CEAR / Finance Workshop: Tentative Schedule

Incentives and Risk Taking

Friday and Saturday, April 6-7, 2012

General Information

There is a popular belief that the recent financial crisis was caused by corporate decision-makers whose incentive schemes were such that taking risky actions benefited them personally and harmed their organizations and the economy. Is this really the case? This workshop brings together a group of academics who have conducted significant research on the relation between incentives and risk taking. The papers on the program present theoretical, empirical, and physiological approaches on the incentives – risk taking association. The objective is that the paper presentations and the ensuing discussions will provide better insights into how incentives affect the actions of agents.

Organizers

Rajesh Aggarwal (University of Minnesota) and Jayant R. Kale (Georgia State University) are the organizers of this workshop. Funding is being provided from the Center for the Economic Analysis of Risk (CEAR) and the Department of Finance, both located at Georgia State University. See cear.gsu.edu and robinson.gsu.edu/finance for more information on each. Contact Jayant Kale at jkale@gsu.edu about the substance of the workshop, and Mark Schneider at cear@gsu.edu with questions about participation and logistics.

Dates & Times

Friday, 4/6 – 12:00pm to 5:25pm; reception to follow. Lunch and refreshments will be provided by CEAR. Saturday, 4/7 - 8:00am to 5:25pm. Breakfast, lunch and refreshments will be provided by CEAR Contact Mark Schneider at cear@gsu.edu for special dietary needs.

Location

The workshop will be held in Aderhold Learning Center Room 24, which is located downstairs after you enter from the street level. Here is a map link to Georgia State's Campus Map, it is located in Building 16 on the map. The building is located at the crossroads of Broad Street NW and Luckie Street in Downtown Atlanta. Please use the street level entrance on Luckie Street; it is just opposite the Starbucks located in the Equitable Building at 100 Peachtree St NE, Atlanta, GA 30303.

Directions

MARTA Subway:

Aderhold Learning Center is located 4 blocks north of the Five Points Marta Rail Station in Downtown Atlanta, and 3.5 blocks south of the Peachtree Center Rail Station; both stations are located on either the Red or Gold lines, one-way Rail Ride cost $2.50. Tickets can be easily purchased from vending machines at all MARTA stations. This is by far the easiest method, and is on a direct line to Atlanta International Airport. Here is a map of the MARTA rail system.

Driving:

From Interstate 75/85 (the connector) going NORTH take exit 248B for Edgewood Ave toward Auburn Ave / J W Dobbs Ave. Turn left at Edgewood Ave SE and proceed 0.7 miles. Turn right at Marietta St.
NW. The second intersection is Forsyth Street NW, turn right here. The third street you come to is Luckie Street; Aderhold Learning Center will be on your right hand side.

From Interstate 75/85 (the connector) going SOUTH take exit 248D for J W Dobbs Ave toward Jesse Hill Dr. Slight left at Jesse Hill Jr. Dr. NE. Turn right at Edgewood Ave SE and proceed 0.6 miles. Turn right at Marietta St. NW. The second intersection is Forsyth Street NW, turn right here. The third street you come to is Luckie Street; Aderhold Learning Center will be on your right hand side.

Parking

There is covered, pay for parking at Lanier Public Parking lot located at 150 Carnegie Way; Atlanta, GA 30303. The lot is about 2.5 blocks away from Aderhold Learning Center. Google Maps walking instructions from the parking lot to Aderhold Learning Center here - http://g.co/maps/uzz56

Lodging

CEAR recommends lodging at The Ellis Hotel, which is walking distance to Aderhold Learning Center. Their information: 176 Peachtree Street Northwest, Atlanta, GA 30303. (404) 523-5155 ellishotel.com.

Program

Friday, April 6, 2012

Noon – 12:45 p.m. – Lunch

12:45 – 1:00 p.m. Welcome and administrative announcements

Session 1  1:00 – 2:15 p.m.

“Risking Other People’s Money: Gambling, Limited Liability, and Optimal Incentives”
Peter DeMarzo, Stanford University
Dmitry Livdan, UC – Berkeley
Alexei Tchistyi, UC – Berkeley
Discussant: Vikram Nanda, Georgia Institute of Technology

2:15 – 2:35  Break

Session 2  2:35 – 3:50 p.m.

"CEO Compensation and Corporate Risk-Taking: Evidence from a Natural Experiment."
Todd Gormley, University of Pennsylvania
David Matsa, Northwestern University
Todd Milbourn, Washington University – St. Louis
Discussant: Paul Oyer, Stanford University

3:50 – 4:10  Break

Session 3  4:10 – 5:25 p.m.

“Indexing Executive Compensation Contracts”
Ingolf Dittmann, Erasmus University
Ernst Maug, University of Mannheim
Oliver Spalt, Tilburg University
Discussant: Jeff Coles, Arizona State University

6:30 – 9:00 p.m. Reception (invited guests only)
Saturday, April 7, 2012

8:00 – 9:00 a.m.  Breakfast

Session 4  9:00 – 10:15 a.m.

“Serotonin and Risk Taking: How Do Genes Change Financial Choices?”
*Camelia M. Kuhnen, Northwestern University*
Gregory R. Samanez-Larkin, Vanderbilt University
Brian Knutson, Stanford University

**Discussant:** Daniel Hauser, George Mason University

10:15 – 10:35 a.m.  Break

Session 5  10:35 – 11:50 a.m.

“Contracting With Synergies”
*Alex Edmans, University of Pennsylvania*
Itay Goldstein, University of Pennsylvania
John Zhu, University of Pennsylvania

**Discussant:** Anjan Thakor, Washington University – St. Louis

11:50 – 1:00 p.m.  Lunch

Session 6  1:00 – 2:15 p.m.

“Yesterday’s Heroes: Compensation and Creative Risk Taking”
*Ing-Haw Cheng, University of Michigan*
Harrison Hong, Princeton University
Jose Scheinkman, Princeton University

**Discussant:** Scott Schaefer, University of Utah

2:15 – 2:35  Break

Session 7  2:35 – 3:50 p.m.

“Implicit Guarantees and Risk Taking: Evidence from Money Market Funds”
*Marcin Kacperczyk, NYU*
Philipp Schnabl, NYU

**Discussant:** Ravi Jagannathan, Northwestern University

3:50 – 4:10 p.m.  Break

Session 8  4:10 – 5:25 p.m.

8. “Military CEOs”
Effi Benmelech, Harvard University
*Carola Frydman, Boston University*

**Discussant:** Todd Milbourn, Washington University – St. Louis