Xuan Li

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Employment:

Fall 2019 - Assistant Professor, Department of Economics, Hong Kong University of Science and Technology.

Education:

2019 (expected)	Ph.D.	Economics	Columbia University
2016	M.Phil.	Economics	Columbia University
2015	M.A.	Economics	Columbia University
2013	B.A.	Economics & Mathematics	Tsinghua University

Fields of Interest:

Labor Economics; Behavioral Economics; Organizational Economics; Development Economics; Economics of Education

Working Papers:

The Costs of Workplace Favoritism: Evidence from Promotions in Chinese High Schools.

Abstract: This paper studies the productivity consequences of favoritism in employee promotions within organizations. Using data from public high schools in four Chinese cities, I first show that teachers with hometown or college ties to the school principal are twice as likely to be promoted, after controlling for characteristics on their application profiles and their value-added in teaching. I then use the results from a survey in which I asked teachers to select anonymous peers to promote from a pool of applicants applying for promotion to infer each teacher's revealed fairness views regarding promotion qualifications. Contrasting these with actual past promotions in turn allows me to measure if and when a teacher might have observed unfair promotions in her own school in the past. Exposure to unfair promotions adversely affects *non-applicant* teachers' output, lowering their value-added and raising the probability that high-value-added teachers quit. The value-added effect appears to be driven primarily by teachers' social preferences for peer workers and the consequent erosion of their morale when peers suffer unfair treatment, while the quitting effect comes mainly from non-favored prospective applicants' career concerns as they learn about the principal's bias and leave due to poor promotion prospects. These adverse spillover incentive effects lead to a substantial reduction in school-wide output, which is only slightly mitigated by increased productivity among favored teachers. Finally, a transparency reform that required principals to disclose to their peers the profiles of teachers that apply for promotion reduced the principals' bias and improved the overall productivity of schools.

Across-Country Wage Compression in Multinationals, joint with Jonas Hjort and Heather Sarsons.

Abstract: In this paper we show that many multinationals anchor their wages to headquarter levels. Our analysis makes use of an unusual 2005-2015 establishment_year level dataset of average wages by narrowly-defined occupation. The dataset covers 1,070 large employers that span many sectors and each operate in a subset of 170 observed capital city locations. We show that, across the occupational skill range—but especially for low-skill staff—the average wage multinationals pay *local* workers at foreign establishments is robustly and remarkably highly correlated with the average wage they pay workers in the same position at the headquarter. We then instrument for headquarter wage levels with changes in the headquarter country's (a) minimum wage laws and (b) exchange rate, and show that externally imposed wage increases (decreases) at home causally raise (lower) wages abroad. In the final part of the paper we show that employers' wage-setting procedures influence their occupational structure at home and abroad. The relationships we establish between headquarters' and their foreign establishments' wage levels and changes are both driven by employers headquartered in culturally inequality-averse countries. Correspondingly, such employers are more likely to remove occupations from, and less likely to add occupations to, their foreign establishments after a permanent (minimum wage-induced) wage increase originating at the headquarter, but not after a temporary (exchange rate-induced) one. Other employers if anything shift occupations to their foreign establishments when wages rise at the headquarter. Overall, this paper points towards the existence of employer "wage cultures" that affect how production is organized.

Daily Income Effects in Labor Supply: Evidence from Manufacturing Workers

- An earlier version awarded Harriss Prize for Best 2nd Year Paper, Department of Economics, Columbia University.

Abstract: This paper documents the daily income effects on labor supply. Using a novel dataset on the daily production of a group of piece-rate manufacturing workers combined with their quasi-random daily income shocks from lunch break card game gambling, this paper shows that the workers' afternoon labor supply responds negatively to instantaneously-paid quasi-random gambling income, although wages are paid monthly. Standard model of inter-temporal labor supply cannot explain these daily income effects. Estimation of hazard models suggests that the workers' behavior is consistent with reference-dependent labor supply where the target is set on the daily face-valued sum of gambling and labor incomes. This study overcomes the common identification issues in the daily labor supply literature by exploiting high-frequency, actively taken-up and unanticipated income shifters that are independent of other labor supply and demand confounders.

