

**PHBS**

**Peking University HSBC Business School**

University Town, Nanshan District  
Shenzhen, 518055 China

FALL 2023

# PHBS MAGAZINE

Peking University  
HSBC Business School

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- Offering master's programs in management and finance
- Two-year cross-border programs
- An opportunity to develop networks between the UK and China, particularly in one of the most innovative cities in the world - Shenzhen



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- **P22** PKU Shenzhen Forum 2023
- **P30** PHBS Inaugural International Culture Day
- **P58** AI, ChatGPT, Machine Learning, and Structural Transformation

北大汇丰

Eighth  
Issue





## C O N T E N T S

2

### NEWS BRIEFINGS

A diversity of events and conferences held at PHBS and awards earned by PHBSers

6

### SPOTLIGHTS

Major achievements and undertakings including the PHBS Think Tank Forum, international conferences, the PKU Shenzhen Forum, and global competitions

30

### CAMPUS

Diverse on-campus events including the inaugural international culture day and 2023 commencement

46

### FEATURES

Stories about the many inspiring faculty and students whose talent defines our school

54

### RESEARCH

A selection of noteworthy PHBS faculty research

58

### VIEW

Scholars' insights into employees' burn-out in the workplace and the recent development of machine learning and artificial intelligence

## PHBS MAGAZINE

PHBS Magazine is published by Peking University HSBC Business School

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# NEWS BRIEFINGS



Young Joon Park



Chu Chia-Shang



Thomas Sargent

## 1 PHBS Faculty Win Multiple Awards and Rank High Internationally

On March 13, the first Guangdong Friendship Award ceremony was held in the province’s capital city of Guangzhou. Teaching Associate Professor Young Joon Park, together with 48 other expats, received the “Guangdong Friendship Award” for making outstanding contributions to Guangdong’s development and international exchanges. The award, established by the Guangdong Provincial Government, is the highest given to foreign experts. This year, awardees from 23 countries have made significant contributions in various areas such as economic development, education, scientific research, city affairs, and sports.

On March 28, Professor Chu Chia-Shang was listed as one of Elsevier’s 2022 “Highly Cited Chinese Researchers.” The list was published by Elsevier, the world’s leading academic publishing company, and included 5216 of the world’s most influential Chinese scholars from various disciplines in 504 universities, companies, and research institutions. Professor Chu has now been rated as one of the most cited researchers in China for the second year running.

On May 4, Professor Thomas Sargent, laureate of the 2011 Nobel Prize in Economics and honorary director of the Sargent Institute for Quantitative Economics and Finance at PHBS (SIQEF), was awarded the Cheng Siwei Global Research Prize for his research in complexity management “Helping Bring ‘Rational Expectations’ into Macroeconomics and Time Series Econometrics.” Professor Sargent’s research covers macroeconomics, international economics, quantitative finance, artificial intelligence, and big data. In recent years, he has paid attention to the research of financial technology, its development in China. His research results have introduced “rational expectations” into macroeconomics and econometrics, created the microstructural basis of modern dynamic macroeconomics, and explored the operating logic of macroeconomics from the perspective of complexity.



## 2 PHBS 50 Released

Currently, the rankings of international mainstream business journals (such as UTD 24, ASU Finance Ranking, IDEAS, etc.) do not match the discipline classification of Chinese economic and management research institutes. Envisioning a multi-dimensional evaluation system, the “PHBS 50” was released on April 12 to provide an objective perspective on the international influence of Chinese economics and management research institutes. The PHBS research team selected 50 core journals as a reference standard based on disciplinary characteristics of economics and management in China, Peking University’s core journal list, and international authoritative rankings. Additionally, the “PHBS 50” also provides data research: users can search the list of articles and citation information by keywords of year, school, journal name, and discipline.

PHBS50	
Economics	
American Economic Review	Econometrica
International Economic Review	Journal of Development Economics
Journal of Econometrics	Journal of Economic Theory
Journal of Health Economics	Journal of International Economics
Journal of Labor Economics	Journal of Law & Economics
Journal of Monetary Economics	Journal of Political Economy
Journal of Public Economics	Quarterly Journal of Economics
Rand Journal of Economics	The Economic Journal
The Review of Economics and Statistics	The Review of Economic Studies
Finance	
Journal of Finance	Journal of Financial and Quantitative Analysis
Journal of Financial Economics	Review of Financial Studies
Operations Management	
Journal of Operations Management	Journal on Computing
Management Science	Manufacturing & Service Operations Management
Mathematical Programming	Mathematics of Operations Research
Operations Research	Production and Operations Management
Strategy	
Journal of International Business Studies	Strategic Management Journal
Management	
Academy of Management Review	Accounting Review
Academy of Management Journal	Contemporary Accounting Research
Administrative Science Quarterly	Journal of Accounting and Economics
Journal of Applied Psychology	Journal of Accounting Research
Organization Science	Review of Accounting Studies
Marketing	
Journal of Consumer Research	Communication of the ACM
Journal of Marketing	Journal of Management Information Systems
Journal of Marketing Research	Management Information Systems Quarterly
Marketing Science	Information Systems Research

## 3 PHBS Faculty and Students Attend the 22nd China Economics Annual Conference



The annual conference

The 22nd China Economics Annual Conference hosted by the China Economics Annual Conference Secretariat and South China University of Technology (SCUT) was held in Guangzhou from May 12 to 14. Scholars from more than 100 universities and research institutes across the country gathered at SCUT to focus on academic frontiers and analyze trending issues in economics. As Chairman of the China Economics Annual Conference, Professor Wang Pengfei delivered an opening speech and hosted the Hai Wen Lecture. The following PHBS faculty shared their latest research findings: Associate Professors Gu Yizhen and Xu Wei, and Assistant Professor Karol Mazur.



# NEWS BRIEFINGS

## 4 PHBS Enhances Cooperation with the Universities of Oxford and Cambridge

On May 20 and 21, Professors Hai Wen and Wang Pengfei met with Mauro Guillén, dean of the Cambridge Judge Business School, and Soumitra Dutta, dean of the Saïd Business School, University of Oxford, to discuss further cooperation in academic research and event organization.

As one of the important measures to implement Peking University’s “International Strategic Year” in 2023, the PHBS delegation’s visit demonstrated the school’s global roadmap of internationalization and enhanced its relationship with the UK, laying a solid foundation for further consolidating, deepening and expanding exchanges and cooperation between PHBS and business schools from the world’s leading universities.



PHBS delegation has discussion with CJBS counterparts

## 5 PHBS 2023 Graduates Stand Out in this Year’s Fiercely-Competitive Job Market

According to the recent Full-Time Graduate Employment Report, PHBS 2023 masters’ graduates stood out in the fiercely-competitive job market, with a majority of graduates securing positions in leading finance and consulting companies. By the end of May, the initial employment rate of PHBS graduates from MA and MBA programs had reached 97.7%. Among this year’s total of 309 full-time graduates (including 22 full-time MBA students), 289 chose to enter the job market, and 20 decided to pursue doctoral degrees.

From the perspective of industry, 77% of MA graduates began their careers in the financial sectors: 23% chose to join securities firms, 17%



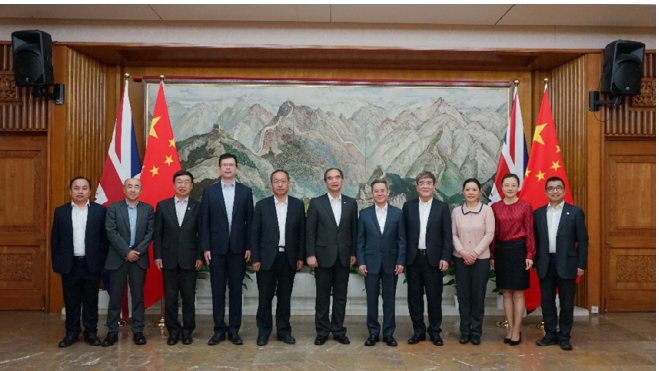
PHBS Graduates

entered the banking sector, while 17% landed jobs in public funds. Among the 20 full-time MBA graduates who received offers of employment, 6 entered the financial industry, 5 chose to start their own businesses, 3 entered the public sector, and 2 entered central enterprises. In addition, 4 graduates chose to work for the private sector including manufacturing, biological pharmacology, communication, and innovative technology companies.

The 20 graduates who chose to continue their studies have received offers from top universities including Harvard, Princeton, Toronto, PKU, Tsinghua, Hong Kong, and from the Spanish Monetary and Financial Research Center, reflecting the rapidly increasing academic influence and quality of the school.

## 6 Peking University President Gong Qihuang Leads a Delegation to the UK

Gong Qihuang, president of Peking University and academician of the Chinese Academy of Sciences, led a delegation to visit the UK from June 7 to 10, attending a joint seminar on sustainable development and decarbonization for high-level experts from China and the UK, and visiting the universities of Oxford, Imperial College London, University College London, the London School of Economics and Political Science, and Strathclyde. The delegation also met with Zheng Ze-guang, Chinese Ambassador Extraordinary and Plenipotentiary to the UK. On June 10, the PKU UK Alumni Association held an event at the PHBS UK campus at which Gong Qihuang held discussions and exchanges with representatives of alumni from all over the UK and representatives of faculty and students from the UK campus. Concerned with their alma mater and the development of their motherland, the alumni actively shared their experience of study and work in the UK and offered suggestions for the development of the school and further international exchanges.



Peking University Delegation Meets with the Chinese Ambassador to the UK



# 2023 PHBS Think Tank Forum and Report Release Held at the Qianhai Institute of China-Britain

By Annie Jin

On June 18, hosted by Peking University HSBC Business School (PHBS), the 2023 PHBS Think Tank Forum and Report Release was held at the Qianhai Institute of China-Britain. With this year marking the 10th anniversary of the One Belt One Road Initiative and the 4th Anniversary of the Outline of the Guangdong-Hong Kong-Macao Greater Bay Area Development Plan, the event focused on “promoting the integration of Guangdong, Hong Kong and Macao, and the prosperity of the Maritime Silk Road.” As the first public event since the establishment of the Think Tank, the one-day event featured one forum, two roundtable discussions, and the release of three reports, attracting experts, scholars, and practitioners to share forward-looking perspectives, provide diverse insights, and exchange the latest research findings.

“As the first public event since the establishment of the Think Tank, the one-day event featured one forum, two roundtable discussions, and the release of three reports, attracting experts, scholars, and practitioners to share forward-looking perspectives, provide diverse insights, and exchange the latest research findings.”

Chair Professor Hai Wen, vice chairman of Peking University Council, founding dean of PHBS, and director of PHBS Think Tank, asserted that PHBS always practiced the spirit of Peking University in terms of industry impact, international presence, academic influence, and social influence, and that PHBS Think Tank was an important initiative to exert the school's social influence. He elaborated the comparative advantages, research priorities, and distinctive achievements of the Think Tank. He hoped that the participants could continue to support Think Tank's growth as an institute based in the Bay Area, with an eye on the Silk Road and with a global mindset.



Professor  
Hai Wen



Professor  
Tang Jie

Tang Jie, director and professor of the Chinese University of Hong Kong (Shenzhen), delivered a keynote speech titled “High-Level Opening and Innovative Development of the Bay Area.” He analyzed the development status and future trends of the Hong Kong-Macao Greater Bay Area from eight perspectives: “planning goals and positioning,” “enhancing the originality and transformation capabilities of emerging technologies,” “transportation infrastructure construction,” “balanced development on the east and west banks of the Pearl River,” “Shenzhen's efforts to promote a balanced industrial layout,” “industrial clusters that break through urban administrative boundaries,” “population aggregation and urban space reconstruction,” and “innovative catching up and collaborative division of labor.”

Ma Xiaoye, former Chinese observer to GATT/WTO and visiting scholar at the Stimson Center in the United States, gave a speech entitled “Cooperation Space and Stakeholders of the Belt and Road Initiative.” He discussed infrastructure construction, sustainable business development, and adaptation to the human and social environment in promoting the construction of the Belt and Road initiative. He further suggested that Shenzhen should fully leverage its own unique experience in industrial development.



Ma Xiaoye



The Forum



Ren Ting, Secretary of the Party Committee and Vice Dean of PHBS presided over the opening ceremony and keynote speech.



Zhang Yansheng

Zhang Yansheng, chief researcher of the China Center for International Economic Exchanges, delivered a keynote speech titled “Guangdong-Hong Kong-Macao Greater Bay Area Joins Hands to Build a Pioneering Zone for Maritime Silk Road Cooperation.” He noted that the “21st Century Maritime Silk Road” is a road leading to peaceful development and cooperation. With the new changes in the international environment in the past ten years, this initiative has been on an extraordinary journey. Comparing the Regional Comprehensive Economic Partnership (RCEP) based on free trade with the Indo-Pacific Economic Framework for Prosperity (IPEF) based on geopolitics, he suggested that the Greater Bay Area should promote high-level self-reliance and self-improvement, build a pioneering area for Maritime Silk Road cooperation and a productive service network, and practice Chinese-style modernization.

From left to right: Shen Yan (2nd left), associate dean and professor of PHBS; Xiao Geng, director of the Policy and Practice Research Institute of the Chinese University of Hong Kong (Shenzhen) Advanced Institute of Finance; Hu Weixing, dean of the Faculty of Social Sciences of the University of Macau; Li Qile, member of the Shenzhen Municipal Committee of the Chinese People’s Political Consultative Conference and general manager of the Guangdong Region of HSBC Bank (China) Co., Ltd.; Yang Wenrui, president of the Hong Kong Smart City Alliance, vice president of the Hong Kong Internet Professional Association, and member of the Hong Kong Metropolitan University Council.



