

XIAO CEN

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EMPLOYMENT

Mays Business School, Texas A&M University
Assistant Professor of Finance, 2020-present

EDUCATION

Columbia Business School
Ph.D. in Finance, 2015-2020
M.S. in Financial Economics, 2013-2015

Shanghai Advanced Institute of Finance (SAIF)
M.A. in Applied Economics, 2011-2013

Tsinghua University
B.E. in Automation Engineering, 2007-2011

RESEARCH

Research Interests

Corporate Finance, Entrepreneurship, ESG, Fintech

Working Papers

[1] “A Race to Lead: How Chinese Government Interventions Shape the U.S.-China Production Competition”, with Vyacheslav Fos and Wei Jiang

- Under Review
- Presented at Columbia University, Yeshiva University, US-China Business Council, CICF, Texas A&M University, UT Dallas Finance Conference
- Media Coverage: Bloomberg

Abstract: Integrating establishment-level data from the United States and China, we study dynamic industrial interdependence between the two economies. Births of Chinese firms predict same-industry firm exits and reduced employment in the U.S., but the reverse relationship is not significant. Chinese Five-Year Plans were not preceded by low production/employment in the same industries in the U.S., but were followed by shrinkage with spillovers along the supply chain. Stock returns, firm valuation, and job postings indicate that neither the market nor companies expected deterioration in the targeted industries prior to the announcement of the Plans, but made adjustments afterwards.

[2] “Smartphone Trading Technology, Investor Behavior, and Financial Fragility”

- Revise and Resubmit, *Management Science*
- Presented at SFS Cavalcade, Northeastern University Finance Conference, University of Connecticut Financial Risk Conference, Chapman University Money and Finance Conference, FMA, NFA

Abstract: This study investigates how smartphone trading technology affects retail investor behavior and mutual fund performance using proprietary individual-level trading data around a natural experiment—the release of a smartphone trading app by a large investment adviser. App adoption raises investor attention and trading volume through amplifying cognitive biases such as self-control problems and overconfidence. The technology shock increases investors’ flow sensitivity to short-term fund returns and market sentiment, and boosts the aggregate flows of app adopters. The funds more exposed to the shock see a greater decline in abnormal returns, which is likely attributed to higher fund flows and liquidity costs. Overall, the findings suggest investors’ adoption of smartphone trading technology can create negative externalities to other investors holding the same funds.

[3] “Employee Ideology and the Retention Effect of Corporate Social Responsibility”, with Yue Qiu and Tracy Yue Wang

- Presented at Georgia State University, UCLA, Labor and Finance Seminar, University of Minnesota, Temple University, MFA

Abstract: In this study we examine a specific channel through which corporate social responsibilities (CSR) may impact long-term firm value—the impact of firms’ CSR policies on employee retention. Using data from the U.S. Census, we document a robust negative relation between firms’ policies regarding environmental and social issues and employee voluntary separation rates, and such relation becomes stronger over time. The retention effect of a firm’s CSR is stronger for more CSR-conscious employees. Exploring the impact of an exogenous rightward shift in corporate ideology on firms’ CSR policies and the separation rates of firms’ more CSR-conscious versus less CSR-conscious employees, we document that employer-employee ideology alignment is the most likely mechanism underlying the retention effect of CSR. Finally, we find that financial incentives do not appear to substitute away the effect of CSR on the retention of CSR-conscious employees, and the negative shock to CSR leads to a lowered labor productivity in the long run.

[4] “Natural Disasters, Household Wealth, and Entrepreneurial Career Choices”

- Based on Ph.D. dissertation at Columbia University
- Best paper award, University of Southern California PhD Conference in Finance
- Presented at HEC Entrepreneurship Workshop, NFA, Columbia University, NYU, Texas A&M University, University of Houston, Brandeis University, University of Pittsburg, Northeastern University

Abstract: This study investigates how household wealth affects the human capital of startups, based on U.S. Census individual-level employment data, deed records, and geographic information system (GIS) data. Using floods as a wealth shock, a regression discontinuity analysis shows inundated residents are 7% less likely to work in startups relative to their neighbors outside the flood boundary, within a 0.1-mile-wide band. The effect is more pronounced for homeowners, consistent with the wealth effect. The career distortion leads to a significant long-run income loss, highlighting the importance of self-insurance for human capital allocation.

