SIMON BUSINESS SCHOOL
ECONOMICS MINI CONFERENCE (FALL ‘24)

Location for all talks: Schlegel Hall 103
Abstracts follow on next page

Dec 12th Thursday

12:30 - 1:45 PM **Lunch** (location: Schlegel 103, basement level of Schlegel Hall)

2 - 3 PM **Talk 1: Bart Hamilton** (Washington University in St. Louis)
The Bright Side of Nepotism? Family CEOs, Turnover, and Firm Performance
(joint with Andrés Hincapié and Noah Lyman)

3 - 3:15 PM **Break**

3:15 - 4:15 PM **Talk 2: Ryan McDevitt** (Duke University)
Profit Sharing & Patient Steering: Joint Ventures and Other Vertical Ties in Dialysis
(joint with Paul Eliason and Jimmy Roberts)

4:30 - 6 PM **One-on-one meetings**

6:30 - 8 PM **Dinner** (Location: Chortke)

Dec 13th Friday

8:30 - 9:15 PM **Coffee and pastries** (location: Schlegel 103)

9:15 - 10:15 AM **Talk 3: Jacob Kohlhepp** (University of North Carolina-Chapel Hill)
Collaborative Confiscation

10:15 - 10:30 AM **Break**

10:30 - 11:30 AM **Talk 4: Guofu Tan** (University of Southern California)
Share-based Discounts by a Dominant Firm (joint with Adam Wong)

11:30 AM - 1:00 PM **Lunch** (location: Faculty Club)

1:00 - 2:30 PM **One-on-one meetings**

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Abstracts

Talk 1: Bart Hamilton (Washington University in St. Louis)

The Bright Side of Nepotism? Family CEOs, Turnover, and Firm Performance
(joint with Andrés Hincapié and Noah Lyman)

Abstract: Hiring family CEOs is often equated to trading merit for preferences. However, indirect effects from hiring family can counterbalance this direct, negative effect on firm performance. To explore this ambiguity, we estimate a dynamic model of CEO turnover where executive candidates can be found in the family, within the firm, or outside. Firms learn about the quality of all hires from firm performance and are better informed about internal candidates. While we find firms do prefer family executives, a counterfactual prohibition of family hires decreases firm profits, indicating that among publicly-traded US firms the indirect benefits from family preferences dominate.

Talk 2: Ryan McDevitt (Duke University)

Profit Sharing & Patient Steering: Joint Ventures and Other Vertical Ties in Dialysis
(joint with Paul Eliason and Jimmy Roberts)

Abstract: Health care markets have consolidated in recent decades, with increases in both horizontal and vertical ownership ties. We study the implications of shared ownership along both of these dimensions in the U.S. market for outpatient dialysis using a new dataset of mergers, acquisitions, and joint ventures between dialysis chains and local partners such as physicians. We first provide novel evidence of the growth and prevalence of joint ventures in dialysis facilities, which nearly tripled from 9.8% in 2005 to 29.8% in 2017. Using a difference-in-differences framework, we find that joint ventures result in much larger gains in market share compared to acquisitions but relatively similar changes in practices. We also provide evidence that these gains in market share stem largely from business stealing and that patient steering at joint ventures may serve as a barrier to potential entrants.

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Talk 3: Jacob Kohlhepp (University of North Carolina-Chapel Hill)
Collaborative Confiscation

Abstract: Asset forfeiture is the seizure of property that is believed to be connected to criminal activity, typically the sale of illicit drugs. Despite the dismantling of the California Bureau of Narcotic Enforcement, the legalization of marijuana, and legislative reform the value of assets seized in California has not decreased. To understand why, we digitize government reports and hand collect the membership of task forces in order to link each seizure to individual teams of state, local and federal agencies. We document that between 2002 and 2009, law enforcement agencies seized $3.17 billion. While federal agencies unilaterally seized 58% in terms of revenue, local agencies initiated 60.9% of seizures without federal involvement. Collaborative seizures involving multiple agencies are larger: the median federal-local collaborative seizure is almost three times the median federal unilateral seizure. Among seizures with local involvement, 75% of revenue came from collaborative seizures. We map the network of collaborations and show that it features a core-periphery structure with 99.97% of potential revenue accruing to agencies in the core. We design and plan to estimate a network formation model where agencies choose who to collaborate with and how much effort to contribute. We plan to use the model to understand how different reforms impact both total asset forfeiture and the amount of law enforcement collaboration.

Talk 4: Guofu Tan (University of Southern California)
Share-based Discounts by a Dominant Firm (joint with Adam Wong)

Abstract: We study the incentives of a dominant firm to adopt share-threshold based discounts (SD) contracts when competing with a smaller rival who sells an imperfect substitute to the dominant firm's product. We focus on a simple class of SD contracts, which specifies an initial price combined with a discounted price conditional on the share of the buyer's purchase from the firm as a fraction of the total purchase reaching a minimum threshold. Linear pricing and full- exclusivity requirement contracts are two special cases of the SD contracts. In our setting, the dominant firm first offers an SD contract, after which its rival offers a per-unit price. After seeing both offers, the buyer decides her purchases from the two firms. We find that typically offering an SD contract is more profitable than offering linear pricing to the dominant firm. We provide conditions under which a full-exclusivity requirement contract and a less-than-100% SD contract arise in equilibrium, respectively. We identify two major economic factors that are crucial in determining the types of equilibrium contracts and their welfare implications: the dominant firm's competitive advantage over its rival and product substitutability between the two firms. The smaller the degree of product substitutability, the larger the competitive advantage required to justify full-exclusivity contracts. Compared to linear pricing, the SD adopted by the dominant firm generally reduces the rival's profit and tends to reduce the total surplus and the buyer's surplus when the competitive advantage of the dominant firm is strong.

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