In the roundtable discussion on the theme of “How to unite all forces to jointly promote cooperation between Guangdong, Hong Kong and Macao,” scholars from key institutions and associations in the Greater Bay Area shared their insights and views. The roundtable discussion was chaired by Cen Wei, secretary-general of PHBS Think Tank and associate professor of PHBS.

The other roundtable discussion focused on “co-consultation, co-construction and sharing along the Maritime Silk Road and opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area.” It was chaired by Pan Yanyuan, associate researcher at the Institute of World Economics and Politics of the Chinese Academy of Social Sciences and the International Investment Research Office of the National Global Strategy Think Tank.

From left to right: Lin Shuanglin (2nd left), deputy director and professor of PHBS and international commodity researcher at the Institute of World Economics and Politics; Wang Yongzhong, director of the International Commodities Research Office of the Institute of World Economics and Politics at the Chinese Academy of Social Sciences; Su Qingyi, deputy director of the International Trade Research Office of the Institute of World Economics and Politics at the Chinese Academy of Social Sciences, Ma Xiaoye, former Chinese observer to GATT/WTO and visiting scholar at the Stimson Center in the United States; Liang Zhonghua, chief macro analyst at Haitong Securities Research Institute.

Cen Wei, Secretary-General of PHBS Think Tank, Cai Rong, Deputy Secretary-General, and Zou Xin, Associate Researcher, introduced reports



The highlight of the event was the release of three research reports by the PHBS Think Tank: Review and Prospect of the Four-Year Economic Development of Guangdong-Hong Kong-Macao Greater Bay Area, The Situation and Prospect of China-ASEAN Manufacturing Competition, and Review of Historical Cooperation and Integrated Development in the New Era between Shenzhen and Hong Kong. In the past three years since its establishment, PHBS Think Tank has been at the forefront of China’s reform and opening up, providing research findings and policy recommendations for the government, enterprises, and the public through publications, reports, lectures, and meetings. In 2021, it was selected as one of the “New Type Think Tanks with Distinctive Characteristics of Ordinary Universities in Guangdong Province.”

Think Tank report released







# PHBS Holds the 4th PHBS-CUHKSZ Economics and Finance Workshop

“This year's workshop attracted scholars from world-class universities to hold in-depth discussions on the latest academic topics in the fields of economics and finance.”



Wang Pengfei,  
Dean of PHBS

Co-hosted by Peking University HSBC Business School (PHBS), the School of Management and Economics of the Chinese University of Hong Kong, Shenzhen (CUHK-Shenzhen), and the Shenzhen Finance Institute at CUHK-Shenzhen, and organized by the Center for Macroeconomy and Finance at Peking University, the 4th PHBS-CUHKSZ Economics and Finance workshop was held on June 10 at the Qianhai Institute of China-Britain.

This year's workshop attracted scholars from world-class universities including Peking University, Hong Kong University, CUHK-Shenzhen, the Southern University of Science and Technology, the University of Colorado Boulder, and City University of New York to hold in-depth discussions on the latest academic topics in the fields of economics and finance.

At the opening ceremony, Wang Pengfei, dean of PHBS, and Ye Lixin, academic director of the Ph.D. program in economics at CUHK-Shenzhen

and professor of Ohio State University, delivered remarks on behalf of the organizers. Professor Wang expressed his gratitude to the workshop's partners and hoped that the event could continue to strengthen the ties between academic institutions and to keep track of academic advancements. Professor Ye hoped that it could become an excellent academic platform for Shenzhen and even for the whole China, and promote academic development and research cooperation in the Greater Bay Area. The opening ceremony was presided over by Liu Baixiao, tenured associate professor of PHBS.

PHBS Assistant Professor Chen Liang presented his paper “Common Correlated Effects Estimation of Nonlinear Panel Data Models,” which focuses on estimating coefficients and average partial effects in nonlinear panel data models with interactive fixed effects. It proposes a two-step estimation method using the common correlated effects (CCE) framework. The first step involves estimating latent factors based on cross-sectional averages of the regressions using principal components analysis. In the second step, the coefficients and factor loadings are jointly estimated. The paper derives the asymptotic distributions of the estimators and introduces bias-correction methods, while Monte



Ye Lixin, Academic  
Director of the Ph.D.  
Program in Economics  
at CUHK-Shenzhen  
and Professor of Ohio  
State University

PHBS Associate  
Professor Liu  
Baixiao



PHBS  
Assistant  
Professor  
Chen Liang



Carlo simulations confirm the better performance of the proposed methods. Finally, an empirical application explores the arbitrage behavior of nonfinancial firms in different security markets. And the CCE approach offers computational advantages and assumes cross-sectional dependence driven by the same latent factors. Associate Professor Luo Ye from the University of Hong Kong provided comments and suggestions on the possibility of an endogeneity problem and alternative bias correction methods.

Assistant Professor Zhao Shen from CUHKSZ introduced her paper “Hide in the Herd: Macroeconomic Uncertainty and Analyst Forecasts Dispersion.” This article explores the relationship between macroeconomic uncertainty and analyst earnings forecast dispersion. The study finds a negative correlation between the two, suggesting that when macro uncertainty increases, analysts tend to exhibit herding behavior and agree more with each other. The herding firms, characterized by higher uncertainty levels, experience stronger momentum in stock prices and underreact to both firm and macro news. Additionally, these firms are more likely to be overpriced and earn lower subsequent returns. The findings highlight the interaction between macro uncertainty, herding behavior, and informational inefficiency in the market. Professor Albert Tsang from the Southern University of Science and Technology gave comments and suggestions on the benefit of herding behavior, the similarity between dependent and independent variables, and alternative explanations for this phenomenon.

PHBS Assistant Professor Ma Fangyuan presented a collaborative paper titled “Launching for the ‘Greater Good’: The Spillover Effect of ESG Funds,” which explores the relationship between ESG funds and within-family non-ESG funds’ capital flows. The study uses data from US open-ended equity funds and finds that the launch of ESG funds has a positive spillover effect on the capital flows of non-ESG sibling funds within the same fund family. Associate Professor Darwin Choi from the Chinese University of Hong Kong commented on the paper, leading to discussions on various related topics.

“The workshop is committed to stimulating the research potential of young scholars, facilitating academic exchanges among them, and promoting academic development and research cooperation in the fields of economics and finance within the Guangdong-Hong Kong-Macao Greater Bay Area.”



CUHKSZ  
Assistant  
Professor  
Zhao Shen



PHBS  
Assistant  
Professor  
Ma Fangyuan



PHBS  
Assistant  
Professor  
Zhang Yifei



CUHKSZ  
Assistant  
Professor  
Wu Shijia



PHBS Assistant Professor Zhang Yifei introduced the paper titled “The Impact of Corporate Climate Action on Financial Markets: Evidence from Climate-Related Patents.” The paper addresses two main challenges in studying the impact of corporate climate action, which are endogeneity and the measurement errors in ESG ratings. The study uses patent grants as the instrumental variable and the results show that companies granted climate-related patents experience significant abnormal returns in the stock market and a reduction in implied cost of capital. Additionally, the study explores the reaction of ESG-minded investors and ESG rating agencies to climate patent approvals. The findings suggest that climate-related patents have a positive impact on firms’ carbon efficiency. Assistant Professor Zhou Dexin from City University of New York led discussions on various related topics such as marginal utility.

Assistant Professor Wu Shijia from CUHKSZ presented her paper, “GIF Sentiment and Stock Returns,” which introduces a new measure of investor sentiment called GIFSentiment derived from graphics interchange format images (GIFs) found in postings about firms on Stocktwits.com. The study finds that GIFSentiment is positively correlated with same-day stock returns and predicts stock return reversals in the following two weeks. The results are stronger for GIFs with salient content, viral GIFs, GIFs posted by influencers, and GIFs related to stocks with more retail ownership and stricter limits to arbitrage. GIFSentiment also predicts increases in retail order imbalances and short sale volumes. The findings suggest that sentiment expressed through GIFs can influence stock market behavior. Associate Professor Tony Cookson from the University of Colorado Boulder provided comments and suggestions on cross-stock differences and methods to deal with special time period.

The PHBS-CUHKSZ Economics and Finance workshop is committed to stimulating the research potential of young scholars, facilitating academic exchanges among them, and promoting academic development and research cooperation in the fields of economics and finance within the Guangdong-Hong Kong-Macao Greater Bay Area. Initiated in 2021, the first workshop was held at the Shenzhen Finance Institute (SFI), CUHK-Shenzhen and each workshop is held every six months either by PHBS or the SFI.

Source: PR & Media Office and Research Office





## The 7th PKU-NUS Annual International Conference on Quantitative Finance and Economics Held at PHBS

The Seventh PKU-NUS Annual International Conference on Quantitative Finance and Economics was held at Peking University HSBC Business School (PHBS) from May 20 to 21. Jointly organized by PHBS, the Risk Management Institute (RMI) of the National University of Singapore (NUS), and the Key Laboratory of Mathematical Economics and Quantitative Finance of the Ministry of Education at Peking University, this year's annual conference attracted more than

200 scholars to attend online and onsite, discussing new methods and sharing the latest research findings in various fields of quantitative finance and economics.

Opening remarks were delivered by Professor Wang Pengfei, dean of PHBS, Professor Chen Kan, deputy director of RMI of the National University of Singapore, and Professor Wu Lan, head of the Department of Financial Mathematics of the School of Mathematical Sciences at Peking University.

Professor Wang expressed his heartfelt gratitude to our co-organizers and reflected on the longstanding cooperation between PHBS and NUS. He also introduced PHBS's academic achievements in 2022 and hoped that this conference could help to promote collaboration among scholars and keep close track of academic advancement. Professor Chen briefed on the recent development of the RMI, noting that PKU and NUS should further enhance cooperation and relations. Professor Wu introduced the research of the Key Laboratory of Mathematical Economics and Quantitative Finance at Peking University and hoped that this conference could promote in-depth and extensive academic exchanges and cooperation among universities. PHBS Associate Professor Peng Xianhua presided over the opening ceremony.

Professor Zhou Xunyu gave his keynote speech "Reinforcement Learning in Continuous Time and its Financial Applications." He

pointed out that reinforcement learning (RL) could solve stochastic control problems efficiently without knowledge of the environment as it balances exploration and exploitation through randomization. However, existing RL methods focus on discrete-time Markovian decision problems and cannot interact with the environment at high frequencies. Many of them even lack a theoretical and unified framework. Therefore, Professor Zhou proposed a continuous-time RL framework by a series of papers. The new framework introduces exploration through stochastic policy and provides solutions of control problems under stochastic policy, develops a policy evaluation method without knowing model parameters,



Professor  
Wang Pengfei



Professor  
Chen Kan



Professor  
Wu Lan





Zhou Xunyu,  
Chair Professor  
of Financial  
Engineering  
at Columbia  
University in New  
York, and Director  
of the FDT Center  
for Intelligent  
Asset Management

and proposes a continuous-time q-learning algorithm for policy improvement. The application of the proposed methods to the mean-variance which achieves better performance than the market and other discrete-time RL methods for portfolios of stocks in the S&P 500 index and the CSI 300 index. After the keynote lecture, participants discussed topics such as choice of exploration rate in RL.

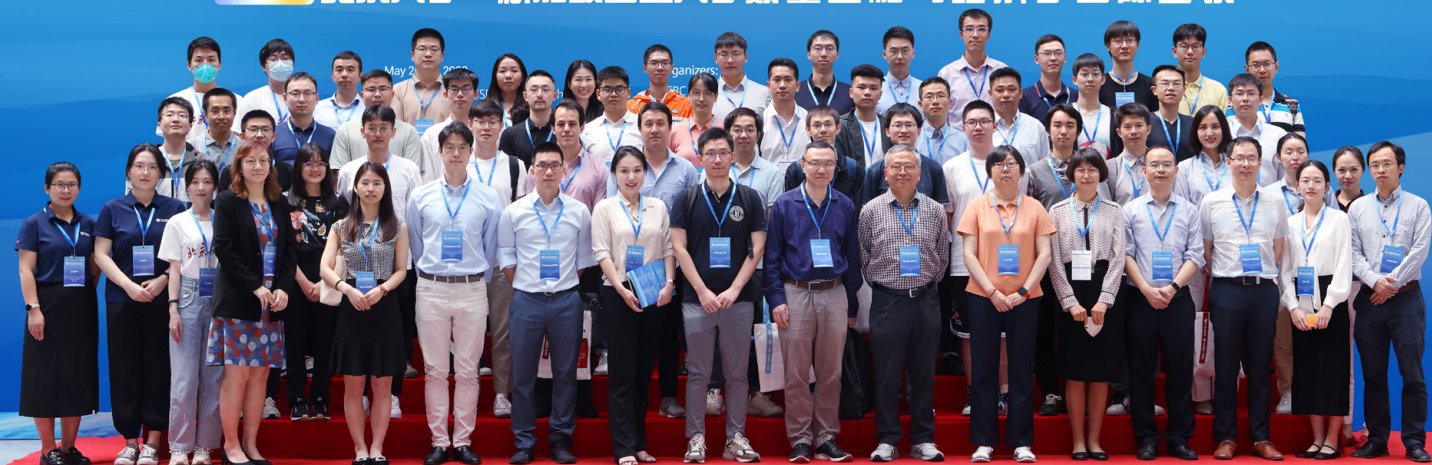
Professor Darrell Duffie gave a keynote lecture titled “Dealer Intermediation Capacity and US Treasury Market Functionality.” He conducted a quantitative analysis on the U.S. treasury market and found that during the outbreak month of the COVID-19 pandemic, the gross sales of US treasuries by foreigners and the dealer-to-customer bid-offer spreads surged, and the liquidity of treasury market and the inter-dealer market depth plummeted. He pointed out that the U.S. treasury market consists of two parts, namely the inter-dealer market and the market between customers and dealers. The resilience of the US treasury market is limited by the intermediation capacity of dealers. Under normal conditions, the



Darrell Duffie, Adams  
Distinguished Professor  
of Management and  
Professor of Finance at  
the Graduate School of  
Business, Stanford  
University, and Senior  
Fellow at the Stanford  
Institute for Economic  
Policy Research

## 2023 7<sup>th</sup> PKU-NUS Annual International Conference on Quantitative Finance and Economics

第七届 北京大学—新加坡国立大学数量金融与经济学国际会议



Rama Cont,  
Statutory  
Professor of  
Mathematics and  
Head of the Oxford  
Mathematical and  
Computational  
Finance Group



US treasury illiquidity rises in promotion to the increase of yield volatility. However, the extreme illiquidity in March 2020 cannot be explained by the yield volatility but can be explained by the exhaustion of dealer capacity. Professor Duffie suggested that the Central Bank should monitor the balance sheet capacity of dealers, proposed an improved treasury auction mechanism, and further suggested that the Central Bank needs to distinguish between market function purchases and quantitative easing. After his speech, attendees discussed topics such as the auction mechanism of the U.S. treasury market and China's bond market.

