Edward P. Shore

Contact Information

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Education

Columbia University in the City of New York — New York (NY), USA
Department of Economics
Ph.D. in Economics, 2018 - present
M.Phil. in Economics, 2018 - 2020

University College London — London, UK
Department of Economics
M.Sc. in Economics, 2016-2017

University of Oxford — Oxford, UK
Jesus College
M.A. in Economics and Management, 2011-2014

Research Interests

Empirical Corporate Finance, Sell-side Analysts, Corporate Social Responsibility

Job Market Paper

Living up to Analyst Expectations: A Quantitative Analysis of Corporate Short-Termism. *Draft coming soon.*

Do managers prioritize short-term gains over the long-term health of their companies? I explore this question by examining how external analyst forecasts causally influence managerial decisions around earnings. I measure the change in the composition of analyst ‘fixed effects’ induced by brokerage mergers, and use this as a source of exogenous variation in consensus forecasts. I find that firm-level earnings respond to sell-side analyst forecasts in a one-to-one fashion. I find that this earnings response is driven by accruals, consistent with earnings management on the part of short-termist managers, and that the market views these accruals as costly. To estimate the cost of this short-termism, I develop a simple model that: (i) rationalizes forecast-dependent earnings management, and (ii) provides a framework for structurally estimating short-termism in the data. I find that short-termism is a significant feature of the US public firm environment, and very costly: moving to no short-termism is associated with an increase in the average earnings-per-share of 0.47 standard deviations.

Publications

Corporate Social Responsibility, with Harrison Hong. *Forthcoming at Annual Review of Financial Economics*

Is shareholder interest in corporate social responsibility driven by pecuniary motives (abnormal rates of return) or non-pecuniary ones (willingness to sacrifice returns to address various firm externalities)? To answer this question, we categorize the literature into seven tests: (1) costs of capital, (2) performance of portfolios, (3) ownership by types of institutions, (4) surveys and experiments, (5) managerial motives, (6) shareholder proposals, and (7) firm inclusion in responsibility indices. These tests and the most recent proposals data predominantly indicate that shareholders are driven by non-pecuniary motives. To stimulate further research on welfare implications for global warming, we assess whether estimates of the returns shareholders are willing to sacrifice (or, ’greeniums’), along with the increasing amounts of assets pledged to firms that become sustainable, are consistent with the growth of aggregate investments in the decarbonization sector.

Working Papers

The Cost of Climate Policy to Capital: Evidence from Renewable Portfolio Standards with Harrison Hong and Jeffrey Kubik

Many US states have set ambitious renewable portfolio standards (RPS) that require utilities to switch from fossil fuels toward renewables. Implementation of RPS increases the bond yield spreads and renewables capacity of investor-owned utilities compared to municipal producers who are exempt from this climate policy. No such effects occur in states without exemptions. Contrary to financial regulatory concerns, the hit to yield spreads, while significant, is far from a stranded-asset scenario. We use our findings to calibrate an integrated assessment model of how RPS, also adopted in other major polluting countries, will impact the cost of capital for the power sector in the long run. The impact of this climate policy on yield spreads can be substantial absent the risk-mitigation benefits of decarbonization for the economy.

'Did You Catch the Game Last Night?' Peer Group Effects in Sell-Side Analyst Forecasts with Lukas F. Fischer

In this paper, we identify a source of peer group influence that is plausibly orthogonal to information provision, yet nonetheless affects economic decision-making: the shock to an equity analyst of their undergraduate college football team winning the NCAA Championship Game. We find that analysts' forecasts respond positively to their undergraduate school's football team winning the NCAA final. We then show that the shock of 'winning' spreads within an analyst's brokerage, positively influencing the forecasts of their colleagues. Brokerages where the degree of this diffusion is greater have lower female representation in their analyst teams, as well as lower ESG scores.

WIP

Doing well by doing... good? The impact of the Equator Principles on PM 2.5 emissions with Ricardo Pommer

Do corporate social responsibility initiatives designed to limit environmental damage actually reduce that damage? Using the setting of the 'Equator Principles', a major industry-led project for setting environmental standards in project financing, we attempt to answer this question. By constructing a novel database of geo-located construction projects in the United States between 1995 and 2020, we test whether the adoption of the 'Equator Principles' had a meaningful impact on PM 2.5 emissions (a key pollution measure related to human health) during construction. (Results to come soon)

Presentations

2022: Columbia University (Macro Colloquium, Financial Economics Colloquium), London Business School (Trans-Atlantic Doctoral Conference)

2021: Columbia University (Macro Colloquium, Financial Economics Colloquium)

2020: Columbia University (Macro Colloquium, Financial Economics Colloquium)

Teaching Experience

Columbia University in the City of New York — New York (NY), USA

Department of Economics

Instructor

- UG Corporate Finance (Summer 2022)

Teaching Assistant

Graduate level

- MA Macroeconomics, Professor Ronald Miller (Fall 2019)
- PhD Macroeconomics II, Professors Hassan Afrouzi and Martin Uribe (Spring 2020)
- MA Macroeconomics, Professor Irasema Alonso (Spring 2022)

Undergraduate level

- UG Intermediate Macroeconomics, Professor Xavier Sala-i-Martin (Fall 2020, Fall 2022)
- UG Intermediate Macroeconomics, Professor Martin Uribe (Spring 2021)

Honors, Awards, & Fellowships	Dean's Fellowship, 2018-Present Winner Columbia PER Research Summer Fellow, 2019 Winner Wueller Teaching Award, Best PhD Teaching Assistant, 2020 Runner-up Wueller Teaching Award, Best MA Teaching Assistant, 2020 Runner-up Wueller Teaching Award, Best MA Teaching Assistant, 2022
Computer Skills	R, Python, Matlab
Languages	English (Native), Spanish (Intermediate)
References	Harrison Hong, Columbia University, 420 West 118th Street, New York, NY, 10025 Hassan Afrouzi, Columbia University, 420 West 118th Street, New York, NY, 10025 Jennifer La'O, Columbia University, 420 West 118th Street, New York, NY, 10025 Matthieu Gomez, Columbia University, 420 West 118th Street, New York, NY, 10025