# SEMINARS AT FBA BETWEEN JANUARY 2022 AND DECEMBER 2022

## Online Seminar by Fikri Küçüksayacıgil

**Feb 9 @ 9:00 am – 10:00 am**

**‘Planning Energy Transportation under Long-term Uncertainties’**

***by Fikri Küçüksayacıgil***

**University of California San Diego**

### Abstract

Policy makers are supporting renewable energy goals in order to address global climate change. One impediment to reach these goals is constraints on infrastructure. For the electric power sector, transmission lines have proven to be important bottlenecks to further expansion of renewable energy. Transmission expansion investments have long lead times and are subject to numerous uncertainties in deregulated markets. Similarly, for the fuels sector, recent issues in transportation of renewable power equipment will likely slow down the pace of decarbonization. Shipping companies face backlogs of ship building orders at shipyards and increasing cost of ship building materials. They may need to look for alternatives of buying new ships (e.g., capacity expansion) to increase transportation capability. Capacity expansion on existing ships requires an investment during the initial design phase, which is paid off with the benefit of larger cargo spaces. Trade-off between initial cost and financial benefit of extra cargo space is a challenging problem under demand uncertainty. This talk tries to answer (i) how should transmission expansion investments be planned under demand and distributed generation uncertainties and (ii) how should shipping companies strike a balance between capital investments while building a ship and subordinate capacity expansion costs? It also addresses an ongoing work of least-cost expansion of transmission networks in the western U.S. to meet green energy goals under jurisdictional uncertainties.

## Online Seminar by Gülen Sarıal Abi

**Feb 25 @ 1:30 pm – 2:30 pm**

**"When Algorithms Harm: Consumers' Responses following Algorithmic Bias"**

***by Gülen Sarıal Abi***

**Copenhagen Business School**

### Abstract

Algorithms are widely used in marketing contexts including segmentation and targeting, product recommendations, pricing and advertising. Despite the efficiency gained through algorithmic technologies, there is increasing concern that algorithms may be biased, resulting in unfair outcomes for members of some protected classes. We examine how consumers respond to a brand that uses an algorithm following algorithmic bias resulting in algorithmic discrimination toward members of their protected class. Extending developments in the social categorization literature and its role in discrimination, we propose that consumers will respond negatively to a brand when the output of an algorithm used by the brand results in discrimination (vs. preferential treatment) toward members of their protected class. Consumers' perceptions of the extent to which the algorithm uses social categorization that humans use in their decision-making will mediate the negative responses following bias that results in discrimination (vs. preferential treatment). We further propose that three sources of algorithmic bias (i.e., technical, emergent, and preexisting) will moderate consumers' responses to the brand using the algorithm following algorithmic discrimination (vs. preferential treatment). The results from one secondary data study and five pre-registered experiments support the proposed theory and hypotheses. The findings generate insights on algorithmic bias and extend the literature on algorithmic marketing and also generate actionable guidelines for managerial practice.

## Online Seminar by Canberk Üçel

**Mar 2 @ 1:30 pm – 2:30 pm**

**“What Are the Drivers of (Low) Farm Productivity? Smallholder Coconut Farming in the Philippines.”**

***by Canberk Üçel***

**University of Pennsylvania**

### Abstract

Increasing the productivity of Philippine smallholder coconut farms that are well below world standards could improve the livelihoods of 3.4 million farming families, most living in poverty. Government and international organizations have long promoted Good Agricultural Practices (GAPs) that public research suggests would double farm productivity with little capital investment. I analyze unique data on the productivity and operations of two thousand farms in the Philippines to identify in unprecedented micro-detail best practices for five key operations: salt fertilizer use, mulching, pruning, weeding, and pest control. I find strong suggestive evidence that (1) blanket GAP recommendations for salt fertilizer use practices are not effective when farm environments vary, tailoring practices to which can yield 10% to 20% short-term productivity gains, and (1) the best practices for the other four operations, each of which can contribute between 5% and 30% greater farm productivity, differ from the respective GAPs in such micro-details as the minimum quantity of coconut husk (a common farm waste) per tree to apply as mulch. My results suggest that supporting organizations should focus on developing better customized farming advice for smallholders and assist farmers with the finer details of implementation, a course of action not currently preferred by the industry, but increasingly possible through emerging information technologies. Customized farming advice communicated in fine detail, extended beyond the Philippine context, could potentially improve the circumstances of more than two billion people worldwide whose incomes are dependent on smallholder farms.