In the keynote speech “Excursion Risk: A New Approach to the Analysis of Dynamic Trading Strategies,” Professor Cont proposed a mathematical framework for analyzing the risk of dynamic trading strategies using price excursions. The framework introduces  $\delta$ -excursions, paths of trading signals that start from the level of 0, deviate to the level of  $\delta$ , and then return to 0. The unique decomposition of continuous paths into  $\delta$ -excursions enables path-wise analysis, providing insights into the analysis of number of trades, profit, loss, and drawdown of trading strategies. A trading signal modeled as a Markovian process can be decomposed into concatenation of independent  $\delta$ -excursions by Ito's excursion theory. This leads to analytical results for the risk analysis of trading strategies in which signals follow linear diffusion models and allow for con-

struction of new stochastic processes based on excursions. After his speech, participants discussed the relationship between optimal trading signal threshold and sample path smoothness.

The organizers of the conference also selected 50 high-quality academic papers from numerous submissions and invited the authors to attend the conference to share their research findings. These papers covered various fields including microeconomics, financial modeling, quantitative economics, portfolio selection, macroeconomics and monetary economics, financial markets, macroeconomics with information friction, algorithmic trading and actuarial science, computational finance, financial engineering and Fintech.

Other scholars presenting and discussing papers came from world-renowned universities and institutions, including the University of North Carolina, the University of Illinois, Arizona State University, Cambridge University, Oxford University, the National University of Singapore, Peking University, Tsinghua University, Hong Kong University, the Hong Kong University of Science and Technology, the Chinese University of Hong Kong, the City University of Hong Kong, Zhejiang University, Fudan University, and Wuhan University. Eight faculty and students from PHBS, including Peng Xianhua, Jaehyuk Choi, Seungjoon Oh, Wang Yicheng, Yunus Topbas, Song Kaihong, He Hemin, and Zhou Weimin, presented their papers and shared their recent research findings with attendees.

Initiated in 2016, the PKU-NUS Annual International Conference on Quantitative Finance and Economics has been held to provide a platform for researchers and practitioners from academia and industry to discuss and exchange ideas about new developments in quantitative economics and finance.

Source: PR & Media Office and Research Office



# Two International Students Win the Honorary International Case Award and the Honorary Business Case Award

By Annie Jin

“Through extensive and relentless research, the team managed to adapt a logical structure for the case and believe that this novel approach will pave the way for future research in the KOL management domain.”

In the 2023 Student Case Study Competition, the work of two Peking University HSBC Business School (PHBS) students, Kenny Anthony (Indonesia) and Riko Setsuta (Japan), stood out to win the Honorary International Case Award & the Honorary Business Case Award. The annual event is held worldwide by the Institute for Public Relations (IPR) and the Arthur W. Page Society, a world-leading professional association.

“We are the only business school, as well as an international entry, to win the award two years in a row, after last year, when our PHBS team became the very first team from outside North America to win in the 20-year history of this prestigious award,” remarked Soojin Roh, PHBS assistant professor and faculty advisor to the winning team.

This year’s competition drew 36 entries, 27 from communications schools and nine from business schools, from 22 educational institutions across the United States, China, the Philippines, and Singapore, award-

ing students whose original case studies best contributed to the profession’s body of knowledge and provided practical suggestions for improving corporate communication as a function.

Titled “Not Your Average Joe: How Spotify Experienced the Extraordinary Joe,” PHBS students’ work probed into the ‘Joe Rogan’ incident involving Spotify. As a major podcaster exclusively contracted by Spotify, Joe Rogan had produced a podcast containing COVID-19 misinformation, which provoked a public outcry, with Spotify being blamed for not being able to timely remove the content and for its unwillingness to take responsibility for the exclusively-contracted content creator’s misbehavior.

“We found this case unique because there has been a continuous change in Spotify’s stance, from initially insisting on being an open platform to finally going forward with equipping advanced technologies to perform content filtering,” said the team. Based on this specific case, the two students



Professor Roh in a discussion with the PHBS team

analyzed a corporate crisis and its public relations strategies in the context of the pandemic, depicting how the crisis inevitably led to the platform’s response after the public outcry and how Spotify started to mitigate similar crises by listening to stakeholders and utilizing advanced technologies.

To platform companies in this digital era, engaging with its major Key Opinion Leaders (KOLs) is as important as ever. Through extensive and relentless research, the team managed to adopt a logical structure for the case and believed that this novel approach will pave the way for future research in the KOL management domain. Their case provided anecdotal evidence of how platform companies should manage their exclusive contractors and KOLs by analyzing Spotify’s public reactions and how those companies should prepare for every possible outcome.

Noting the importance of the way platform companies handle public relations





The team, along with its advisor, receives the award (From left to right, Soojin Roh, Riko Setsuta, and Kenny Anthony)



Through extensive and relentless research, the team managed to adopt a logical structure for the case and believe that this novel approach will pave the way for future research in the KOL management domain.”

affairs involving their major contractors in preventing, navigating, and recovering from a crisis, the PHBS team strongly advocates the importance of the management of major contractors in corporate communications, suggesting that platform enterprises should treat their major contractors as internal communication “assets,” because the public perception associates both the platform and contractor together, regardless of their actual relationship.

“It is a clear testament to the hard work and critical minds of our students who are unparalleled globally. I am so proud of the winning team, the brightest and most humble,” remarked Roh, recalling her delight in advising students and appreciating their determination through the difficulties. “Working on this competition has actually given us a perfect opportunity to review and apply the PR frameworks we learned in class,” the PHBS team said, “and we would like to extend our heartfelt gratitude to our faculty advisor Professor Soojin Roh for providing constructive advice and guiding us



through the Public Relations and Strategic Communication course.”

The team also credited the global perspectives and hands-on analytical approach they learned through the well-curated course content, which “helped set a clear direction for us to develop a deeper understanding of the theoretical framework and practice of the Public Relations domain.” Incorporating cutting edge subjects such as data analysis and information visualization into the curriculum, our master’s programs have been encouraging students to conduct cross-disciplinary research, contributing to strategic communication in the business world by using global perspectives.

This year’s winners also included students from Texas Christian University (overall grand prize), the University of North Carolina at Chapel Hill (second prize), and American University (third prize). Student authors of winning entries and their advisors will receive their awards at the upcoming ceremony and be recognized by leading corporate communications executives.

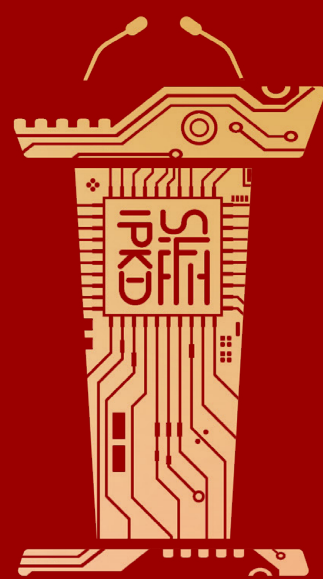


# PKU Shenzhen Forum 2023 Held in Shenzhen

By Annie Jin

The Peking University Shenzhen Forum 2023 was held on April 1 themed “China’s Economy: New Trend, New Development.” More than 1200 people attended the event, including experts, scholars and policymakers, and an audience from all walks of life.

“More than 1200 people attended the event, including experts, scholars and policymakers, and an audience from all walks of life.”



Hai Wen, vice chairman of the Peking University Council and founding dean of Peking University HSBC Business School (PHBS) presided over the forum. He stressed that in the era of unprecedented changes, this year’s forum had invited renowned experts and scholars to analyze domestic and global economic trends, new challenges, and new opportunities, providing insights into hotspot issues and cutting-edge fields.



Hai Wen



Zhang Jin



Zheng Hongbo

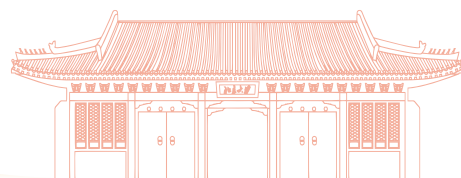
In his opening remarks, Zhang Jin, a member of the Standing Committee of the Peking University Party Committee, vice president of Peking University, and chancellor of PKU Shenzhen Graduate School, highlighted that the 20-year development of PKU Shenzhen Graduate School and PHBS reflected the combination of Peking University’s academic tradition and Shenzhen’s entrepreneurial spirit, which leveraged Peking University’s strength in talent training and academics and Shenzhen’s industrial and innovative resource, formulating various important new theories and viewpoints.

Zheng Hongbo, a member of the Standing Committee of the Shenzhen Municipal Party Committee and a member of the Municipal Government Party Group, spoke highly of the exchanges and cooperation between Peking University and Shenzhen in terms of higher education, scientific and technological innovation, talent training, and industry-university research cooperation. He emphasized that the high-level forum could play a vital role in accelerating the construction of Shenzhen as a globally influential economic hub and as a modern international metropolis.

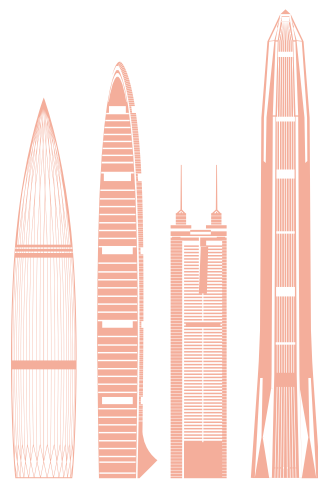


Opening Remarks





## Keynote Speeches



Huang Qifan, a researcher and former Mayor of Chongqing, shared the five new characteristics of China since the 18th National Congress of China and the China Report in a speech entitled “New Stage with New Features and New Tasks in China.”

The Former Minister of Commerce Chen Deming pointed out in his speech, “Economic Globalization Trends and Strategic Strategies to Nations,” that the theory of an economic global ceiling lacks the analysis of the cause of economic globalization and the law of human social development. By reviewing the history of globalization, he noted that today’s globalization has entered a period of consolidation and reconstruction and that China still need to maintain a strong development momentum, continue to support the international multilateral system, and facilitate trade and investment.

Liu Wei, the former president of the Renmin University of China, noted in his speech, “The Effective Enhancement of China’s Economic Quality and Reasonable Growth,” that this year’s 5% economic growth target was in line with future goals such as the long-term development strategy up to 2035 and the “Fourteenth Five-Year Plan” and coordinate with other macroeconomic goals such as employment. He then analyzed the opportunities and challenges faced by the 5% growth target, pointing out that the Chinese economy needs high-quality development to realize effective improvement in quality and reasonable growth in quantity and to achieve modernization goals step by step.



Huang Qifan



Chen Deming



Liu Wei



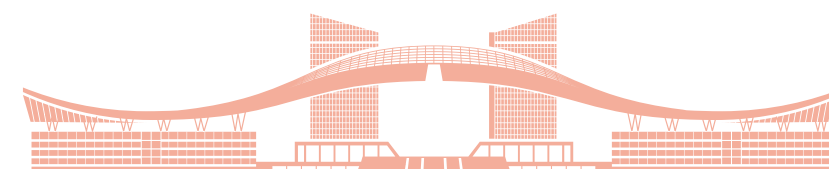
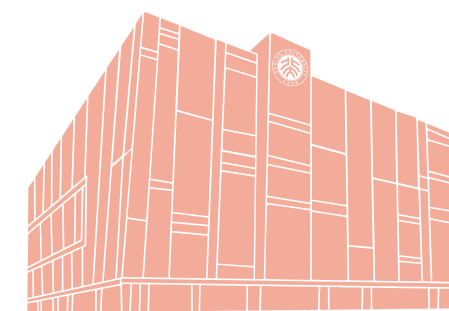
Zhu Min

Zhu Min, former vice president of the China International Economic Exchange Center and former vice president of the International Monetary Fund (IMF), gave a speech entitled “Cross ChatGPT: A Strategy for Developing Big AI Models- The Perspective of an Economist.” He maintained that with the advent of ChatGPT, the acceleration of big models promoted entering the intelligent era of “data first” from the information age of “application first.” Facing the “long tide” of the big model development, he said that China should coordinate the development of academic institutions and enterprises and support AI-driven scientific research to give full play to the large-scale market, accelerate data assetization, and further promote high-level openness and international cooperation.