[5] “Corporate Diversity Culture Spillover”, with Yue Qiu and Tracy Wang

Abstract: We study the contagion of corporate diversity culture between firms through labor market competition and organizational learning. We focus on a company’s gender wage gap as a proxy for corporate gender diversity culture. To identify the cultural transmission channels, we explore the entry of a “Million Dollar Plant” (MDP) in

a county and examine how the diversity culture of the MDP's parent firm influences the evolution of gender wage gap in the local establishments. Using data from the U.S. Census, we find that when a pro-diversity firm opens a large plant in a county, local women's wage increases more than local men's wage, leading to a decline in the gender wage gap of local establishments. The opposite effect occurs following the entries of MDPs with a less pro-diversity culture. Evidence suggests that labor market competition is a key cultural transmission channel. The strongest gender wage gap adjustment occurs among the skilled local employees in the MDP's industry, and the weakest occurs among the unskilled local employees outside the MDP's industry. In addition, the gender wage gap adjustment is positively related to the intensity of labor flow between the MDP's industry and a local establishment's industry. We also find evidence that organizational learning is at work. Corporate diversity culture spillover is not confined to the MDP entry area. Following an MDP entry, changes in gender wage gap and other broader measures of corporate diversity culture appear to propagate to areas outside the entry area through the internal networks of multi-regional firms. Finally, we find that local religiosity, which affects the relative mobility of women versus men, tends to dampen the gender diversity culture spillover by weakening both transmission channels.

[6] "Competition on Talent and Mutual Fund Performance: Evidence from China's Private Fund Deregulation"

◦ Best Paper Award, Columbia Business School PhD Conference

Abstract: This paper documents that the increased competition from private funds (i.e. hedge funds, private equity and venture capital) adversely impacts mutual fund performance through the "talent stealing" channel. To establish causality, I exploit an arguably exogenous regulatory change that stimulated the private fund industry in China and elevated the competition with a subset of mutual funds. Specifically, I find that the excess return of affected mutual funds declines substantially after the shock as opposed to the control group. Furthermore, the fund manager turnover rate increased by more than 50% in the treated funds compared to the control group, and the performance decline is twice as large after a managerial turnover. The performance gap between departing managers and the successors widens after the shock, suggesting that intensified competition also affects the bench strength. Overall, this paper shows the adverse effect of cross-industry competition on mutual fund performance and highlights the importance of talent in the money management industry.

Work in Progress

"A New Measure of Boards' Human Capital", with Fabrizio Ferri and Nan Li
"Smartphone Technology and Household Asset Allocation", with Nan Li

TEACHING

Mays Business School, Texas A&M University
Managerial Finance I (FINC 361)
Undergraduate: Instructor, 2020-2021

Columbia Business School
NYC Immersion Seminar: Activist Investing
MBA: TA for Wei Jiang, Spring, 2016
Financial Econometrics: Panel Data
PhD: TA for Wei Jiang, Spring 2016
Debevoise Business Education Program
Exec. Ed.: TA for Charles Jones, Fall, 2016
Advanced Corporate Finance

MBA: TA for Professor Neng Wang, Fall, 2017

PROFESSIONAL SERVICE

Referee

Review of Financial Studies, Management Science, Journal of Banking and Finance, Journal of Corporate Finance

AWARDS & GRANTS

Best Paper Award, Columbia Business School PhD Forum, 2016

The Paul and Sandra Montrone Doctoral Fellowship, 2017 (awarded to the outstanding third-year student)

Eugene Lang Entrepreneurship Center Fellowship, 2017 (competitive grants for entrepreneurship research)

W. Edwards Deming Center Fellowship, 2018 (one of the two selective fellowships at the school level)

Finance Division Research Grant, Columbia Business School, 2018 (merit-based grants for PhD dissertation)

Best Paper Award, University of Southern California PhD Conference in Finance, 2019