## Online Seminar by Aycan Adrian Çorum

**Mar 4 @ 4:30 pm – 5:30 pm**

### **"Governance by Regulation vs. Prices: Mitigating Short-Termism under Moral Hazard and Adverse Selection"**

***by Aycan Adrian Çorum***
**Cornell University**

### Abstract

I study a model of short-termism where a firm's value is affected by the actions of its blockholder (e.g., an activist, or a manager). Each blockholder either has a project with positive NPV and can further increase the NPV by exerting effort, or has a project that destroys value. The blockholders can liquidate their stake in their respective firms before the NPV of their actions is realized by the market. This ability to exit creates opportunities for the blockholders to profit from a short-term increase in the stock price even when they are actually destroying value. I find that the existence of some *value-destroying* blockholders (up to a certain number) *increases* average firm value, because it motivates the value-creating blockholders to work much harder due to a fall in the exit price. Moreover, under endogenous entry, regulations that *punish* short-termism (e.g., raising short-term taxes) may result in a *shorter* investment duration by the value-creating blockholders, thereby reducing their incentives to exert effort. Therefore, while such regulations succeed in driving out value-destroying blockholders, they also subdue the disciplinary effect of prices as a result, and hence they may *reduce* firms' total value. In contrast, rewarding long-termism (e.g., reducing long-term taxes) is more likely to increase firms' total value, even if it simultaneously results in the entry of a higher number of value-destroying blockholders.

## Online Seminar by Burcu Esmer

**Mar 14 @ 1:30 pm – 2:30 pm**

**"Disclosure and lawsuits ahead of IPOs"**

***by Burcu Esmer***

**University of Pennsylvania**


### Abstract

We examine whether IPO registration disclosures expose firms to greater nonshareholder litigation risk. Using hand-collected data on lawsuits initiated at federal and state courts against IPO firms, we show that firms that submit their IPO registration statement with the SEC publicly experience a 16% increase in litigation risk between the registration filing and issuance date. Consistent with the public filing of the registration driving this heightened litigation risk, firms that file their registration confidentially under the JOBS Act do not experience such an increase in litigation risk. The effects of confidential filing are concentrated among business-initiated lawsuits, intellectual property/ contract lawsuits, and potentially meritless lawsuits. We find no disproportionate increase in post-IPO lawsuits for confidential filers, suggesting that withholding information during the IPO registration period mitigates litigation risk.

## Online Seminar by Altan Pazarbaşı

**Mar 15 @ 1:30 pm – 2:30 pm**

**"Cash Heterogeneity and the Payout Channel of Monetary Policy"**
***by Altan Pazarbaşı***
**Frankfurt School of Finance**


### Abstract

This paper studies the role of corporate cash holdings in the transmission of monetary policy to equity payouts and risk premia. I document that cash-rich firms have higher equity payouts and higher stock prices in response to expansionary monetary policy surprises. Stock prices rise despite weak cash flow, investment, and credit responses to monetary policy, thus suggesting a tight link between observed firm values and the payout channel. I rationalize the empirical evidence in a New Keynesian model where firms finance investment with cash and equity issuance. Monetary easing weakens precautionary cash demand, leading cash-rich firms to allocate excess funds to shareholders optimally. Since payouts are pro-cyclical, cash-rich firms earn higher returns in expansionary periods. My findings stand against the view that the payout channel is undesirable.