Lin Yifu

Lin Yifu, a member of the Standing Committee and deputy director of the Economic Committee of the 14th National Committee of the Chinese People’s Political Consultative Conference, and dean of the New Structural Economics Research Institute of Peking University, delivered a speech entitled “China’s Future Development Prospects under Chinese-style Modernization.” He analyzed the five characteristics of Chinese-style modernization and stressed that China’s economy should develop in accordance with the comparative advantages determined by the Chinese material foundation. He believed that in the current period up to 2035, China could continue to achieve the expected economic growth and the nation’s great rejuvenation would provide an alternative development model for other countries.





# Results of 2022 PHBS-CJBS Global Pitch Competition Revealed!

By Annie Jin

The Grand Final of the 2022 PHBS-CJBS Global Pitch Competition was held on March 16 in the Qianhai Institute of China-Britain, Shenzhen. The event attracted thousands of investors, startup entrepreneurs, and an audience, both on-site and online. This year's competition involved nearly 200 high-quality startups in a variety of fields such as medical and healthcare, the chip and semiconductor industry, leading technology, energy and environment protection, SaaS and enterprise service, and cultural and creative products. Participating entrepreneurs and investors came from Europe, North America, as well as the greater China area.

Hai Wen, vice chairman of Peking University Council and PHBS founding dean, delivered the opening remarks highlighting that it is PHBS' historical mission to promote the innovation of the Guangdong-Hong Kong-Macao Greater Bay Area, further facilitate the construction of its entrepreneurial and innovative ecosystem, and cultivate more outstanding and innovative leaders. He emphasized that innovative development is inseparable from multi-field cooperation and all-

Professor Hai Wen gives opening remarks



Liang Ke presents a speech



Chen Wei makes his keynote speech



Zhang Han shares his insights

**A total of 8 domestic and 2 international startups made it to the final round through a series of competitive pitching sessions and 13 roadshows over the last year.”**

round cultivation, including entrepreneur empowerment, global mindset, and ecosystem construction.

Liang Ke, deputy secretary of the Party Working Committee of the Qianhai Cooperation Zone, noted that the success of the PHBS-CJBS Global Pitch Competition was beneficial for the docking of innovative enterprises and venture capital, the efficient transformation of scientific and technological achievements, the continuous growth of emerging industries, and the promotion of self-reliance and self-improvement of China's scientific and technological industry.

A total of 8 domestic and 2 international startups made it to the final round through a series of competitive pitching sessions and 13 roadshows over the last year. In the afternoon's final, a representative from each team had 10 minutes to pitch the group's business plan to a panel of esteemed judges comprised of scholars, investors, and entrepreneurs, which was then followed by a 5-minute Q&A session.

After a fierce competition, the first prize went to LaSense Technology (Shenzhen) Limited.

RuoxinTech Co., Ltd and ZRD New Energy Co., Ltd won second prize. Shutang Information Technology (Shenzhen) Co., Ltd, Lianfeng Acous-

The opening of the final competition





Project roadshows



tic Technologies Co., Ltd., Shenzhen HoloEpoch Media Technology Co., Ltd, CCCulture, and Ciyunge Medical Technology Co., Ltd, won the third prize. Two international startups Neuronspike and Design with Frank won the Outstanding Startup Award.

Following the competition, the Greater Bay Area Entrepreneurship and Venture Capital Forum featured keynote speeches given by renowned entrepreneurs and investors, and included such topics as the trend of innovation, entrepreneurship, and venture capital, and the cultivation of innovative leaders of the Greater Bay Area. During the event, Chen Wei (CGL Vice President and Practice Professor of PHBS) and Zhan Han (partner at Sequoia China Seed Fund) were appointed as members of the PHBS Advisory Committee on Start-up and Venture Capital.

Chen Wei, chairman of Peking University HSBC Entrepreneurship Venture Capital Advisory Committee and president of Oriental Fortune, gave a speech entitled “The New Engine for the Era of Venture Capital, Science, and Technology Innovation.” He maintained that in the face of major changes unseen in a century, reforms in the innovation ecosystem of technology,

talent, and finance should be in place to facilitate the transformation of the era of traditional industries to the era of scientific and technological innovation. He pointed out that as the credit growth model that once supported China’s economic development had started to fail, the new engine would be innovation, entrepreneurship and venture capital, requiring venture capital to play a greater role.

Zhang Han, a partner at Sequoia China Seed Fund, gave a speech titled “Start-up companies, what should you care about?” He pointed out that the market will accelerate its recovery and this might lead to high enthusiasm for entrepreneurship. The core focus of a start-up company should lie in such factors as partners, entrepreneurial direction, financing, and

PHBS leaders  
Hai Wen, Ren  
Ting, and Wei  
Wei present  
awards to  
winning teams

“Initiated in 2020, the PHBS-CJBS Global Pitch Competition has gained great support from the Shenzhen Municipal Development and Reform Commission, the Science and Technology Innovation Committee, and many well-known venture capital institutions, incubators, scientific research institutes, and industry leaders.”

shareholders. From the perspective of venture capital, he shared how to help start-up projects grow sustainably through idea incubation, team building, and post-investment services.

The launch ceremony of the 2023 PHBS-CJBS Global Pitch Competition was held at the end of the event and Li Hongkai briefly introduced the forthcoming competition. With the theme of “Business Empowering Technological Innovation,” this year’s competition will focus on energy double carbon, artificial intelligence, medical health, smart manufacturing, chips and semiconductors, new materials, and exporting technology, and will build multiple empowerment platforms for participating teams from China, North America, Europe, Israel, Singapore, Japan, and South Korea.

Initiated in 2020, the PHBS-CJBS Global Pitch Competition has gained great support from the Shenzhen Municipal Development and Reform Commission, the Science and Technology Innovation Committee, and many well-known venture capital institutions, incubators, scientific research institutes, and industry leaders. The success of the competition reflects our school’s endeavors and influence in the field of venture capital at home and abroad.



The launching ceremony of the 2023 PHBS-CJBS Global Pitch Competition



School leaders and guests cut the ribbon to kick off the event



Food preparation in the canteen

## PHBS Holds the Inaugural International Culture Day

On 8 April 2023, Peking University HSBC Business School (PHBS) held its first-ever International Culture Day. Over 500 students, faculty, and guests from more than 18 different countries participated in the event, enjoying various booths featuring a diverse range of delicacies and games. Huawei's international executives and family members were also invited to attend, adding lustre to the amazing day!

PHBS Associate Dean Young Joon Park extended his warm welcome to the guests and expressed his heartfelt gratitude to the organizers, volunteers, and performers for their dedication and hard work. He highlighted that this event would showcase the unique traditions, customs, and beliefs of our international community, declaring: "Let us remember that our differences are what make us stronger. Let us embrace our shared humanity and continue to work towards a world where everyone is valued and respected."



Mouth-watering delicacies





**Tan Weiyl**  
(Malaysia, Year 1 Postgraduate  
in Finance)

### Booths with Diversity and Fun

From 4:00 pm to 6:00 pm, students were given the opportunity and autonomy to run their own booths to introduce the unique cultural heritage of their countries, from colourful attire and traditional games to mouth-watering cuisine.

Tan Weiyl (Malaysia, Year 1 Postgraduate in Finance) shared that the cultural festival was a unique and refreshing experience for him as he and his friends came together to sell Nasi Lemak and Milo. They chose these items because Nasi Lemak, a dish featuring rice cooked in coconut milk, is an iconic Malaysian dish, while Milo, a chocolate-malt drink, is representative of Southeast Asian culture.

Rafael Rubio (Panama, Year 1 Postgraduate in Management) highlighted that he was grateful that the participants were extremely receptive to him sharing about Panama and Latin American culture. He was also fascinated by the rich cultural heritage of China and looked forward to new experiences.

The Inaugural edition of the International Culture Day was well-received. Booths from Indonesia, Thailand, India, China, and the United Kingdom were amongst the popular, and attendees had the chance to taste various delicious foods and beverages, including piña coladas, baked beans on toast, and Mexican wine.

As they savored mouth-watering delicacies



**Rafael Rubio**  
(Panama, Year 1 Postgraduate  
in Management)

“

Let us remember that our differences are what make us stronger. Let us embrace our shared humanity and continue to work towards a world where everyone is valued and respected.”

from around the world, participants also had the chance to engage in interactive games and fun quizzes. At each booth, participants could receive a stamp after completing a challenge, and those who collected all 12 stamps had the opportunity to enter a lucky draw for a chance to win exciting prizes.

Chen Xiangyu (China, Undergraduate, International Relations and International Finance) was glad to have the opportunity to engage in conversation with students and staff from different backgrounds which allowed him to learn about different customs, ways of life, and habits.

Ian Ah-ki (Canada, Year 1 Postgraduate in

This cultural exchange ignited the vitality and enthusiasm of the campus.







Management) reminisced about his travels in Thailand while visiting the booths. He observed that one major cultural difference between Canada and China was that Canadians tend to overuse “sorry” and “thank you” more as a habit rather than out of necessity.

The successful execution of the event was made possible through the collaborative efforts of the PHBS faculty, staff, and students. Yi Yin (International Office) shared that she was very heartened by the enthusiasm shown by all the students and she was also very impressed by how the students were in organizing their booths. “The First International Culture Day was a resounding success,” said Daria Gurianova (International Office) and it was heart-warming to see our students come together and showcase their unique identities while also learning from each other. “This event has set a strong foundation for a wonderful tradition.”

Best Booth Awards Winners



### Art Troupe Concert

As the sun set on the campus, a music festival began that had been organized to cap off an evening celebrating diversity and friendship.

The inaugural International Culture Day represented the school’s commitment towards providing students with an international perspective and signalled the faculty’s commitment towards diversity and inclusiveness. This year’s International Culture Day will definitely be the catalyst for future iterations and a springboard for new conversations and closer friendships.

By Hong Shaoheng and Annie Jin



“The inaugural International Culture Day represented the school's commitment towards providing students with an international perspective and signalled the faculty's commitment towards diversity and inclusiveness.”

Group photos of students, faculty, organizers, and performers



# PHBS Holds Its 2023 Commencement

**O**n June 3, the Peking University HSBC Business School (PHBS) Commencement 2023 was held in the grand hall of the PHBS building. Around 600 graduates, including 324 MA, 153 MBA, 112 EMBA, and 8 PhD students, donned caps and gowns to celebrate their achievements and embark on new journeys in their lives. Heads of academic and administrative departments, faculty representatives, alumni representatives, and other guests also attended the ceremony, witnessing this memorable moment.



1. 2023 Commencement
2. Leaders and faculty enter the auditorium

Flash Mob

The ceremony opened with a video featuring graduates' unforgettable memories and faculty members' best wishes, and was followed by students and graduates singing "Love for PKU" to express their aspirations and responsibilities toward the society and nation.

## Speeches on behalf of the 2023 PHBS Graduates

Tang Shubo reflected on three years of study and campus life at PHBS, which had made her stronger and more open-minded to find her own way, optimize her personal development, and "shoot for the stars!" She hoped that through daily perseverance and continuous breakthroughs, all the graduates could commit to improving others' happiness and contribute to the development of society.

Looking back with fond memories, William Rich Bowen shared three precious life lessons learned from PHBS: "First, discipline and compete with yourself to be better every day; second, have the mindset to push yourself, keep going, and don't give up; and third, cherish the friends you make along the way." He concluded, "This place has enabled us to



Tang Shubo

William Rich  
Bowen

Fang  
Fanxiang





go beyond the limits we thought possible and I hope you inspire others to greatness in the same way.”

Fang Fanxiang spoke of his experience at PHBS and shared three takeaways with graduates: “be brave to make choices, be tolerant towards others and yourself, and find the pace of your own life”. He emphasized the importance of focusing on oneself and avoiding ineffective “involution” so as to better navigate life. “Ultimately our success depends not on how fast we start running, but on how quickly we recover after defeat,” he urged.

Speeches by faculty and guests

Bai Baokun noted that after three years of the pandemic and the adjustments of the mar-

ket cycle, the current economy was now stable and moving in a positive direction, but would take some time to realise a full recovery. To leverage this opportunity, students should adjust their mindset, be down-to-earth, and lay a solid academic foundation. He hoped that when feeling most optimistic, graduates should think carefully about the risks and make the right choices; when trapped in overwhelming pessimism, they should always remain calm and maintain hope.

Professor Thomas Sargent shared economics lessons related to market forecasts, trade-offs, social equilibrium, national government debt, the social security system, taxes and inflation, and government transfers. He concluded with one key life lesson for the graduates: “Before you make a promise, think about whether you



Alumni representative  
Bai Baokun



Professor Thomas Sargent,  
2011 Nobel Prize Laureate  
and Honorary Director of  
Sargent Institute of  
Quantitative  
Finance and  
Economics

# PHBS

**Thomas Sargent**  
**A List of Economics Lessons  
I Try to Remember**

Together we have learned about how to use statistics and economics to describe and interpret data, big and little.

We use mathematics to assure ourselves that our models are internally consistent.

We use statistics to investigate whether our models are consistent with data.

We want to use these tools to improve the lives of our families and communities.

Here is a list of economics lessons I try to remember.

• Because market prices aggregate other peoples’ information, it is difficult to forecast stock prices and interest rates and exchange rates.

