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Welcome

Dear all,

This is a short summary of the inaugural edition of the Esade Spring Workshop (ESW) organized by several members of the Group for Research in Economics and Finance (GREF) at Esade which took place on the 27th of May 2022.

The aim of the ESW is to exchange research ideas among academics on specific areas within Economics, Finance and Accounting. This first edition of the workshop focused on two of these areas: Corporate Finance & Banking and Information in Financial Markets. It comprised extremely high-quality theoretical and empirical papers by top researchers in these two areas. The paper acceptance rate was 7%. The workshop was highly interactive and a great success, fostering dialogue, networking, and potential collaborations among researchers. The workshop also contributed to Esade's mission to foster dialogue, visibility, and extend the social impact of our research.

The workshop could have not succeeded without the time, effort, and support of a number of people. Omar Rachedi did an excellent job in starting it all, organizing matters down to the last detail and leading us when in doubt. The other members of the organizing committee were also essential. I would like to thank Vicente Bermejo, Ariadna Dumitrescu, Santiago Forte, Martí Guasch, Giulia Redigolo, and Carolina Villegas-Sanchez for the many hours they have spent on the ESW2022. Mar Vila, as Department Director, and Joan Rodón, as Vice-Dean of Faculty and Research,

gave us their full support. Fina Planas helped with all the practicalities and was always ready to lend a hand when needed. The Research office – especially Laura Castellucci and Karen Yalta – helped us with the organization of the workshop within Esade. Finally, all the other members of the GREF supported this first edition of the workshop.

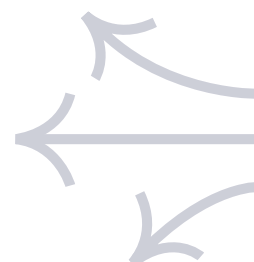
I would especially like to thank the keynote speakers for taking part in the ESW 2022 giving valuable insights and feedback. And of course, the final success of the workshop was due fundamentally to all the researchers who submitted papers, as well as those that were accepted and came to present in Barcelona, the discussants that dedicated time to review papers, and all the other participants who provided valuable comments. Finally, the workshop could have not happened without the financial support of Banco Sabadell.

My hope is that this is the first in a long series of successful workshops in the future.

Thanks to all and kind regards,

Anna Bayona

Director of the GREF



Organizing and scientific committee

The organizing and scientific committee was comprised of eight members of the Group for Research in Economics and Finance (GREF) at Esade, which are listed below:



Anna Bayona



Vicente J. Bermejo



Ariadna
Dumitrescu



Santiago Forte



Martí Guasch



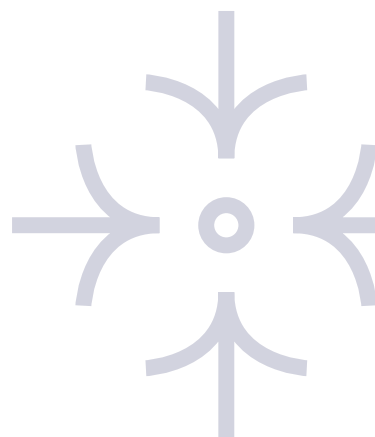
Omar Rachedi
Leader of the organizing
committee



Giulia Redigolo



Carolina
Villegas-Sanchez



Barcelona, May 27, 2022

	Corporate Finance and Banking	Information in Financial Markets
08:30 - 08:50	Registration	
14:40 - 15:30	Welcome Address: Joan Rodón (Vice-Dean of Faculty and Research at Esade)	
09:00 - 09:50	Mariassunta Giannetti (SEE): <i>"Supply Chain Risk: Changes in Supplier Composition and Vertical Integration"</i>	Thierry Foucault (HEC Paris): <i>"Investors' Information Horizon and Corporate Investment"</i>
09:50 - 10:40	Alberta Di Giuli (ESCP Business School): <i>"Climate Change and Mutual Fund Voiting on Environmental Proposals"</i> Discussant: Amil Dasgupta (SEE)	Andriy Shkilko (Wilfrid Laurier U.): <i>"The Conduct of Price Discovery: A Machine Learning Approach"</i> Discussant: Roberto Pascual (UIB)
10:40 - 11:10	Coffee Break	
11:10 - 12:00	Marieke Bos (SSE): <i>"How Do Acquisitions Affect the Mental Health of Employees?"</i> Discussant: Claudia Custodio (Imperial College)	Xavier Vives (IESE): <i>"(In)efficiency in Information Acquisition and Aggregation through Prices"</i> Discussant: Antonio Guarino (UCL)
12:00 - 12:50	Ernst Maug (U. Mannheim): <i>"Post-Merger Restructuring of the Labor Force"</i> Discussant: Andrea Caggese (Imperial College)	Jordi Mondria (U. Toronto): <i>"News Selection and its Implications to Financial Markets"</i> Discussant: Naveen Gondhi (Insead)
12:50 - 13:50	Lunch	