## Online Seminar by Oğuz Acar

**Mar 18 @ 1:30 pm – 2:30 pm**

**"Privacy, Autonomy and Beyond: The Psychology of Financial AI Adoption"**

***by Oğuz Acar***

**Bayes Business School (University of London)**

### Abstract

Artificial Intelligence (AI) algorithms are fundamentally transforming consumer finance. However, our knowledge on how consumers respond to AI-based financial products is limited. In this paper, we ask a novel question: what are the relative importance of psychological drivers of financial AI algorithm adoption? Drawing on two discrete choice experiments, we first show that psychological factors explain a larger percentage of adoption than the combined effect of price and performance. In addition, we find that auditability, a variable that is often neglected in prior literature, turns out to be a key psychological driver—a stronger predictor of adoption than more widely discussed AI features such as autonomy, personalisation, and understandability—and second only to privacy. Taken together, this study takes the first steps to shed light on relative importance of various psychological drivers—in contrast to past research that has focused on isolated impacts of individual factors—in the underexplored context of consumer financial decision making. Our simulations predicting adoption of AI-based financial products, as a function of its features, illustrates how practitioners could build on these insights.

## Online Seminar by Michael Halling

**Mar 25 @ 1:30 pm – 2:30 pm**

**"Primary Corporate Bond Markets and Social Responsibility"**

***by Michael Halling***

**University of Luxembourg**


### Abstract

We document a robust, negative relation between corporate environmental and social (ES) performance and corporate bond issue spreads, even after controlling for ratings and other firm characteristics. Consistent with our theoretical model, this relation is due to bonds rated BBB or below, with spread-reductions of up to 98 basis points. These effects are predominantly related to product and employee scores. We do not find time trends for the ES-spread relation but document strong supply effects, as the share of issuers with good ES ratings has increased substantially. Finally, we provide evidence for a negative ES-credit-risk link.

## Online Seminar by Ece Tuncel

**Apr 1 @ 4:00 pm – 5:00 pm**

**"I'm curious…Do negotiators have to give up value when the relationship matters?"**

***by Ece Tuncel***

**Webster University, St. Louis**

### Abstract

In a 'win-win bargaining' strategy, negotiators attempt to maximize their own and their counterpart's economic gains in order to build relational capital and trust. Yet in practice,negotiators often feel compelled to compromise their economic gains in an effort to reach an agreement and cultivate a longer-term relationship. It is generally believed that this kind of negotiation strategy is advantageous where relationships are key. In this research, we argue that curiosity forms a central negotiation tactic for managing economic and relational value; that is to say, curiosity introduces an emotional-motivational dimension to negotiations that allows negotiators to obtain both economic and relational gains. In a series of studies, we show that curiosity is an alternative to giving up economic value in negotiations and discuss the implications of our findings for future research.

## Online Seminar by Vasiliki Kostami

**Apr 15 @ 1:30 pm – 2:30 pm**

**'If You Love Your Agents, Set Them Free: Task Discretion in Online Workplaces'**

***by Vasiliki Kostami***

**HEC Paris**

### Abstract

In manufacturing and service operations, flexibility is beneficial for matching supply with demand, but it comes at a cost. In modern digital workplaces, agents possess a spectrum of different skills associated with corresponding and variable task preferences: Some are inclined to give up part of their payment to avoid unfavorable matches. The platform manager, in turn, gains extra freedom in allocating tasks by possibly charging servers for a favorable assignment. Innovative marketplaces facilitate task discretion and seek for novel and beneficial implementations in the platform design. This naturally leads to the problem of exploring and optimizing the task allocation process. We introduce an innovative mechanism for task assignment in the workplace, and compare it against the traditional one where task routing is solely the platform's decision. To improve all users' welfare, agents are allowed some task discretion in exchange for a fee. We model different working environments and servers' preferences via different distributions, and we study how the agents' preferences, the task cost, and the flexibility fee, affect the equilibrium assignment. In a multi-server system, a server may request autonomy and choose the costly-to-the-platform option, considering the other agents' behavior. Thereupon, it may or may not be beneficial for the platform when the agents' and the platform's preferences are misaligned. In every case, by pricing and offering flexibility the platform can do at least as well as the no-flexibility scheme. An important conclusion is that pricing task discretion can often improve the agents' welfare and the labor platform's profit.