- Many things that are desirable are not feasible.
- Individuals and communities face trade-offs, some of them being between equality and efficiency.
- Other people have more information about their abilities, their efforts, and their preferences than you do.
- Everyone responds to incentives, including people you want to help. That is why social safety nets sometimes don’t work as intended.
- In a social equilibrium, people are satisfied with their choices. That is why it can be challenging to improve arrangements and outcomes.
- It is feasible for one generation to shift costs to subsequent ones. That is what national government debts and the U.S. social security system do (but not the social security system of Singapore).
- When a government spends, its citizens eventually pay, either today or tomorrow, either through explicit taxes or implicit ones like inflation.
- Most people want other people to pay for public goods and government transfers (especially transfers to themselves).
- In the future, you too will respond to incentives. There are some promises that you’d like to make but should not. No one will believe those promises because they know that later it will not be in your interest to keep those promises. A lesson here is this: before you make a promise, think about whether you will want to keep it if and when your circumstances change. This is how you can earn a good reputation.





Secretary of the Party Committee, Associate Dean of PHBS Professor Ren Ting announces the 2023 PHBS Outstanding Graduates



will want to keep it if and when your circumstances change. This is how to earn a good reputation.”

Ding Ning reflected on the twists and turns of her 26-year athletic career and her experience of study at PKU, sharing her insights on never ceasing to pursue the “light.” Recalling setbacks and defeats along the way to her championship victories, she emphasized the importance of “the glittering light of endeavor, perseverance, and courage,” and urged graduates to “always keep a dauntless heart and chase those lights, and with them, as the new generation of PKU graduates, you all can contribute to the cause of the great rejuvenation of the Chinese nation.”

Professor Wang Pengfei hoped that graduates could “see the light, pursue the light, be the light,” when confronting new challenges and opportunities in the era of uncertainty and instability. He explained that “to see the light is to be idealistic and optimistic; to pursue the light is to have courage and perseverance; to be the light is to be responsible and to carry



Associate Dean of PHBS Professor Shen Yan, Professor Young Joon Park, and Professor Ouyang Liangyi announce graduates’ names



out your mission,” concluding that “with a little light from every PHBSer, we can illuminate the new era and the new journey!”

At the commencement, Professor Hai Wen gave graduates a copy of his first impressionist oil painting bearing the message “Pursuit of the Light.” As the “light” embodied multiple meanings, he hoped that with professional skillsets, aspirations, and perseverance, every PHBSer “would strive to be the light that illuminates the society, the world, and the future.”

We wish all the graduates the best in their best in their future endeavors!



Ding Ning, Grand Slam Table Tennis Athlete and PKU Alumni, gives a speech



PHBS Dean Wang Pengfei delivers remarks



Professor Hai Wen turns graduates' tassels





# PHBS UK Campus Celebrates the 125th Anniversary of Peking University

May 4 this year marked the 125th Anniversary of Peking University and the 5th Anniversary of Peking University HSBC Business School – UK Campus (PHBS-UK). Nearly 200 participants, including scholars from top universities and institutions from around the world, attended the Anniversary Forum on “New Challenges and New Requirements Facing Business Studies in Higher Education” held at PHBS-UK at Boars Hill, Oxfordshire. The conference aimed to promote Sino-British exchanges and cooperation, cultivate international business talents, and explore how to improve business education to meet the challenges of the fourth industrial revolution.



Professor Hai Wen gives the welcome speech

Rebecca Leung delivers opening remarks

Daniel Kahn gives a keynote speech



In his welcome speech, Professor Hai Wen, chair Professor of economics, vice chairman of Peking University Council, former vice president of Peking University, and the founding dean of Peking University HSBC Business School (PHBS), highlighted the 125-year history of Peking University (PKU), its vision for internationalization, and the shining example of that vision, the founding of PHBS-UK. Professor Hai emphasized the achievements of PHBS-UK over the past 5 years and thanked staff for their support in realizing PKU and PHBS' vision of internationalization.

Ms. Rebecca Leung, director of Greater China Affairs and Group Public Affairs Director of HSBC was the forum's opening speaker. HSBC has been a good friend to PKU and PHBS, always been supportive particularly in the university's vision of internationalization. Ms. Leung reflected on this decade long support speaking of the history of cooperation between The Hongkong and Shanghai Banking Corporation (HSBC) and Peking University and the importance of promoting Sino-British exchanges.

The Anniversary Forum's keynote speaker, Mr. Daniel Kahn, a senior consulting research expert from the QS World University Rankings Education Consulting Research Institute, presented a report on the “Challenges of China's Development to International Business Education.” Using big data, he demonstrated that Chinese students' demand for international business education is declining, posing a challenge to both Chinese and Western business schools, and he called for the exploration of different approaches to improve this critical situation.

After the keynote speech, the forum was opened up for discussants to express their thoughts and ideas, with scholars and guests discussing the challenges and oppor-

“The conference aimed to promote Sino-British exchanges and cooperation, cultivate international business talents, and explore how to improve business education to meet the challenges of the fourth industrial revolution.”





From left to right :  
Soumitra Dutta, Neil Mclean,  
Yang Aimin, Palie Smart,  
and Alessandro Spano



The anniversary celebrations offered a fitting moment for students, faculty, and alumni to celebrate the achievements of PHBS-UK and Peking University. As the business landscape continues to evolve, we remain committed to providing students with the essential skills to succeed.”

tunities facing business education from different perspectives. Professor Soumitra Dutta, dean of the Saïd Business School, the University of Oxford, emphasized the need for business education to adapt to the impact of artificial intelligence and big data science. Professor Neil Mclean, director of the Department of Language and Communication at the London School of Economics and Political Science, stressed the importance of understanding and mutual learning between different cultures in business education, while Professor Alessandro Spano, director of the China Centre at University College London, emphasized the need for cross-cultural education. Mr. Yang Aimin, general manager of the China Construction Bank London Branch, emphasized the importance of cultivating compound business talents, and Professor Palie Smart, dean of the School of Management at the University of Bristol, emphasized the need for interdisciplinary education and cooperation.

A group photo  
of PKU alumni  
and faculty on  
UK campus



Professor Wang Pengfei  
gives remarks

Professor Guy Liu  
presides over the  
discussion

Paolo Tasca gives  
the closing speech



Professor Wang Pengfei, dean of PHBS, concluded the conference by highlighting the significance of discussing the challenges faced by business education at the dawn of the fourth industrial revolution. The discussion was then chaired by Professor Guy Liu of PHBS-UK.

The highlight of the closing speech, given by Professor Paolo Tasca, University College London and co-founder of the DLT Science Foundation, was the announcement of the foundation’s grant to support PHBS-UK’s financial technology and blockchain research.

All in all, the forum produced a very engaging and illuminating discussion on the challenges faced by business schools and how these schools

Professor Hai gives a lecture  
on the Chinese economy



can rise to meet global demands and changing industrial needs.

We thank all the learned scholars and guests who attended the forum for sharing their knowledge and expertise and look forward to working together to ensure that we provide our future leaders and entrepreneurs with the best tools possible to lead the world.

Following the forum, students from PHBS-UK Campus organized a dinner and performance, which included a drinks reception and networking session. Dor Kushinsky, an Israeli Cross-border Finance Masters student, expressed his delight at having met faculty and students from the PHBS Shenzhen campus and looked forward to interacting with students from different backgrounds in the coming months. Shawn Ng, a Cross-border Finance Masters student from Malaysia, expressed his excitement in performing his cover of 安静 (An Jing) and felt touched when the audience joined in.

Another highlight of the anniversary celebrations, a lecture titled “China’s Economy: Current Situation and Future” given by Professor Hai Wen, attracted many PKU alumni from all over the UK to attend in person, despite the rain. Professor Hai shared his insights into China’s macro-economic prospect and the potential challenges of its future growth. He noted that to meet the challenges of the future, it is necessary to improve the international environment, facilitate the development of private sectors, and strengthen education and personnel training. He emphasized that it is vital to determine how to achieve the win-win and fairer international trade relations.

The anniversary celebrations offered a fitting moment for students, faculty, and alumni to celebrate the achievements of PHBS-UK and Peking University. As the business landscape continues to evolve, we remain committed to providing students with the essential skills to succeed.

Source: UK Campus and Hong Shaoheng



# Young Joon Park: High-Quality Development Is a Timely Strategy

By Yang Mei



He also appreciated the fact that when the city was planned, the planner kept in mind that they had to keep a good portion of green areas.”

On January 29, the Shenzhen government held a meeting highlighting high-quality development, demonstrating the city’s resolution and swift-ness to take the lead in pursuing the new path China will take towards a modernized future.

In the eyes of Young Joon Park from South Korea, associate dean and teaching associate professor of economics at Peking University HSBC Business School (PHBS), prioritizing high-quality growth is a “great and timely” initiative in the post-pandemic era.

“This is really the time for Shenzhen, Guangdong, or the whole country to take a new leap forward for greater development,” Park said during an exclusive interview with Shenzhen Daily.

On March 13, Park, along with 48 other expats, received the first Guangdong Friendship Award for their outstanding contributions to Guangdong’s development and international exchanges. Park was one of the eight honorees from Shenzhen. The award, established by the Guangdong Provincial Government, is the province’s highest honor given to foreign experts.

To achieve high quality development, Park suggests the government should seek more allies to conduct more people-to-people exchanges in business and academic circles for mutually beneficial international collaboration.

Young Joon Park speaking in April at PHBS’ s International Culture Festival





“Given the current [international] political uncertainty, the government should seek international partners at individual, academic and business levels to pursue mutual benefits,” Park said, adding that foreign experts in China like him would be “very happy” to work with the government to seek better development in any potential area.

### Committed to PHBS’ international drive

Park joined PHBS in 2009 after earning his Ph.D. in economics from the University of California. He was among the first foreign faculty members of PHBS, and is by far the longest-serving foreign faculty member at the school. Located at the University Town in Xili, Nanshan District, PHBS was founded in 2004 to bring Peking University’s historical presence and first-tier business education programs to South China.

Park has played multiple roles in teaching, academics and administration. He is currently responsible for the school’s international cooperation. Park said that he most enjoys interacting with different people in his work. “It’s a very exciting experience teaching and interacting with my students on their research and theses, helping international students settle and learn from different cultures.”

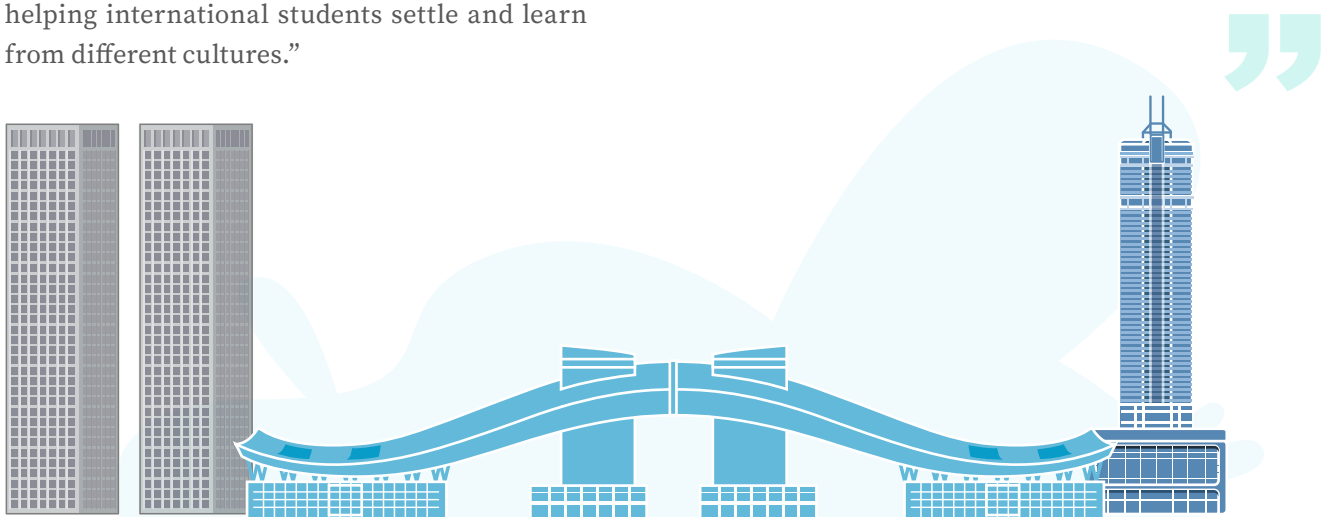
Park added that with the reopening of borders, he is looking forward to going abroad to seek potential collaborations with international partners. He mentioned that there would be more academic exchanges at PHBS’ U.K. campus in Oxfordshire. In May, he visited the campus to celebrate the fifth anniversary of its opening and attend international conferences.

### Witnessing SZ’ s transformation

“When I first came to Shenzhen and when my friends asked me about the city, I could only say that there are certain areas that are highly developed. But now, I can very easily say that this is perhaps one of the most developed cities in the world,” he said.

According to Park, the 2011 Summer Universiade was one of the earlier main driving

“Our school has many students in various degree programs. We are trying to listen more to the students and industry professionals to see where the problems arise and where we can find a solution.”



Park (3rd L) receives his Guangdong Friendship Award at a ceremony in Guangzhou

forces for the city’s development and urbanization. Another major transformation in Shenzhen that Park noticed was the shift of the main industries from manufacturing or transportation to high-tech industries and more focus on entrepreneurship.

In this regard, Park noted that business schools like PHBS can contribute to society through sharing ideas and knowledge spillover. “Our school has many students in various degree programs. We are trying to listen more to the students and industry professionals to see where the problems arise and where we can find solutions,” he said.

