result in behavioral improvement. In this seminar, the utility of counterfactual thoughts is discussed, and empirical evidence is presented in relation to a consumer domain that is plagued by an infamous attitude-behavior gap: sustainable service consumption. For services where consumers play a key role in resource conservation (e.g., tourism, hospitality, recreation), counterfactuals might shed light on the mental mechanisms influential in eliciting much desirable sustainable action.