Recent findings on consumer confidence, preventing financial runs, competitor information, regulation and gender bias in the workplace.

New research by INSEAD faculty explores the influence of terminology in consumer confidence, the value of having access to competitor information and a cost-effective solution to limiting panic-based runs in the financial system. There are also papers on the negative impact of regulation on innovation and a historic analysis of the progress made to tackle gender bias in hiring over the last 40 years.

1. Absolute terms ensure more favourable responses

Presenting time series data differently affects what people think and do. This research by INSEAD’s Daniel Walters and his co-author Geoff Tomaino (an INSEAD PhD graduate) compared consumers’ reactions to different charts that used absolute (e.g. actual dollar change) vs. relative (e.g. annual percentage change) terms. They found that people responded much more favourably to absolute terms across scenarios that ranged from donating to
2. The value of competitor information

Firms that receive competitor information can be more likely to change their own prices to match those of their competitors. New research by INSEAD’s Hyunjin Kim suggests that firms may not be actively seeking out information about their competitors, even when it is readily available. Kim concludes that this could be due to a number of factors, such as managerial inattention or a lack of resources, and that the increasing availability of competitor data could lead firms to align their decisions more with their competitors.

3. An intervention for panic-based runs

Policymakers worldwide have devoted considerable effort and resources to programmes that can help prevent panic among investors. While effective, they are costly and vulnerable to moral-hazard issues. In this new research, INSEAD faculty Lin Shen and Junyuan Zou identify a novel intervention programme that screens investors based on their differing views of the financial system's stability. The programme ultimately boosts all investors' confidence in the system, thus proving a cost-effective and morally robust solution to mitigating runs.

4. The impact of regulation on innovation

This paper by INSEAD’s Philippe Aghion and his co-authors* explores the impact of regulation on a firm’s ability to innovate. Analysing French firms affected by the rise in labour regulations for companies with 50 or more employees, they identified a sharp fall in the number of innovating firms just below this regulatory threshold. In other words, the potential impact of the regulation had a chilling effect on their desire to grow. What’s more, firms also appear reluctant to innovate to take advantage of market growth if they...
know they will be subject to a wave of labour regulations.

*Antonin Bergeaud, HEC Paris, and John Van Reenen, London School of Economics.

Read the full paper

5. Gender discrimination trends in the job market

Discrimination against female applicants for jobs historically held by men has significantly declined in the last decade. In contrast, bias against male applicants for stereotypically-female jobs has remained robust and stable over the years. These conclusions are outlined in a paper by INSEAD’s Eric Luis Uhlmann and multiple co-authors, who undertook an analysis of 44 years of gender bias in hiring practices. The results revealed welcome declines and stubborn persistence when it comes to different forms of gender discrimination in the workplace.

Read the full paper

Find article at
https://knowledge.insead.edu/economics-finance/insead-insights-december-2023-research-picks

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