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EDUCATION

Ph.D. in Finance, Washington University in Saint Louis, December 2004
Ph.D. in Operations Management, The Chinese University of Hong Kong, 1998
M.S. in MIS, Tsinghua University, 1994
B.S. (highest honors) in MIS, and Electronics and Computer Technology, Tsinghua University, 1991

AREAS OF INTEREST

Corporate Finance, Corporate Governance, Financial Institutions, Financial Contracting

DISSERTATION

Informational Asymmetry and Incentives in Firms: Theory and Empirical Evidence
Under direction of Professor Philip Dybvig

WORKING PAPERS

- **“Executive Stock Options and Earnings Management: A Theoretical and Empirical Analysis”**, joint with Ohad Kadan (job market paper)
We investigate the implications of stock-based compensation on earnings management, both theoretically and empirically. In particular, we address the following question: does restricted stock compensation induce more earnings management than stock option compensation? We show that increasing the moneyness of the options intensifies earnings management. Ceteris paribus, restricted stock thereby induces more earnings management than stock options. Our empirical evidence supports these predictions. Moreover, we examine theoretically the implications of regulatory changes on the optimal design of stock-based compensation. Our results suggest that when accounting standards are improved, more stock options should be granted and with higher exercise prices.
- **“Disclosure and Investment”**, joint with Nina Baranchuk
Incentive contracts that mitigate investment inefficiency caused by asymmetric information are often difficult to implement in practice, particularly if the legal system does not permit enough pre-commitment. We analyze whether various disclosure regimes solve the incentive problem in a Myers-Majluf model with optimal contracting and renegotiation-proofness. Disclosure of the manager’s contract alone does not solve the problem without the implausible assumption that contract negotiations are fully transparent. Allowing earnings forecasts fixes incentives by eliminating the informational asymmetry about the new issue.
- **“Timing of Effort and Reward: Three-sided Moral Hazard in a Continuous-Time Model”**
Businesses often need to face the problem of providing incentives for employees to work together effectively on projects that develop over time. This paper derives an optimal contract in a continuous-time model with three-sided moral hazard. The optimal timing of compensation reflects the timing of effort, with compensation for upfront effort preceding compensation for effort over time. Deferring compensation for agents exerting effort over time improves their incentives without impairing incentives for upfront effort. The exact pattern of compensation depends on the relative severity of the agents’ incentive problems.
- **“Timing of Effort and Reward: Three-sided Moral Hazard in a Two-Period Model”**
A two-period version of the previous paper. The advantage is that a complete solution is available although the economic intuition is less clear.

- “**Strategic Choices of Entry Modes in Cross-Border Banking: Syndications or Acquisitions?**” (Work in Progress)

The cost comparison of syndicated loans and acquisitions determines the preferred strategy of cross-border banking.

PUBLICATIONS

- **J. Yang**, H. Yan, and M. Taksar, 2000, “Optimal Production and Setup Scheduling: a One-Machine, Two-Product System,” *Annals of OR on Optimization Techniques and Application*, 98, 291-311. (OM: Operations Management)
- **J. Yang**, H. Yan and S. Sethi, 1999, “Optimal Production Planning in Pull Flow Lines with Multiple Products,” *European Journal of Operational Research*, 119, 582-604. (OM)
- F. Cheng, H. Yan, and **J. Yang**, 1998, “Production Scheduling of Continuous Flow Lines with Setup Times and Costs,” *Production and Operations Management*, 7, 387-401. (OM)

TEACHING EXPERIENCE

- Taught *Principles of Finance* at Saint Louis University in Fall 2002
Evaluation: 4.32/5.0 (the highest rating in the six sessions of the course taught by four instructors in the semester, department average: 3.91)
- Taught six courses, baccalaureate and graduate, in OM and Information Systems at The Chinese University of Hong Kong in the period of Spring 1998 to Summer 1999

SCHOLARLY ACTIVITIES

Referee: *AER*, *Journal of Economic Theory*, and *Journal of Corporate Finance*

2004 EFA Meeting (Paper on Program)

2004 FMA Meeting (Discussant)

2003 MFA Meeting (Paper on Program)

2002 WFA Meeting (Discussant)

HONORS

- 1991 Top 2% of 2,200 graduates, Tsinghua University
1989-91 Top 2% of 12,000 students, Tsinghua University
1986-93 Merit-Based Scholarship, Tsinghua University

REFERENCES

Professor Philip Dybvig (Chair)

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