### New way to cooperate with foreign investors

The 2023 Chinese Government Work Report has stressed efforts to attract and utilize foreign investment. In Park’s opinion, due to the systematic change of China’s economic situation, many foreign companies are seeing the country in a slightly different way. Accordingly, China should seek a different way to collaborate with

foreign investors.

“In the past, the more general idea about opening a business or investing in China was to take advantage of its cheap labor. That’s not the case anymore. Therefore, I think the government as well as the general public should be well aware [of this] and seek a different way to collaborate with foreign investors,” Park explained, adding that the government should make things easier for foreign investors to come and open a new branch or even a new business in China.

“It’s also very important to make things easier and simpler for foreign talents to settle and stay here.” The professor is confident about the Chinese market and calls for potential international partners’ attention to the Chinese market. “The Chinese market is strong in terms of its purchasing power. For international partners who might have not considered China as a partner, now is the time for them to look again because the Chinese market has changed from a cheap labor provider to a high-tech, high-quality product manufacturer,” he said.

### Well-designed city

Having been working and living in Shenzhen for 13 years, Park maintains a simple daily routine from office to home. And he likes Shenzhen as a well-designed city with straight roads and clean environment.

He also appreciates the fact that when the city was planned, it was decided to keep a good amount of green space to keep a good portion of green areas. “We have a lot of parks and mountains where you can enjoy nature. On the university campus, I can enjoy the views of the Dasha River every day on my way to work,” he said.

Source: Shenzhen Daily



# Finlay Collings: I'm Here to Learn from China's Growth Miracle

By Annie Jin



Collings shares his first impressions of the school



Sunlight filters through the glass ceiling of the PHBS building

“I am academically interested in China,” said Finlay Collings, who is currently pursuing a master’s degree in economics at Peking University HSBC Business School (PHBS). Impressed by Chinese culture and its growth miracle since a young age, he became interested in pursuing a master’s degree in Shenzhen right after completing his bachelor’s degree at the University of Manchester.

It was through a Chinese professor at Manchester that Collings first learned about the economics program at PHBS, PKU’s business school in South China. Acknowledging China’s growing global economic influence, he felt motivated to gain a firsthand understanding of its culture and economy. The PHBS program quickly became his preferred option and his only concern was the possibility of remote learning due to the pandemic.

“It’s been a privilege to be here on campus,” remarked Collings, as he sat on the cozy sofa on the fourth floor, enjoying the sunlight filtering through the glass ceiling. When comparing his campus in the UK, which had more historical charm and was spread across different locations, he acknowledged that the modern design of the campus and PHBS building had “exceeded his expectations.” The architectural design incorporates eco-friendly principles and reflects a people-centric philosophy. The outer walls utilize energy-saving glass to optimize natural lighting, while the protruding ‘thinking boxes’ on each floor provide an excellent private environment for group discussions.

“It’s a nice community, so you really feel at home quickly when you get to know people and find that you’ve got so many people to turn to and who can definitely understand your problem,” said Collings, describing the school as “relaxed and welcoming.” Despite the significant adjustment to a different country, he found that the timely support from the international office and his classmates alleviated his feelings of being overwhelmed and helped him to settle in. “Even if you need to ask your professors for help, you can just knock on their door,” he reflected.

With a strong background in economics, Collings felt it wasn’t that challenging to handle the heavy study load. He has particularly enjoyed Professor Chen Liang and Professor Chu Chia-Shang’s courses: “They don’t use slides and I like their teaching style. It’s much more engaging in that way because with the slides you might daydream a little in class!”

Taking advanced courses, Collings thought it a bit-

“I’m here to learn from the growth miracle that’s been experienced in China, and hopefully, I will keep learning, see how the Chinese economy mitigates future risks, and take that knowledge back home.”

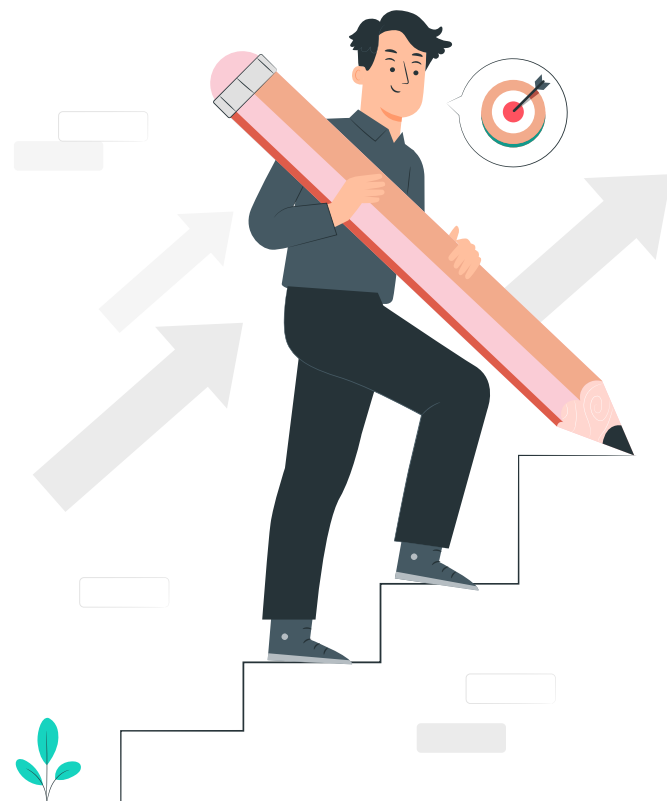


Collings prepares food  
for the International  
Cultural Day



“

Shenzhen is such an exciting city, and you can complement your studies with exploring China at the same time. That's what makes it really wonderful.”



ter-sweet experience as he and his classmates “all suffered together although also learning a lot together by the end.” He candidly admitted, “At the beginning, everyone was so scared of Professor Chen Liang because his course was so difficult.” To keep up with the class, he needed to be “all ears” and take pages of notes to grasp the professor’s deep understanding and detailed explanations of the subject matter.

Collings’ enthusiasm has extended beyond the classroom and into various activities. “When I arrived, I was invited to train with the PKU football team and everything was very professional,” he shared. The team regularly practices together on campus every Tuesday night and actively participates in matches. For Collings, being a part of the team is also a great opportunity to integrate with Chinese students and improve his language skills, as all his teammates and coaches communicate in Chinese. “Two phrases are good to know: 加油 (come on) and 好球 (good shot). If you learn them, you’ll be ahead of the game,” he revealed.

A recent memorable event for Collings on campus was the first PHBS International Cultural

Day, where students had the chance to set up their own booths and showcase the unique cultural heritage of their countries. Collings decided to prepare some of his favorite classic British foods, including bacon and egg sandwiches with brown sauce, beans on toast, and Yorkshire tea. “The day itself was a success,” he recalled, “we completely ran out of food, even though there was some disappointment at the lack of fish and chips!” He also arranged games such as guessing the number of sweets in the jar and apple bobbing. “You should see how many people tried the apple bobbing and actually managed to get an apple!” Exposed to the cultural diversity of the event, he looks forward to setting up the booth again next year and sharing some more British culture.

Outside of classes and activities, Collings finds pleasure in listening to music and reading outdoors. He particularly enjoys nonfiction novels by authors such as Fyodor Dostoyevsky and George Orwell. However, he expressed his desire to go beyond reading books and stories, explaining, “I want to see with my own eyes where China is heading.” Collings is excited about the internationalization and rapid development of Shenzhen, which adds to the appeal of studying at PHBS. He remarked, “Shenzhen is such an exciting city, and you can complement your studies with exploring China at the same time. That’s what makes it really wonderful.”

Unlike those who approach China and its economy from a Western perspective, Collings tends to probe fundamental aspects of this ancient civilization. He enjoys meeting like-minded individuals, which has been rare for him in the UK, and admitted that “I’m interested in how the cultural philosophy materialized into Communism and Maoism from Taoism and Buddhism.” Identifying himself as a Marxist, Collings said that his growing familiarity with China and his understanding of its culture have further ignited his curiosity in

“Two phrases are good to know: 加油 (come on) and 好球 (good shot). If you learn them, you’ll be ahead of the game.”

”

exploring the connection between these two ways of thinking.

When asked about his future plans, Collings mentioned that in the short term, he would like to apply his understanding of China and its economy to his thesis. In the long term, he expected his academic experience at PHBS would enable him to shape his perspective of the world: “I’m here to learn from the growth miracle that’s been experienced in China, and hopefully, I will keep learning, see how the Chinese economy mitigates future risks, and take that knowledge back home.”



Collings with other international  
and Chinese students during  
International Culture Day



▲ Ehsan Bolandifar

# Crowdfunding: How to Send a Signal of High Quality



Ehsan Bolandifar

Associate Professor  
Research Interests:  
Operations Management  
Interfaces with Finance,  
Marketing, Economics, and  
Procurement in Supply Chain

Crowdfunding serves as an online mechanism enabling entrepreneurs to access funds from individuals worldwide. This method of financing startups is gaining popularity alongside traditional funding avenues such as venture capital and bank financing. According to a QYResearch Report, the global market size for crowdfunding was approximately USD 12.27 billion in 2019, and is projected to reach

USD 25.80 billion by the end of 2026. Various forms of crowdfunding campaigns exist, including reward-based, equity-based, debt-based, and donation-based campaigns. In “Quality Signaling through Crowdfunding Pricing,” a paper published by *Manufacturing & Service Operations Management*, PHBS Associate Professor Ehsan Bolandifar and his coauthors concentrate on reward-based crowdfunding, the most commonly practiced form, investigating how entrepreneurs can leverage their pricing strategy to signal a high-quality project. Reward-based platforms like Kickstarter and Indiegogo have been exceptionally successful, raising billions of dollars for entrepreneurs in the past decade.

In a reward-based crowdfunding campaign, an entrepreneur seeking funding for a project initiates a campaign on an online platform presenting the project’s details, funding goal, and financing target. Participants on these platforms can support the campaign by making online preorders and payments. The campaign runs for a specified period (usually several weeks or months), and achieves success if the funds collected surpass the announced financing target. In case the target is not met, the campaign fails and the platform returns the raised funds to backers. The funds acquired through a successful campaign are utilized for estab-



“As customers’ beliefs about product quality significantly influence their decision to support a campaign, entrepreneurs must find ways to establish credible signals of their product’s quality.”



lishing the business, which may involve activities such as hiring labor, procuring materials, and manufacturing the final product.

In a crowdfunding campaign, customers determine whether to back the project based on their perceptions of the product’s quality. While entrepreneurs possess accurate knowledge of their product’s quality, potential backers during the funding period can only form their beliefs based on the quality level of the project based on the information released on crowdfunding platforms, such as online demos, pictures, and descriptions. Unfortunately, in practice, there have been numerous instances of quality issues being reported after customers received their pre-ordered products, leading to fundraisers failing to deliver on their promises to backers.

As customers’ beliefs about product quality significantly influence their decision to support a campaign, entrepreneurs must find ways to establish credible signals of their product’s quality. Research has shown that the success of crowdfunding efforts is linked to the underlying quality of the project. Visual techniques, for instance, have been utilized effectively as signaling methods to convey product quality to potential customers. Nevertheless, it should be noted

that such signaling methods may lack complete credibility and may not be entirely fool-proof.

their initial discovery indicates that setting a sufficiently low funding price can serve as a signal of high quality for customers during the funding period, particularly when the project’s financing needs are not substantial. When comparing high-quality entrepreneurs to those of lower-quality (who imitate high-quality), the former have better prospects during the regular selling period due to their revealed high quality. Consequently, any alterations in the funding price have distinct indirect effects on these two types of entrepreneurs.

Specifically, Bolandifar and his coauthors demonstrate that a downward distortion in the funding price has a more substantial positive impact on the high-quality entrepreneur’s profit (by increasing the likelihood of entering the regular selling period and the expected profit associated with it) than on a mimicking low-quality entrepreneur. As a result, this distortion reduces the signaling cost for high-quality entrepreneurs, especially at lower funding prices, enabling them to effectively signal their quality through an appropriately low funding price.



Furthermore, they demonstrate that through price commitment, entrepreneurs can effectively signal their quality across a broader range of financing needs when compared to using a single fixed price for signaling. When the degree of information asymmetry (i.e., the difference in potential quality levels) is relatively small, the high-quality entrepreneur strategically deviates the funding price from the optimal value observed in the full-information scenario and also adjusts the regular selling price to signal their high quality.

To achieve this two-price signaling strategy, the high-quality entrepreneur commits to a higher regular selling price, which imposes a significant opportunity cost on a low-quality entrepreneur attempting to imitate the high-quality signal. The high-quality entrepreneur further magnifies the expected opportunity cost for the mimicking low-quality entrepreneur by lowering their funding price, as a reduced funding price increases the likelihood of entering the regular selling period in their model. This combination of price distortions effectively reduces the signaling costs for the high-quality entrepreneur in crowdfunding contexts.

Finally, their research shows that as the degree of information asymmetry increases, a downward distortion in the funding price alone might suffice to signal a high-quality level effectively. In contrast, the two-price signaling approach becomes more advantageous when there is less disparity in potential quality levels.

## Ma Xiao

# Migration, Tariffs, and China's Export Surge

**A**long with China's economic miracle, the share of global trade of "Made in China" goods surged from 0.8% to 13% between 1980 and 2005, effectively establishing China as a dominant force in world manufacturing trade. While a large body of literature has focused on the consequences of China's export, fewer papers have examined the sources causing China's export surge.