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	Corporate Finance and Banking	Information in Financial Markets
13:50 - 14:40	Matthias Efing (HEC Paris): “ <i>Risk Managers in Bank</i> ” Discussant: Florian Heider (ECB)	Yue Yuan (Tsinghua U.): “ <i>Share Issues versus Share Repurchases</i> ” Discussant: Sergio Vicente (U. Luxembourg)
14:40 - 15:30	Tania Babina (Columbia Business School): “ <i>Customer Data Access and Fintech Entry: Early evidence from Open Banking</i> ” Discussant: Vicente Bermejo (Esade)	Roxana Mihet (HEC Lausanne): “ <i>Financial Information Technology and the Inequality Gap</i> ” Discussant: Anna Bayona (Esade)
15:30 -16:00	Coffee Break	
16:00 - 16:50	Matteo Crosignani (NYFed): “ <i>Ecorbitant Privilege? Quantitative Easing and the Bond Market Subsidy or Prospective Fallen Angels</i> ” Discussant: Andrea Presbiterio (IMF)	Marco Grotteria (LBS): “ <i>Do Market Prices Reflect Biased Information? Evidence from Voluntary Corporate Disclosures</i> ” Discussant: Beatriz García Osma (UC3M)
16:50 -17:40	Daniel Paravisini (LSE): “ <i>Bank Lending Specialization</i> ”	Marcin Kacperczyk (Imperial College): “ <i>Global Financial Uncertainty</i> ”

For each paper, the time allocation is as follows:
30 minutes for the speaker, 10 minutes for the discussant, and 10 minutes of floor discussion

This workshop has been possible thanks to Banc Sabadell.

Summary of the sessions

The 2022 ESW was structured with two parallel sessions, one on “*Corporate Finance and Banking*” (CFB), and one on “*Information in Financial Markets*” (IFM). Each session featured two keynote speakers, and 6 paper presenters as well as 6 discussants.

Corporate Finance and Banking sessions

The first keynote speaker of the CFB session, **Mariassunta Giannetti** from the Stockholm School of Economics, presented a paper on “*Supply Chain Risk: Changes in Supplier Composition and Vertical Integration*”, which sheds light on how the possibility of experiencing supply chain bottlenecks influences in the very first place how suppliers and customer firms establish relationships. This study shows that firms with higher supply chain risk prefer to connect to closer and domestic suppliers, and to suppliers that are industry leaders. In the absence of financial constraints, firms with higher supply chain risk are also more likely to engage in vertical mergers and acquisitions.

The second keynote speaker, **Daniel Paravisini** from the London School of Economics presented a paper on “*Bank Lending Specialization*”. This work shows how banks tend to build credit relationships with companies from specific industries, or exporters to specific destination markets. This finding implies that bank-specific shocks may imply very different implications across borrowers exactly depending on the type of specialization of the affected bank.

The six paper presenters of the CFB session were Alberta Di Giuli from ESCP Business School, Marieke Bos from the Stockholm School of Economics, Ernst Maug from the University of Mannheim, Matthias Efung from HEC Paris, Tania Babina from Columbia Business School, and Matteo Crosignani from the Federal Reserve Bank of New York. These papers were discussed by Amil Dasgupta from the London School of Economics, Claudia Custodio from the Imperial College Business School, Andrea Caggese from the Universitat Pompeu Fabra, Florian Heider from the European Central Bank, Vicente Bermejo from Esade, and Andrea Presbitero from the International Monetary Fund, respectively.

Alberta Di Giuli presented a paper on “*Climate Change and Mutual Fund Voting on Environmental Proposals*”. This work provides evidence on the fact that fund managers exposed to abnormally hot temperatures are significantly more likely to support environmental proposals. Overall, they show that fund managers’ own personal experiences and increased awareness of climate change have a positive effect on their support for environmental policies.

Marieke Bos presented a paper on “*How do Acquisitions Affect the Mental Health of*

Employees? This study analyzes how corporate mergers affect employee's mental health condition. It documents an increase in employee stress, anxiety, depression, psychiatric medication usage, and even suicide, following the episode of a corporate acquisition. Results are particularly severe for low cognitive skills employees, those who experience negative career developments, and "blue-collar" workers.

Ernst Maug presented a paper on *"Post-merger Restructuring of the Labor Force"*. The study reports the effects of M&A transactions on labor force mobility. The analyzed context allows the authors to identify labor mobility within the firm (acquirer and target) after the acquisition event. Results show that the average target firm suffers a 50% decline in net employment within the next two years after the acquisition (relative to a matched control group). Jobs tend to migrate to the acquirers, providing evidence for the creation of an internal labor market after the corporate event.

