

MIAO BEN ZHANG

University of Southern California
Marshall School of Business
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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, Peking University, 2008

Research Interests

Asset Pricing, Macro-Finance, Labor Economics, Empirical Corporate Finance

Publications

“Local Risk, Local Factors, and Asset Prices”, with Selale Tuzel, *Journal of Finance*, 2017, 72(1), 325-370

“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

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

“Economic Stimulus at the Expense of Routine-Task Jobs”, with Selale Tuzel

Presentations († Discussions)

2018 (scheduled)

Columbia GSB

2017

UCLA Anderson, University of Houston, USC Marshall, University of Hong Kong, Summer Institute of Finance†

2016

Boston College, Carnegie Mellon, Emory, INSEAD, Notre Dame, UNC Chapel Hill, UNSW, University of Miami, University of Toronto, USC Marshall, UT Austin, UT Dallas, WFA Annual Meeting, SFS Cavalcade, CICF Annual Meeting, FMA Annual Meeting†

2010-2014

USC Marshall Ph.D. Conference in Finance 2014, PhD Forum of AFBC 2014, SFM Conference 2013, Emerging Market Finance Conference 2010, FMA Annual Meeting 2010

Honors and Awards

Cubist Systematic Strategies PhD Candidate Award for Outstanding Research, 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

Excellent Graduate, Peking University, 2008

Teaching

Business Finance, University of Southern California, Fall 2016, 2017

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

Additional Information

Languages: Chinese (native), English (fluent)

Computing Skills: Stata, MATLAB, SAS, Python

Paper Abstracts

“Economic Stimulus at the Expense of Routine-Task Jobs”, with Selale Tuzel

Do investment tax incentives improve job prospects for all workers? Using two massive establishment-level datasets on occupational employment and computer investment, we study the causal effect of a major tax incentive for equipment investment on labor outcomes. Section 179 of Internal Revenue Code allows firms to deduct *limited* amount of qualifying equipment investments instantly rather than following the standard depreciation schedule, hence lowering the effective price of equipment investment for *small* businesses. By exploring the variation in states’ Section 179 deduction limits for state taxes, we find that (1) firms purchase more computers and hire more nonroutine-task labor shortly after states increase their deduction limits; (2) however, they significantly reduce their routine-task employment starting one year after the limit increases; (3) due to these opposite effects on two distinct labor groups, the effect on total employment is insignificant; (4) all effects are driven by establishments eligible for Section 179. Our results highlight the importance of heterogeneous worker skills for policy outcomes.

“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.

Updated: 11/16/2017