In "Migration, Tariffs, and China's Export Surge," a paper recently published by the *Journal of International Economics*, PHBS Assistant Professor Ma Xiao and his coauthor, Liu Chen of the National University of Singapore, jointly analyze several factors and quantify the relative contributions of migration and tariffs to China's export surge.

In the paper, the authors build a multi-sector spatial general equilibrium model and combine rich data sources to account for China's export surge between 1990 and 2005 due to three policy changes: China's import tariffs, tariffs imposed against China's exports, and barriers



"The joint effect of policies is 9% larger than the aggregation of individual effects, suggesting a positive interaction between trade and migration policies."



## Ma Xiao

Assistant Professor

Research Interests: International Trade, Macroeconomics, and Economic Development

to internal migration in China. In the model, workers choose which provinces and sectors to work in, and firms choose where to produce and whether to involve in processing or ordinary export regimes. The authors explore provincial and sectoral variation on the changes in firm mass, migrant employment, and tariff exposure to discipline the model parameters. Finally, the authors jointly analyze the effect of tariff and migration policies on China's export surge, as well as the importance of equilibrium firm and worker adjustments.

The main quantitative findings are three-fold. Firstly, Ma and Liu find that the three policy changes jointly account for 30% of China's export growth between 1990 and 2005, indicating that migration and tariff policies are important drivers of China's export surge.

Secondly, they find that the joint effect of policies is 9% larger than the aggregation of individual effects, suggesting a positive interaction between trade and migration policies. Intuitively, as migration reform prepared the country to become more export

oriented, China enjoyed faster export growth after opening to trade than it would have otherwise.

Finally, the authors show that accounting for equilibrium adjustments of workers and firms is quantitatively important for evaluating China's export growth. In a model where firms' location and regime do not respond to policy changes, the joint effects of policies on export growth drop by nearly half; and in a model where workers do not adjust across locations or sectors, the export impacts of tariffs drop by 12%.



# Seungjoon Oh : AI, ChatGPT, Machine Learning, and Structural Transformation

## Editor's note

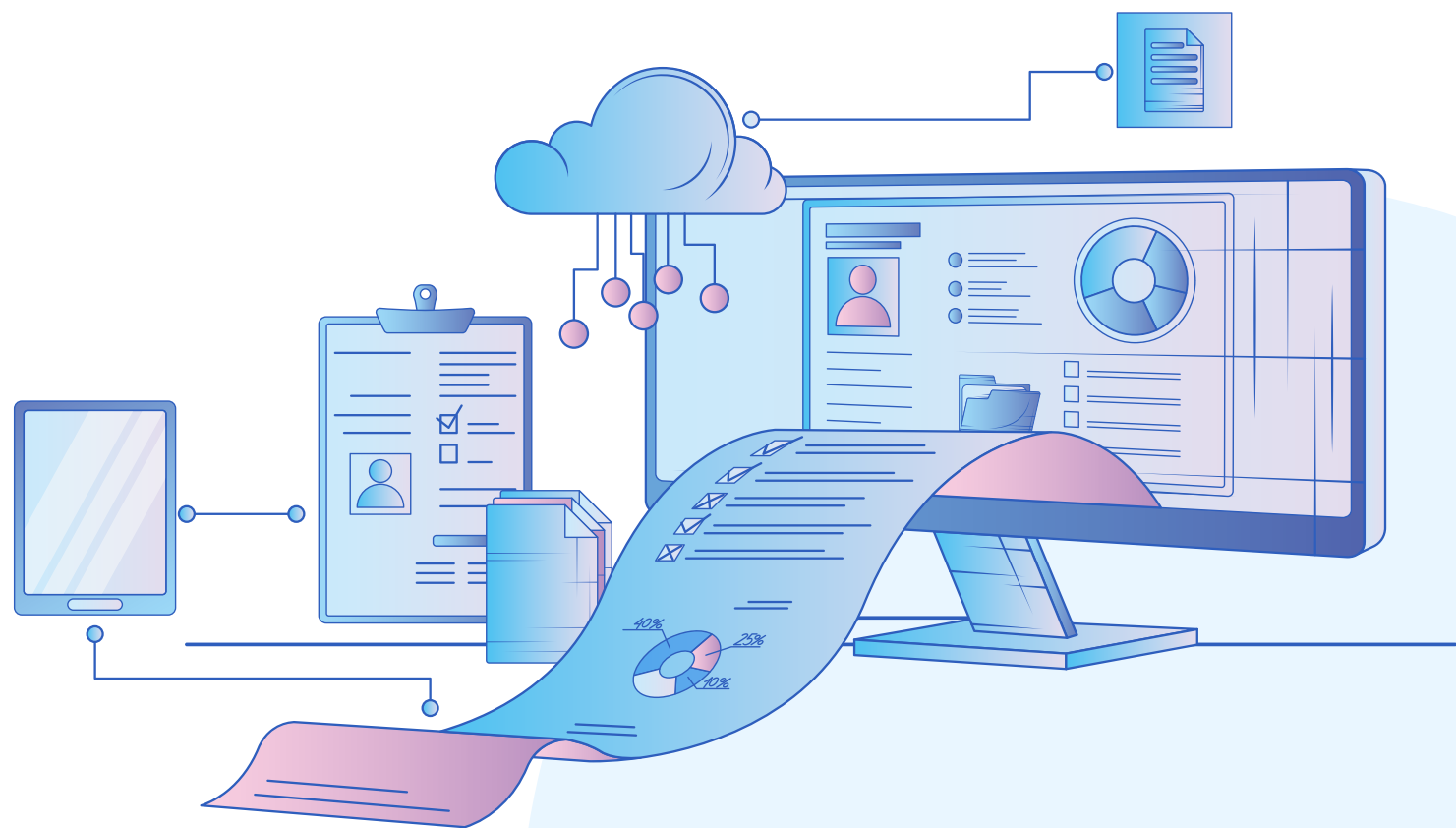
With regard to technological revolution and structural transformation, PHBS Assistant Professor Seungjoon Oh shared his insights on artificial intelligence and machine learning at the "One-Belt One-Road" International Youth Leaders Forum. He further probed the potential impact on various aspects of our lives and elaborated on what companies should prepare for in the upcoming AI era.

“With the advent of OpenAI's ChatGPT, public interest in AI is growing, and changes in business models and working methods are actively underway.”

We are living in a time of remarkable technological advancements, and AI and Machine Learning are at the forefront of this revolution, reshaping our world. These technologies have the potential to profoundly impact various aspects of our lives, including the way we work, communicate, and make decisions. One area where this impact is particularly significant is in structural transformation – the process by which economies and industries undergo profound changes.

With the advent of OpenAI's ChatGPT, public interest in AI is growing, and changes in business models and working methods are actively underway. AI is considered as the 3rd generation revolution that will create fundamental changes, coming after the Internet and mobile revolutions.





“As we embrace the potential of AI and Machine Learning, we must address the challenges and risks that come with them.”

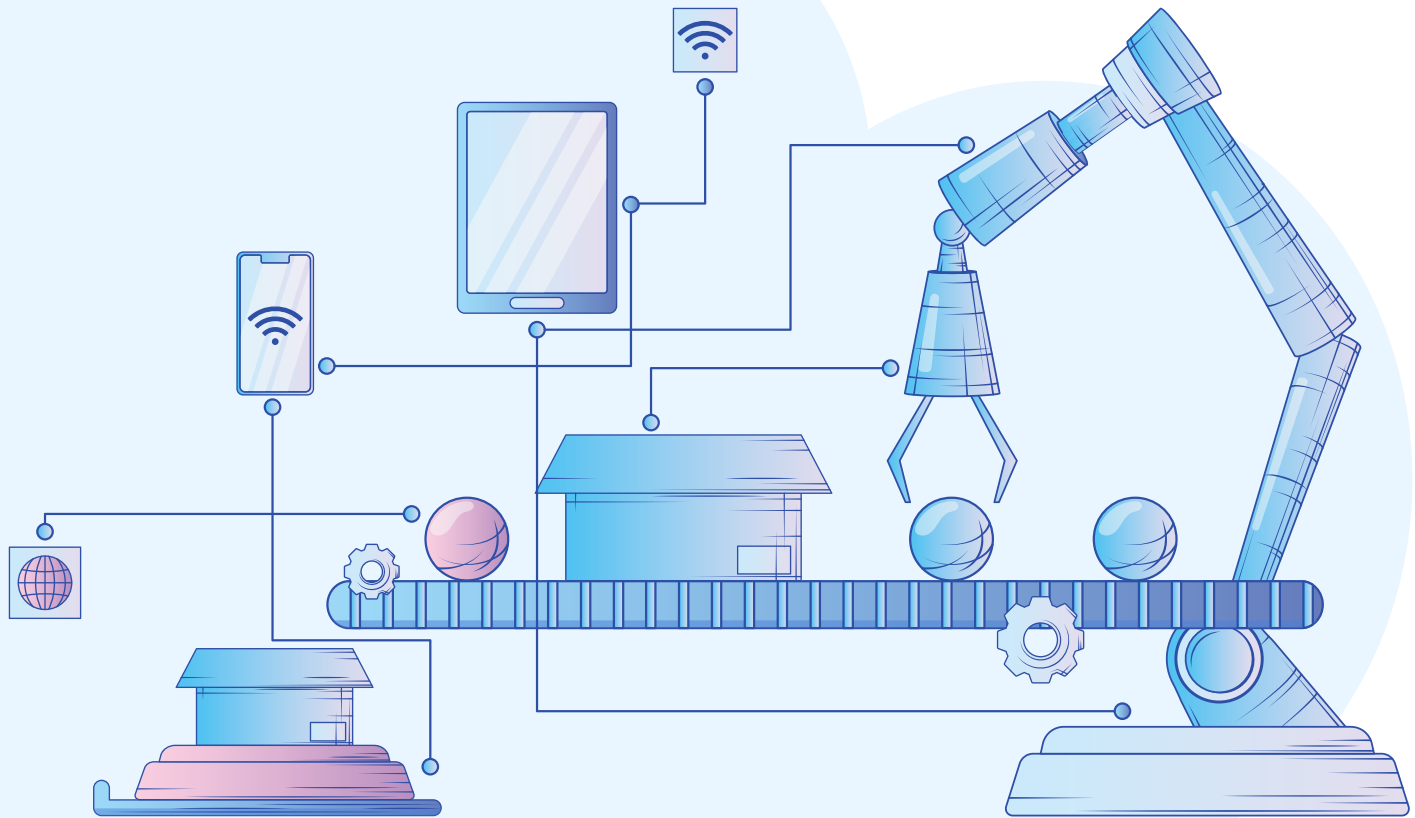
ChatGPT proves excellent performance in understanding questions and generating answers. In the past, AI could only perform specific tasks with explicit input from humans, secure “correct” data (called labeling), and provide guidelines for task performance by experts in each area. However, with technological advances, it has evolved into AI with understanding and inference capabilities, requiring minimal guidance to arrive at the “correct answer” as if it was human, and learning to derive “correct answers” based on relationships, contexts between data, as well as rules/patterns for task execution.

AI continues to expand rapidly. We expect that the ChatGPT syndrome will usher in a full-fledged AI era. However, The GPU layer has only big tech companies due to high computing resource issues; competition is very fierce at the foundation model layer for developing massive AI engines where OpenAI, Microsoft Turing, and Google AI are competing; and more startups will compete at the AI model-based service application layer. The latter layer needs tight integration with models to

build high-performance apps and requires considerable complexity. Generative AI funding in 2021-22 was about \$3 billion , but the emergence of ChatGPT has sparked wider interest.

So, what should companies do to prepare for the upcoming AI popularization era? One perspective is operational excellence, focusing on using AI within the enterprise to improve operational efficiency, reduce costs, and save time through AI-based task automation. Indeed, AI can support decision-making through modeling and optimization, enhance corporate productivity, and strengthen business competitiveness as a co-pilot.