## Online Seminar by Jessie Jiaxu Wang

**Apr 22 @ 5:30 pm – 6:30 pm**

**‘It’s Not Who You Know—It’s Who Knows You: Employee Social Capital and Firm Performance’**

***by Jessie Jiaxu Wang***

**Arizona State University**

### Abstract

We show that the social capital embedded in employees’ networks contributes to firm value and provide evidence on the mechanisms. Using novel, individual-level network data, we measure a firm’s social capital derived from employees’ connections with external stakeholders. The directed nature of connections allows for identifying whether one party in a connection is a more valued contact. Results show that firms with more employee social capital perform better; the positive effect stems primarily from employees being valued by others. We provide causal evidence exploiting the enactment of a government regulation that imparted a negative shock to networking with specific sectors.

## Online Seminar by Özge Şahin

**Apr 29 @ 4:00 pm – 5:00 pm**

**'Product Bundling: Assortment Selection in Scale and Consumer Behavior'**
***by Özge Şahin***
**Johns Hopkins University**


### Abstract

Bundle promotions can take various forms in how retailers offer them to the consumers (i.e., after a purchase incidence, as advertised deals or personalized promotions) and how they are structured (e.g., buy one get one free, spend $100 get 25% off or buy 3 get $20 off). They have become increasingly popular among brick-mortar and online retailers due to the potential in increasing revenue and profit. Designing an optimal set of bundle promotions in scale and understanding consumer response to these promotions are very relevant, but challenging problems. In this talk, we will share our findings from two working papers on the topic.

In the first paper, we study the optimal design of bundle promotion assortments in scale. The general bundle set selection problem is NP-hard. We develop pseudo-polynomial and polynomial-time algorithms for special cases of the problem. We use the insights from the special cases to develop a linear time approximation with a performance guarantee under some assumptions. We test our algorithms in medium to large instances and show that their performance is close to optimal. We also present insights on when bundle promotions are most useful to the firm by considering the interaction among products.

In the second part of the talk, we present our empirical findings on how bundle promotions affect consumer purchase and return behavior compared to simple markdowns. Using the data from one of the largest apparel retailers in Turkey, we find that bundle promotions not only increase the purchase incidence for certain categories, but also decrease the return probability of products in the category, controlling for price, discount depth and item characteristics.

We find that returns of products offered with a bundle discount decrease on average by 10% to 24% for 20% to 40% bundle discount compared to returns of the same products if purchased with a regular percentage discount. We also show that accounting for the impact of bundle discounts on consumer returns significantly changes the optimal promotion strategy for the firm, and products assigned to bundle promotions. This translates to up to 4% increase in retailer's profits compared to the promotion strategy that do not account for returns.

Joint work with Ali Fattahi, Sahar Hemmati, Wedad Elmaghraby

**Bio**

Ozge Sahin is a Professor of Operations Management and Business Analytics at the Johns Hopkins Carey Business School. She got her PhD and MS degrees in Operations Research from Columbia University. She is currently serving as the Faculty Director of Innovation Field Projects in the Johns Hopkins Carey Business School MBA Program. She teaches Operations Management, Business Analytics and Advanced Business Analytics in masters and MBA programs.

Her research interests include pricing, marketplace analytics with emphasis on consumer behavior, and strategic capacity and supply chain management. Some of her recent research projects include analysis of pricing strategies with consumer search cost, service pricing, identifying consumer biases and heuristics for sequential decision problems, conditional promotions in retail and pharmaceutical pricing. Ozge has published papers in academic journals including *Management Science, Operations Research, Manufacturing and Service Operations Management,* among others. She serves as the Department Editor of Revenue Management and Pricing Area of Decision Sciences Journal, an Associate Editor for Manufacturing and Service Operations Management, and an Associate Editor for Operations Research. She served as a consultant to companies including Lucent Technologies, Amadeus SAS and Amazon. She is an Amazon Scholar in the Pricing Research and Machine Learning group at Amazon since 2019.