Matthias Efing presented a paper on *"Risk Managers in Banks"*. This study shows that the bonus compensation part of risk managers positively correlates with that of traders and loan officers. Specifically, a risk manager receives around 20 cents higher bonus when then average bonus paid in front offices increases by one euro. The authors study the causes and implications of this novel fact, and show that this may not be a sign of a conflict of interest, but rather the output of an efficient risk-manager compensation scheme.

Tania Babina presented a paper on *"Customer Data Access and Fintech Entry: Early Evidence*

from Open Banking". This study looks at the phenomenon of open banking, that is, the option that banks' customers have to own their own data and share them with third-parties, like competitor banks and fintechs. By leveraging a novel dataset on open banking implementation across countries, the authors find that open banking adoption raises fintech venture capital investment by 50%. Nevertheless, these policies could also harm some customers with high-data production, and thus it calls for further analysis to better tailor the implementation of open banking.

Matteo Crosignani presented a paper on *"Exorbitant Privilege? Quantitative Easing and the Bond Market Subsidy of Prospective Fallen Angels"*. Using data from the US on firms, bonds and investors between 2009 and 2019, the paper documents an "exorbitant privilege" (i.e., subsidized bond credit) for "prospective fallen angels". These are BBB-rated firms that are vulnerable to downgrade and that to avoid so borrow, and engage in M&A activity securing the BBB rating while the M&A process takes place. The paper shows that prospective fallen angels have benefited from investors subsidizing their bond financing since 2009, especially at the peak of QE.

Information in Financial Markets Sessions

The first keynote speaker of the IFM session, **Thierry Foucault** from HEC Paris, presented a paper on *"Investors' Information Horizon and Corporate Investment"*. The paper analyzes the role of the quality of information on the corporate investment horizon. The authors find that, as

predicted by the theoretical model, firms with short (long) investment horizons invest more when short-term (long-term) forecasts are more informative.

The second keynote speaker, **Marcin Kacperczyk** from Imperial College Business School, presented a paper on “*Global Financial Uncertainty and Firm-Level Capital Flows*”. The study investigates global volatility on equity portfolio flows of institutional investors and finds that equity allocations decrease with high volatility. The effect is present in developed and emerging markets, and is stronger for foreign institutions. Further, when volatility is high, foreign investors rebalance their portfolios from small-cap to large-cap stocks.

The six paper presenters of the IFM session were Andriy Shkilko from Wilfrid Laurier University, Xavier Vives from IESE, Jordi Mondria from the University of Toronto, Yue Yuan from the PBC School of Finance of the Tsinghua University, Roxana Mihet from HEC Lausanne, and Marco Grottiera from the London Business School. These papers were discussed by Roberto Pascual from the Universitat de les Illes Balears, Antonio Guarino from the University College London, Naveen Gondhi from INSEAD, Sergio Vicente from the University of Luxembourg, Anna Bayona from Esade, and Beatriz Garcia Osma from Universidad Carlos III de Madrid, respectively.

Andriy Shkilko presented a paper on “*The Conduct of Price Discovery: A Machine Learning Approach*”. This work uses a machine learning approach that allows for multiple conditioning variables to study the information flow into prices. It finds that consistent with theory, price

discovery is importantly affected by the state of the limit order book and price history, as well as, bid-ask spread, and order arrival frequency

Xavier Vives presented a paper on “*(In)efficiency in Information Acquisition and Aggregation through Prices*”. This study shows that improvements in information technology reduce the cost of acquiring information. As this cost declines, traders over-invest in information acquisition and trade excessively on private information. Generically, there exists no optimal policy based on the price of the financial asset and the volume of trades that implements efficiency in both information acquisition and trades. However, when the acquisition of information is verifiable efficiency can be achieved.

Jordi Mondria presented a paper on “*News Selection and Its Implications to Financial Markets*”. This study shows that economic agents delegate their information choice to media outlets which have superior ability to monitor relevant events. The editorial decision to cover a firm not only has asset pricing implications for the reported firm, but also for non-reported firms. Investors, in fact, are able to distinguish the risk regime of non-reported firms with both high and low expected news coverage.

Yue Yuan presented a paper on “*Share Issues versus Share Repurchases*”. This paper analyzes firms’ decision to choose both the transaction size and method when they issue or repurchase shares. It shows that despite the symmetric setups of share issues and share repurchases, when firms have private information, there is a sharp asymmetry in the use of method (issuing firms signal via method, generating heterogeneity

in equilibrium issue methods, while repurchasing firms do not). However, there is no asymmetry regarding the transaction size choice.