A second perspective is becoming an industry game-changer. Companies can attempt to combine their products and services with AI, graft-



Profile



Seungjoon Oh

Associate Professor

Research Interests: Entrepreneurial Finance, Corporate Innovation, Governance, and Venture Capital

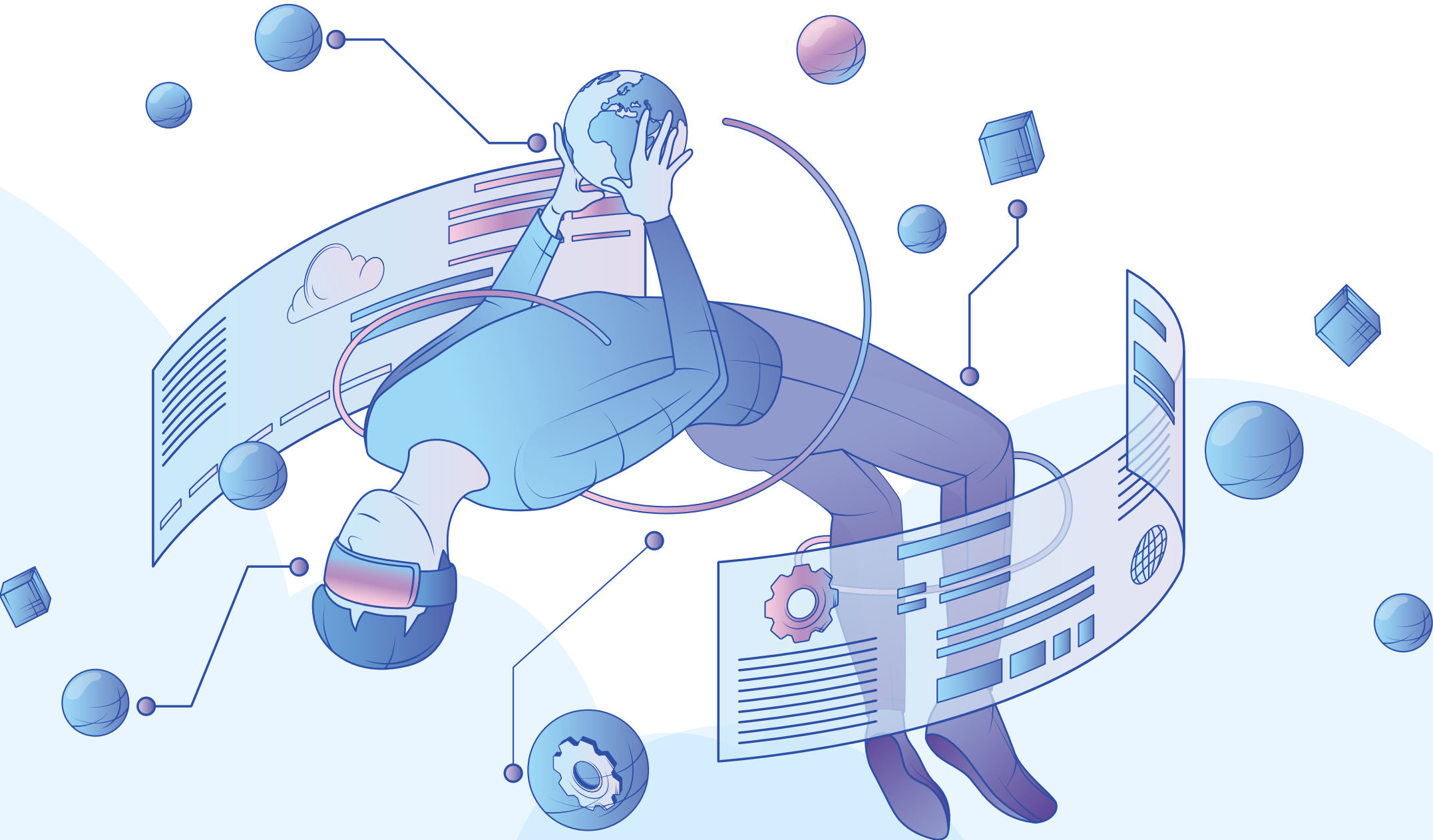


“AI, ChatGPT, Machine Learning, and structural transformation are intertwined forces shaping our future.”

ing generative AI into their operations to expand the producers and suppliers of goods/services from enterprises to the public. This could lead to changes in the company-customer relationship and present new opportunities for disruptive innovation.

Several companies are already embracing generative AI as a game-changer. For example, Roblox is developing an AI Assistant for creating 3D objects in the Metaverse platform, which generates and provides code that implements 3D objects using only natural language commands. Bloomberg has developed Bloomberg GPT, a large-scale language model specialized in finance, which handles various data-based tasks in the financial field such as writing market reports and analyzing financial statements. These examples demonstrate the transformative potential of generative AI in various industries.

However, there are still some limitations to current generative AI. Firstly, there is a computing resource issue. AI training and data processing require tens of thousands of GPU semiconductor chips and the construction of separate data centers. Secondly, the acquisition of high-quality learning data for large language models (LLMs) is a challenge. And thirdly, there are significant operating costs associated with AI systems. Furthermore, it is also crucial for companies to be aware

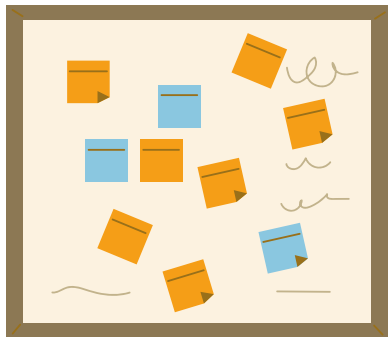


of the significant risks associated with generative AI before adopting the technology.

As we embrace the potential of AI and Machine Learning, we must address the challenges and risks that come with them. Ethical considerations, such as bias and fairness in algorithms, privacy concerns, and transparency in decision-making, must be at the forefront of our discussions. We must ensure that the benefits of these technologies are accessible to all and that their deployment aligns with our social values and human rights.

Introducing an AI risk management system and governance mechanism is essential to acquire and sustain the potential of AI while building an AI system that fits the purpose and values pursued by the company. In conclusion, AI, ChatGPT, Machine Learning, and structural transformation are intertwined forces shaping our future. As young leaders, you have the opportunity to connect these technologies to create positive change, foster innovation, and drive the “One-Belt One-Road” initiative forward.





# Christina Maslach: Burnout is a Survival Crisis

Selective behaviors happen all the time, and “burn-out” or “active” cannot be simply defined. In an interview with PKU Financial Review, Professor of Psychology (Emerita) at the University of California, Berkeley, Christina Maslach believes that burnout is not and should not be diagnosed as depression, but rather it comes from the poor management of chronic stress. We not only interviewed Professor Maslach, but also her coauthor Michael P. Leiter, Adjunct Professor of Psychology at Acadia University. Therefore, we use “Maslach & Leiter” as a whole.



**Q:** We have read your book “The Burnout Challenge: Managing People’s Relationships with Their Jobs.” Burnout is mainly a disconnect between organizations and individuals, especially in six areas: workload, control, rewards, community, fairness, and values. But who in an organization wants to fix this disconnect? The CEO? The biggest constraint he faces is not the burnout within the company but the competitiveness and profit of the company.

**Maslach & Leiter:** The term “disconnect” is not the way we characterize what is going on with employees in their organization. Rather, we talk about the connected relationship between the job and the employee, and what happens when that relationship involves a mismatch, or bad fit. These mismatches represent the kind of chronic job stressors that are the cause of the burnout experience, and the solution is to find ways to improve the matches, so that employees can thrive under better conditions and do their work well.

We believe that all levels of management, from the CEO to first-line managers, should be concerned about fixing the mismatches, because burnout is actually very costly for the organization. Why? Because burnout leads to increased absenteeism, lower productivity, more turnover, and higher healthcare costs. For example, an article in the Harvard Business Review estimated that, in the United States, annual healthcare spending linked to burnout ranges from \$125 billion to \$190 billion [Garton, 2017]. Other studies have shown that employees experiencing burnout not only are more likely to take time off from work, but they do so for more than twice as long as other employees [Center for Disease Control, 2015]. And higher turnover is costly because hiring new workers involves higher replacement costs [Pavilion, 2022]. A noteworthy summary of how these kinds of chronic job-person mismatches have a negative effect on both economic and human bottom lines is the book, “Dying for a Paycheck: How Modern Management Harms Employee Health and Company Performance,” by Jeffrey Pfeffer of the Stanford Business School (Pfeffer, J. 2018).



**Q: There is a phenomenon of “quiet quitting” in the United States, and China also has expressions of occupational burnout similar to “lying flat” and “Buddhism-Let it go”. But why do we feel burnout in almost every profession or age group?**

**Maslach & Leiter:** Burnout is a fundamental existential crisis that employees experience when working in a chronically stressful job environment that is mismatched to their needs and aspirations. This experience is fairly consistent across different occupations, even if those differ in the specific mismatches that aggravate burnout (for example, mismatches in control may be more important for physicians and nurses in healthcare, or for tech workers, than for people working in sales jobs).

**Q: What is your opinion on the burnout caused by China’s “996” job culture?**

**Maslach & Leiter:** The chronic job characteristics that inspire “quiet quitting” are those that fail to show respect for employees by burdening them with unrealistic and unhealthy working conditions that cut into their “non-work” life (personal and sleep time). For example, as we mention in our book, the “996” job culture among tech workers in China (working from 9am to 9pm, six days per week) is so unhealthy and unfair for employees that they “lie flat” in order to get some needed rest and to carve out some time for personal interests and obligations. The mismatches that are probably most important here are work overload, lack of control, and absence of fairness.



Our research on burnout has identified several types of work experiences for employees -- one of which is burnout, and another type is disengagement -- in which the employee develops the high cynicism of burnout (but not necessarily the exhaustion or ineffectiveness). This cynicism about the job conditions in the company often leads to a shift in job performance in which the employee is only trying to do the bare minimum rather than his or her very best. It is not exactly the same as “quiet quitting” or “lying flat,” but it is related in terms of its response to chronic job stressors that have not been well managed.

**Q: There are a lot of cases in China where burnout develops into depression, although physiologists tell us that the burnout’s cortisol profile of burnout is different from melancholic depression. However, it is true that many people are very depressed because they are unable to do their jobs. Many Chinese companies have used the Maslach Burnout Inventory (MBI) created by you to quantify the burnout of employees, and even set up psychological consultants. Do you think this is a good way forward?**

**Maslach & Leiter:** This question seems to be based on several implicit assumptions about burnout, which are actually not true. Therefore, we want to begin by clarifying these basic points. First, based on its review of the burnout research over the past four decades, the World Health Organization (WHO) defines job burnout as an “occupational phenomenon” that can eventually lead to physical and/or mental health issues, but that is not itself a medical condition. Therefore, it is not the same thing as depression, and it should not be “diagnosed” as some sort of mental illness



“This cynicism about the job conditions in the company often leads to a shift in job performance in which the employee is only trying to do the bare minimum rather than his or her very best. It is not exactly the same as 'quiet quitting' or 'lying flat,' but it is related in terms of its response to chronic job stressors that have not been well managed.”





that requires treatment by trained therapists.

Second, the WHO defines job burnout as a stress response to chronic job stressors that have not been successfully managed. This response includes three components: the exhaustion of high stress, but also cynicism about the job, and a sense of professional ineffectiveness. The stress response is a normal part of human functioning, when the person is faced with threats or challenges, and should not be considered pathology. However, it is harder for people to recover from chronic job stressors, which are high frequency and ongoing -- in other words, stressors that are present in the workplace most of the time. And when employees become chronically stressed and experience burnout, then the effects includes poor job performance, absenteeism, and turnover, in addition to employee health problems. For the organization, this means the potential loss of good employees (a poor return on the investment in hiring them), the high costs of replacement for turnover, and difficulty in attracting new employees.

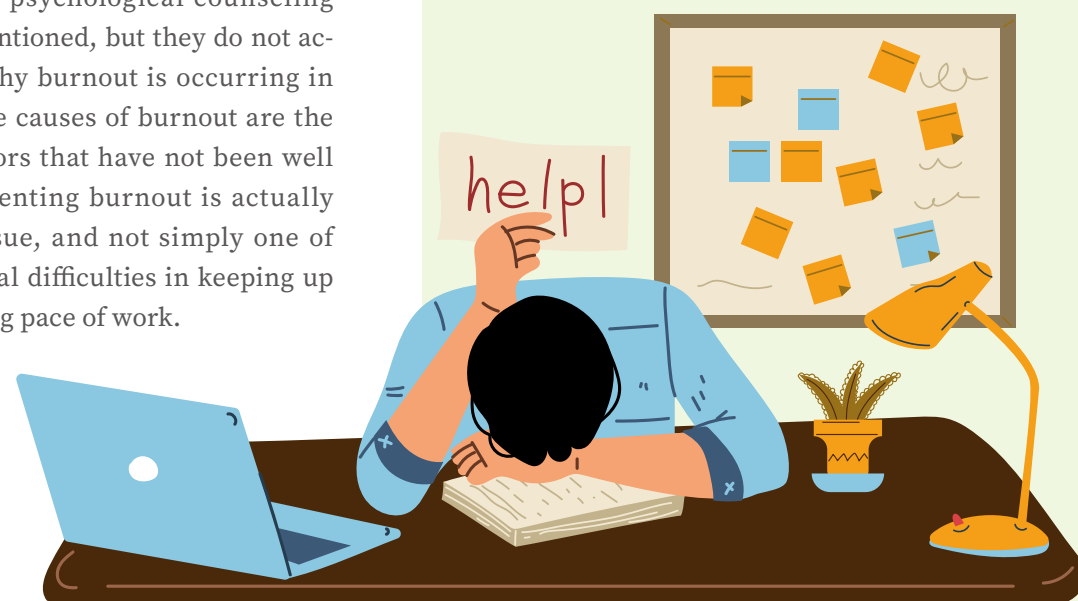
Attempts to deal with these effects by helping employees to cope with the stressors -- such as providing psychological counseling -- may be well intentioned, but they do not actually deal with why burnout is occurring in the first place. The causes of burnout are the chronic job stressors that have not been well managed, so preventing burnout is actually a management issue, and not simply one of employees' personal difficulties in keeping up with the demanding pace of work.

The use of the MBI to identify "who" is experiencing burnout is actually a misuse of this research measure. Instead,

the MBI was designed to discover "why" people are experiencing burnout by combining it with other measures of job conditions. If the MBI is used in this way, with the overall results being shared with employees, then it becomes possible to address questions about what are the chronic job stressors and how they could be better managed (Maslach & Leiter, 2021). The ultimate goal is to improve the match between employees and their jobs, so that they can work well and thrive, rather than getting beaten down.

That goal is the main focus of our recent book, *The Burnout Challenge: Managing People's Relationships with Their Jobs*, in which we describe the major areas of job-person match or mismatch, and discuss how the matches can be improved on an ongoing basis. This involves better management of chronic job stressors, and thus improving the work environment, which we believe is a more constructive approach than trying to treat the effects of burnout (such as employee physical and mental health problems) after it has occurred.

\* This article was initially published in the PKU Financial Review.



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