## Online Seminar by Marta Gasparin

**May 11 @ 1:30 pm – 2:30 pm**

**‘Slow design-driven innovation: A response to our future in the Anthropocene epoch’**

***by Marta Gasparin***

**Copenhagen Business School**

### Abstract

Human activities have changed the Earth System to the point where we are in a new geological epoch, the Anthropocene. This is characterized as a climate crisis with the practices and meanings associated with innovation being challenged. ‘Slow Designers’, including those living in the most climatically vulnerable parts of the Earth, are innovating design practices by building on the heritage and history of local communities and using eco-friendly materials. These craft-inspired approaches could mitigate our over reliance on the Earth System. Slow design-driven innovation (DDI), by translating communities’ heritage, history and territorial importance, creates sustainable products that customers love and care for.

## Online Seminar by Aytekin Ertan

**May 20 @ 1:30 pm – 2:30 pm**

**‘Unexpected Defaults: The Role of Information Opacity’**

***by Aytekin Ertan***

**London Business School**

### Abstract

Bond defaults are undesirable yet natural outcomes of risky investments. What is also crucial but hitherto underexplored is the unexpectedness of defaults. This notion is important because we observe that, compared to expected defaults, unexpected defaults are associated with worse recovery outcomes and more likely to adversely affect peer firms. We develop a parsimonious measure of default unexpectedness using bond price movements leading up to defaults. We next investigate the role of information opacity in this context and find that firms’ complex financial reporting language, opaque accounts, and weak voluntary disclosures increase default unexpectedness. From an external perspective, defaults occur more unexpectedly when rating agencies disagree with one another and when firms receive less media coverage. However, we also find instances in which opacity mitigates default unexpectedness—e.g., when transparency increases default unexpectedness by incentivizing investors to run. Overall, our paper introduces default unexpectedness as an economically relevant construct and highlight the role of corporate transparency in mediating unexpected defaults.

## Online Seminar by Ali Gohary

**Oct 7 @ 1:30 pm – 2:30 pm**

**‘God Salience and Do-It-Yourself Products Consumption’**

***by Ali Gohary***

**Monash University**

### Abstract

Do-it-yourself (DIY) products’ marketing is growing significantly such that the global retailing market value of these products is about $900 billion in 2022, expected an increase to $1300 billion in 2030. However, there is little understanding of how marketers can encourage consumers to purchase DIYs more, the underlying mechanisms, and how situational cues might impact DIY products’ consumption. To address this gap, the present research examines DIY products’ consumption through the lens of God salience. The importance of God in consumers’ daily life is inevitable as 85% of people across the world affiliate themselves with God. Across eight studies, we find that God salience increases consumers’ DIY purchase intentions due to their higher search for meaning in life and activation of the growth mindset. We also find that thinking about punitive (vs. loving) God increases DIY purchase intentions. Our findings also showed that activation of divergent (vs. convergent) thinking, while God is highly salient, promotes DIY consumption. And finally, the effect is stronger among consumers who show higher beliefs in God. The present research provides novel insights into how marketers can promote their DIY products by using God-related situational cues.

## Online Seminar by Metin Şengül

**Oct 14 @ 3:00 pm – 4:00 pm**

**‘The Foundatitions and Future of Organization Design Research’**
***by Metin Şengül***
**Boston College**


### Abstract

We review the last 20 years of organization design literature, which reflects the study of design choices and how they influence the behavior, cognitions, decisions, and performance of an organization, its constituent units, and its members. Design choices include the structures, systems, and processes of the organization. There are four major approaches to organization design in the contemporary literature: Configuration, Control, Channelization, and Coordination. We identify the streams of research that characterize these approaches and discuss each. We use our review to identify research opportunities, including the prevalence of hierarchies vs. flat organizations, designs at the intersection of humans and algorithms, and new organizational forms, to help scholars craft a research agenda on organization design.

## Online Seminar by Gizem Yalçın

**Nov 11 @ 4:00 pm – 5:00 pm**

**'To Delegate, or Not to Delegate: Consumers Prefer to Delegate Decisions to Algorithms (vs. Humans)'**
***by Gizem Yalçın***
**The University of Texas at Austin**


### Abstract

Advancements in Artificial Intelligence (AI) technology have allowed companies to adopt algorithms in many tasks, including decision delegation. In contrast with the existing work that mainly shows consumers' aversion to algorithms, we examine and identify a situation in which consumers consistently prefer algorithms to humans, namely decision delegation. Five studies reveal that consumers are more likely to delegate their work to an algorithm rather than a human because delegating work to humans (vs. algorithms) elicits greater concerns about impression management.