Roxana Mihet presented a paper on “*Financial Information Technology and the Inequality Gap*”. This work studies the impact of financial information technologies on capital income inequality and it shows that innovations that reduce investors’ participation costs, search and data acquisition costs may have opposite effects on inequality. Thus, the effect of these costs is heterogenous: lower participation costs increase participation but hurt efficiency; lower search costs hurt participation but improve efficiency while lower information costs hurt participation but improve efficiency.

Marco Grotteria presented a paper on “*Evidence of Learning in Financial Markets. Management Guidance and Subsequent Analysts’ Forecasts*”. This study shows that for a large cross-section of stocks, high-frequency price changes around management forecasts are strong predictors of high-frequency price changes around analyst forecasts issued one day after. Analysts typically release forecasts that closely mimic the ones of managers, yet the market responds to both. Thus, investors wait for analysts to confirm management estimates before fully reacting to them.

List of participants

1.	Calin Arcalean	Esade Business School
2.	Tania Babina	Columbia Business School, Columbia University
3.	Albert Banal	Universitat Pompeu Fabra
4.	Anna Bayona	Esade Business School
5.	Vicente Bermejo	Esade Business School
6.	Josep Bisbe	Esade Business School
7.	Marieke Bos	Stockholm School of Economics, Vrije Universiteit Amsterdam
8.	Andrea Caggese	Universitat Pompeu Fabra
9.	Matteo Crosignani	Federal Reserve Bank of New York
10.	Claudia Custodio	Imperial College Business School
11.	Amil Dasgupta	London School of Economics
12.	Luca Del Viva	Esade Business School
13.	Miguel De Jesus	CUNEF
14.	Alberta Di Giuli	ESCP Business School
15.	Ariadna Dumitrescu	Esade Business School
16.	Matthias Efing	HEC Paris
17.	Marco Errico	Esade Business School
18.	Santiago Forte	Esade Business School
19.	Thierry Foucault	HEC Paris
20.	Beatriz García Osma	Universidad Carlos III de Madrid
21.	Mariassunta Giannetti	Stockholm School of Economics
22.	Naveen Gondhi	INSEAD
23.	Marco Grotteria	London Business School
24.	Antonio Guarino	University College London
25.	Martí Guasch	Esade Business School
26.	Florian Heider	European Central Bank
27.	Marcin Kacperczyk	Imperial College Business School
28.	Katja Kisseleva	Frankfurt School of Finance and Management
29.	Lidija Lovreta	EADA Business School
30.	Carolina Manzano	Universitat Rovira i Virgili
31.	Ernst Maug	Universität Mannheim
32.	Roxana Mihet	HEC Lausanne
33.	Jordi Mondria	University of Toronto
34.	Sahand Mostafazadehdavani	Esade Business School
35.	Marcelo Ortiz	Universitat Pompeu Fabra
36.	Daniel Paravisini	London School of Economics
37.	Petya Platikanova	Esade Business School

38.	Andrea Presbitero	International Monetary Fund
39.	Roberto Pascual	Universitat de les Illes Balears
40.	Amedeo Pugliese	Universitat Pompeu Fabra
41.	Omar Rachedi	Esade Business School
42.	Giulia Redigolo	Esade Business School
43.	Joan Rodón	Esade Business School
44.	Carlo Sala	Esade Business School
45.	Ioana Schiopu	Esade Business School
46.	Andriy Shkilko	Wilfrid Laurier University
47.	André B.M. Souza	Esade Business School
48.	Sergio Vicente	University of Luxembourg
49.	Mar Vila	Esade Business School
50.	Carolina Villegas-Sánchez	Esade Business School
51.	Xavier Vives	IESE Business School
52.	Yue Yuan	PBC School of Finance, Tsinghua University



Practical Information

Academic Programme

The workshop took place on May 27, 2022 at Esade Forum, Esade Pedralbes campus (Avda. Pedralbes 60-62), Barcelona. The workshop registration started at 8.30 followed by the welcome address by Joan Rodón, and ended on the same day at 17.40. Each presentation lasted 50 minutes: 30 minutes for the speaker, 10 minutes for the discussant and 10 minutes of floor discussion. There were two coffee breaks and lunch provided.



Recommended hotel

The conference recommended hotel was AC Victoria Suites Hotel on Carrer de Beltrán i Rózpide, 7-9, Barcelona, which is a short walk from the Esade Pedralbes campus.



Pre-conference cocktail

There was a pre-conference cocktail at Jardí de l'Abadessa Carrer de l'Abadessa Olzet, 26, Barcelona on May 26, 2022.



Post-conference dinner

There was conference dinner at Restaurante Agua, Passeig Marítim de la Barceloneta, 30, Barcelona on May 27, 2022.



Sponsors

The workshop has been possible thanks
to Banc Sabadell and Esade Business School.



Selected Photographs