Research in Progress:

Reference-Dependent Daily Labor Supply: Evidence from Manufacturing Worker.

Abstract: Using quasi-random daily income shocks generated from lunch break card game gambling, I estimate structural models of daily labor supply on a group of manufacturing workers paid monthly on piece rates, which feature daily mental accounting, loss aversion and time inconsistency (impatience). The workers' labor supply patterns are the most consistent with daily

mental accounting with reference dependence where the target is set on the face-valued sum of daily gambling and labor incomes. Structural estimation yields a mean coefficient of loss aversion at 1.8 - 2, significantly different from the neoclassical value of 1; individual-specific loss aversion estimates, ranging from 1.2 to 2.4, correlate positively with survey measures; pay cycle effects are trivial, suggesting the workers either do not have time inconsistency issues or use daily mental accounting as an intrinsic commitment device against them.

The Star Illusion: High School Choices, Peer Quality and Value-Added

Abstract: Whether and what information about school quality influences parents' school choices is important to understanding whether and how school market competition affects students' academic outcomes. In the setting of elite public high schools in a Chinese province, I show that rather than overall performance measures of the entire graduating cohort, parents of prospective students across the entire ability distribution care about school performance in test results at the extreme right tail: the number of "star" graduates who enter top universities, although it is largely random and not informative of the value-added received by students on average. Star-productive schools therefore attract students of better quality. However, using the number of star graduates as an instrument, I show that average peer quality in a school has heterogeneous influence on the value-added its students receive, which increases in the students' own ability: positive for the high-achieving students and negative for those at the bottom. This implies that at least parents of the low-achieving students are irrational in over-responding to the stars signal in their school choices.

Implicit Son Preference in Household Survey Data: Evidence from the CPS, joint with Douglas Almond.

Abstract: We consider departures from descending age order as an implicit metric of gender preference using Current Population Survey micro-data for 1962-2015. Overall, we find the eldest daughter in a household was 2.5 percentage points less likely to be listed as the first child compared to a first-born son. Cross-sectional heterogeneity is pronounced. Single, female-headed households were 5.5 percentage points less likely to list her daughter first, while college-educated mothers showed a slight (albeit still positive) tendency to demote daughters (.75%). Geographically, respondents in the South-Central US show the highest "daughter skipping" while New York, Illinois, Minnesota, and Oregon parents the least (though all still "pro male"). Implicit gender bias has been persistent over time in the CPS and may serve as a proxy variable for parents' pure taste/preferences in other contexts. Although discretion in ordering children is common in US and international survey data, it has not to our knowledge been exploited.

Research Assistantships:

Prof. Doug Almond, Columbia, Spring 2017 - Spring 2018

Prof. Christopher Moser, Columbia University, Summer 2016

Prof. W. Bentley MacLeod, Columbia University, Spring 2015 & Spring 2016

Prof. Miguel S. Urquiola, Columbia University, Fall 2014

Prof. Stefano DellaVigna, UC Berkeley, Summer 2013

Teaching Experience:

Instructor

Math Camp for PhD Students in Economics, Columbia University, Summer 2017

Teaching assistant

Principles of Economics (undergraduate level), Columbia University, Prof. Sunil Gulati and Prof. Wouter Vergote, Spring 2019

Intermediate Microeconomics (undergraduate level), Prof. Susan Elmes, Columbia University, Fall 2016

Econometrics I (M.A. level), Prof. George Olley, Columbia University, Fall 2015, Wueller Teaching Award (Runner-up)

Honors and Awards:

Dissertation Fellowship, Department of Economics, Columbia University, 2018-2019
Faculty Fellowship, Department of Economics, Columbia University, 2013-2018
Trudy and Paul Woodruff Fellowship, Columbia University, 2016-2017
Chi-Ming Hou Memorial Fellowship, Columbia University, 2015-2016
First Class Freshman Scholarship, Tsinghua University, 2009-2013

Personal:

Languages: English (Fluent), Mandarin (Native), Cantonese (Native)
Programming: Matlab, R, Stata

References:

W. Bentley MacLeod (Co-sponsor)
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