

MIAO BEN ZHANG

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Academic Positions

University of Southern California – Marshall School of Business
Assistant Professor of Finance and Business Economics, 2016 - Present

Other Affiliations

U.S. Bureau of Labor Statistics, Washington, D.C.
Visiting Researcher, 2014 - Present

Education

Ph.D. in Finance, The University of Texas at Austin, 2016
M.Phil. in Finance, University of Hong Kong, 2010
B.S. in Mathematics (Highest Honor), Peking University, 2008

Research Interests

Asset Pricing, Macro-Finance, Labor Economics

Publications

“Local Risk, Local Factors, and Asset Prices” with Selale Tuzel
Journal of Finance, 2017, 72(1), 325-370
Best Paper Award at the SFM Annual Conference, 2013

“Suitability Check and Household Investments in Structured Products” with Eric Chang
and Dragon Tang
Journal of Financial and Quantitative Analysis, 2015, 50(3), 597-622
FMA Annual Meeting Competitive Paper Awards, Semi-Finalist, 2010

Working Papers

“Labor-Technology Substitution: Implications for Asset Pricing”
Journal of Finance, revise and resubmit
Best Paper Award, USC Marshall Ph.D. Conference in Finance, 2014
Cubist Systematic Strategies PhD Candidate Award for Outstanding Research, 2016

Presentations (* Presented by Co-author)

“Labor-Technology Substitution: Implications for Asset Pricing”

Boston College, Carnegie Mellon, Emory, INSEAD, Notre Dame, UNC, UNSW, U of Miami, U of Toronto, USC, UT Austin, UT Dallas; USC Marshall Ph.D. Conference in Finance 2014, PhD Forum of the AFBC 2014, CICF 2016, SFS Cavalcade 2016, WFA Annual Meeting 2016

“Local Risk, Local Factors, and Asset Prices”

UT Austin, McGill*, UC Irvine*, Oregon*, Penn State*, CKGSB*, UVA McIntire*, USC*; SFM Conference 2013, USC-UCLA-UCI Finance Day 2014*, Econometric Society Meetings 2013*, University of Washington Summer Finance Conference 2014*, CAPR Workshop at BI 2014*, Jackson Hole Finance Group 2014*, WFA Annual Meeting 2014*

“Suitability Check and Household Investments in Structured Products”

Singapore Management University*, Peking University*, University of Hong Kong*, Hong Kong Polytechnic University*, UT Austin; SFM Conference 2009, Hitotsubashi-Thammasat Conference 2010*, Emerging Market Finance Conference 2010, FMA Annual Meeting (New York) 2010, FMA Asian 2011*

Honors and Awards

Cubist Systematic Strategies PhD Candidate Award for Outstanding Research, 2016
Graduate School Dissertation Writing Fellowship, University of Texas at Austin, 2016
AFA Doctoral Student Travel Grant, American Finance Association, 2015
Best Paper Award at the USC Marshall Ph.D. Conference in Finance, 2014
Best Paper Award at the SFM Annual Conference, 2013
FMA Annual Meeting Competitive Paper Awards, Semi-Finalist, 2010

Teaching

Investment Management, The University of Texas at Austin, Summer 2013

Service

Referee: Journal of Futures Markets
Discussant: FMA Meeting 2010, 2016

Additional Information

Languages: Chinese (native), English (fluent)
Computing Skills: Stata, MATLAB, SAS, Python

Paper Abstracts

“Labor-Technology Substitution: Implications for Asset Pricing”

This paper studies the asset pricing implications of a firm’s option to adopt labor-saving technologies that replace routine-task labor with machines. I develop a model that shows it is less costly for a firm to exercise this option when productivity is low. Hence, firms with routine-task labor have an option that hedges their value against unfavorable macroeconomic shocks and lowers their exposure to systematic risk. Using establishment occupational data from the Bureau of Labor Statistics, I construct a measure of firms’ share of routine-task labor. Consistent with my model’s predictions, I find that in the cross-section, firms with a higher share of routine-task labor (i) invest more in machines and reduce disproportionately more of their routine-task labor during economic downturns, and (ii) have lower expected equity returns.

“Local Risk, Local Factors, and Asset Prices”, with Selale Tuzel

Journal of Finance, 2017, 72(1), 325-370

Firm location affects firm risk through local factor prices. We find more procyclical factor prices such as wages and real estate prices in areas with more cyclical economies, namely, high “local beta” areas. While procyclical wages provide a natural hedge against aggregate shocks and reduce firm risk, procyclical prices of real estate, which are part of firm assets, increase firm risk. We confirm that firms located in higher local beta areas have lower industry-adjusted returns and conditional betas, and show that the effect is stronger among firms with low real estate holdings. A production-based equilibrium model explains these empirical findings.

“Suitability Check and Household Investments in Structured Products”, with Eric Chang and Dragon Tang

Journal of Financial and Quantitative Analysis, 2015, 50(3), 597-622

The suitability of complex financial products for household investors is an important issue in light of consumer financial protection. The U.S. Dodd-Frank Act, for instance, mandates that distributors check suitability when selling structured products to retail investors. However, little empirical evidence exists on such transactions. Using data from Hong Kong, we find that investors purchase 8% more structured products, on average, when the suitability is not checked. The effect of suitability checks is more pronounced for less financially literate investors. Moreover, investors tend to buy products with lower risk-adjusted returns when product suitability is not checked.

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