## Online Seminar by Tolga Tezcan

**Nov 18 @ 5:00 pm – 6:00 pm**

**'Hospital Readmissions Reduction Program does not provide the right incentives: Issues and remedies'**
***by Tolga Tezcan***
**Rice University**


### Abstract

The Hospital Readmissions Reduction Program (HRRP) reduces Medicare payments to hospitals with higher-than-expected readmission rates where the expected read mission 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, there imbursement schemes need to provide additional incentives for hospitals to invest sufficiently in capacity.


Joint work with Kenan Arifoglu School of Management, University College London and Hang REN, School of Business, George Mason University,

Short bio: Professor Tolga Tezcan's research focuses on how to design and manage service systems under uncertainty with applications in customer service and healthcare systems. His recent research focuses innovative reimbursement methods in health care. He has worked with customer call centres, customer service chat systems, emergency departments, and hospitals. He was awarded the NSF Career Award in2010 for his research and serves on the editorial boards of the journals Management Science, Operations Research, and Stochastic Systems.

## Online Seminar by Ahmet Değerli

**Nov 25 @ 2:30 pm – 3:30 pm**

**‘The Rise of Nonbanks and the Quality of Financial Services: Evidence from Consumer Complaints’**
***by Ahmet Değerli***
**Federal Reserve Board**


### Abstract

We show that as nonbanks’ market share increases in a local residential mortgage market, the quality of mortgage services in the market improves. Two instrumental variable analyses exploiting (1) stress tests conducted by the Federal Reserve, and (2) mortgage industry surety bonds required by each state confirm this finding. We find evidence that as nonbanks grow their market share, they develop a specialty in servicing lower-income borrowers and increase investment in technology, leading to improved service quality. This improvement in service quality is more salient in counties with a higher percentage of minority populations.

## Online Seminar by Bilal Gökpınar

**Dec 2 @ 1:30 pm – 2:30 pm**

**‘How Do Robots Affect Firms’ Innovation Performance? Evidence from Spanish Manufacturers’**

***by Bilal Gökpınar***

**University College London**

### Abstract

This paper examines the impact brought by robot use on manufacturing firms’ innovation performance. The analysis uses a rich panel dataset of Spanish manufacturing firms over 27 years (1990-2016). Our findings suggest that robot use has a negative effect on firms’ process innovation. However, we do not observe a similar effect on firms’ product innovation. We also explore possible mechanisms by which robot use may affect process innovation. Our analysis reveals that the negative effect of robot use on process innovation is only salient for complex manufacturing industries, rather than light or heavy manufacturing. In addition, we find that the negative effects brought by robot use on process innovation are smaller for older firms. Our results point to a possible mechanism whereby robots impede process innovation through reducing human involvement in the manufacturing process. Our findings highlight possible disadvantages brought by robots in manufacturing, a notion neglected in the previous literature.

## Online Seminar by Jinfei Sheng

**Dec 9 @ 9:00 am – 10:00 am**

**‘Partisan Return Gap: The Polarized Stock Market in the Time of a Pandemic ’**

***by Jinfei Sheng***

**University of California**

### Abstract

Using two proxies for investors’ political affiliation, we document sharp differences in stock returns between firms likely dominated by Democratic investors (blue stocks) and those dominated by Republican investors (red stocks) during the COVID pandemic. Red stocks have 20 basis points higher risk-adjusted returns than blue stocks on COVID news days (*Partisan Return Gap*). Lockdown policies, COVID cases, industry and firm fundamentals only explain at most 25% of the return gap. Polarized political beliefs about COVID, revealed through people’s social distancing behaviors and their StockTwits, contribute to about 40% of the return gap beyond the fundamental channel. Our paper provides partisanship as a novel aspect in understanding abnormal stock returns during the pandemic.

## Online Seminar by Gizem Ceylan

**Dec 13 @ 4:00 pm – 5:00 pm**

**‘Sharing of Misinformation is Habitual, Not Just Lazy or Biased ’**

***by Gizem Ceylan***

**Yale School of Management**

### Abstract

Why do people share misinformation on social media? In this research (N = 2,476), we 33 show that individual deficits in critical reasoning and partisan bias—commonly cited drivers of 34 misinformation—are not as important as the structure of online sharing built into social 35 platforms. Due to the reward-based learning systems on social media, users form habits of 36 sharing information that gets recognition from others. Once habits form, information sharing is 37 automatically activated by cues on the platform without users considering critical response 38 outcomes, such as spreading misinformation. As a result of user habits, 30-40% of the false news 39 shared in our research was due to the 15% most habitual news sharers. Suggesting that sharing of 40 false news is part of a broader response pattern established by social media platforms, habitual 41 users also shared information that challenged their own political beliefs. Finally, we show that 42 sharing of false news is not an inevitable consequence of user habits: Social media sites could be 43 restructured to build habits to share accurate information. 44

Keywords: misinformation, habits, Facebook, social media, reward insensitivity

## Online Seminar by Alp Sungu

**Dec 21 @ 1:30 pm – 2:30 pm**

**‘Food subsidies at the base-of-the-pyramid: take-up, substitution and nutrition ’**

***by Alp Sungu***

**London Business School**

### Abstract

This paper studies food purchasing patterns among low-income individuals in India using objective scanner data with an aim to measure and improve the effectiveness of food subsidies. We digitally tracked the purchase histories of over 20,000 individuals by installing scanners in 39 food-selling vendors including groceries, butchers, and street food sellers, in an underserved urban settlement in India. We document heavy consumption of packaged junk foods. In groceries, the share of calories coming from purchase of packaged snacks (e.g., chips or chocolates) exceeds that from purchase of rice and wheat combined. To study how food subsidies impact shopping behavior and resultant nutrient purchases, we opened a store mimicking the Indian government’s food subsidy stores, and randomly assigned 1,258 individuals to a weekly rice and wheat subsidy treatment arm or to a no-subsidy control arm, for a 6-week period. Subsidy take up was 82%. Using a differences-in-differences design, we find that our in-kind subsidy induces both substitution and complementarity effects on beneficiaries’ grocery transactions. The purchase of packaged snacks decreases whereas that of complementary foods – such as spices and accompaniments – increases – with no detectable change in total grocery spending or spending at other tracked food vendors. These patterns indicate a substitution from snacking out towards home-cooked meals, with the effect being most prominent for working parents. We find no evidence of a negative spillover on the purchase of calories, carbohydrates, protein, fat, and several micronutrients, suggesting that nutrients delivered through our in-kind subsidy program are likely to have provided a net increment to the diet of the beneficiaries. Finally, we explore the design of alternative, customized in-kind programs where we exogenously vary the subsidized foods. Based on estimates of the take-up rates, we uncover a sharp tradeoff between the nutrient richness of different staples and their attractiveness to customers. We find that subsidizing lentils might increase the amount of proteins delivered through the program.

## Seminar by Nejat Seyhun

**Dec 23 @ 10:30 am – 11:30 am**

**'Race Differences in Insiders' Access to Information '**
***by Nejat Seyhun***
**University of Michigan**

**Place: Faculty of Business Administration,**

**Ümit Berkman Seminar Room (MA-330)**


### Abstract

Race inequality is well-documented in literature—certain groups, for example, African-Americans, may not enjoy the same access to opportunities as their counterparts. Prior studies document that African-Americans are less likely to receive funding opportunities than whites and pay higher interest rates because of statistical discrimination and taste-based discrimination. However, less is known about race inequality in corporate leadership.

In this paper, we investigate race differences in insider trading behavior by corporate leaders of S&P 1500 companies. Investigating race differences in the profitability of insider trades of these companies enables us to evaluate whether African-American corporate executives have equal access to networks that generate valuable insider information (Inci, Narayanan Seyhun 2017 for gender) as their counterparts in similar positions.