

GSBA-699: Social Processes in Business
Fall 2024
3 Units, 16109D
Thursday 2:00-4:50 PM, ACC 312

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COURSE DESCRIPTION

A growing body of research studies how ideas, information and behaviors spread between individuals, and the resulting evolution of social outcomes. This research helps answer such questions as: In the marketplace for ideas, which succeed, and which fail? How do innovations diffuse through populations? When do social processes result in boom-and-bust dynamics, or dysfunctional social outcomes? What are the effects of mental models, culture, and corporate culture on economic outcomes? This course reviews recent research in this area and applications to business. Key concepts for organizing thought about social processes include information transmission, psychological bias, social networks, social transmission bias, and culture.

A few examples give a hint of the range of applications of these ideas: viral marketing, information cascades and herd behavior in consumer behavior and in corporate strategy, the spread of behaviors across firms through social networks such as interlocking boards of directors, and the diffusion of new business methods.

COURSE OBJECTIVES

Upon successful completion of this course, students will be able to:

1. Describe basic principles of how social processes affect business.
2. Analyze how social processes affect the decisions of customers, employees, and other market participants.
3. Describe how social processes affect equilibrium prices and other market outcomes.
4. Analyze how social processes affect firm and managerial behavior.

COURSE MATERIALS

If you have any questions or need assistance with the Brightspace course pages, see brightspacehelp.usc.edu or please contact the Marshall HelpDesk at 213-740-3000 (option 2) or HelpDesk@marshall.usc.edu. Alternatively, (213) 740-5555 gives the USC ITS Help Desk.

Needed readings are listed in the schedule at the end of the syllabus and are downloadable on the web. Materials tagged with asterisks are optional. In addition to required readings, please contribute to class discussions using what you learn from selective reading of the optional materials.

GRADING	
Class participation:	10%
Quizzes	15%
Paper presentation/discussion:	25%
Homework:	25%
<u>Critical review or research paper:</u>	<u>25%</u>
Total:	100%

CLASS PARTICIPATION

Please read all required papers before class as listed on the course schedule at the end of the syllabus. This will promote fruitful class discussion. Discussing research ideas well is a skill that grows with use. Some are more comfortable doing so than others. It is valuable to take this opportunity to build this skill in a classroom setting to reduce the stress of the job market. For grading, I will measure effective class participation by relevance and insight. But please do not feel that one needs to wait until one has an exceptional comment. Straightforward questions and ideas can still help move the discussion forward.

QUIZZES

There will be 5 brief quizzes to test your understanding of readings and material covered in meetings.

PAPER PRESENTATION

Students will present one of the syllabus research papers in assigned teams of two or more. Team preparations will be outside of class. Teams will be assigned during Week 2, and a schedule of presentations will be provided during Week 3 or earlier. Presentations will typically be of a paper different from the paper chosen for your critical review (if you choose to write a critical review).

Students will also present their research proposals. Discussants will be assigned to comment upon these proposals. (No generalized praise allowed—only substantive commentary on the ideas.)

Your score if you are absent from your assigned presentation will be zero.

CRITICAL REVIEW OR RESEARCH PROPOSAL

You can choose whether to write a critical review of an assigned article or write a research proposal. The research proposal must be closely aligned with the topic of the course. (In some cases, it may be appropriate to review two articles if at least one of them is especially simple and short.)

The research proposal will consist of a short but polished research idea related to the course. The idea behind the paper/proposal need not be publishable but should be presented clearly and thoughtfully. The maximum length for the body of the critical review/research proposal is 8 pages (plus cover page and references). This will help you build the valuable skill of distilling your ideas to their essence and presenting them intuitively and concisely.

Some detailed guidelines of the paper/proposal will help train you in professional writing. The cover page must include a title, your name, the name of the course, and the date of your draft. Include an abstract of 100 words or less. Please ensure that the mechanics of your work are professional. Please follow appropriate conventions for typography, spelling, references, grammar, and style. Make sure to leave standard margins, double space, indent paragraphs, avoid exceptionally long paragraphs, and use 12-point typeface in a standard font. There will be a penalty for any easily avoidable formatting defects. Published papers and publicly posted working papers by leading scholars are easily available on the internet. These give excellent pointers by example of how to format a professional document.

The **research proposal or paper critique** is due *by email* (not hardcopy) by the date and time given in the schedule at the end of this syllabus for full credit as the summative experience for the course. For a reduction of 10% (i.e., 100% of points to 90%) it may be turned in the next day, with a further 10% reduction (e.g., 90% to 80%) for each further day later. (My aim is to encourage you to develop even a modest idea in a timely fashion, rather than waiting for a big idea worthy of a dissertation.)

It is useful to identify your topic/papers early. A one-page **prospectus** of your paper/proposal topic or critical review is due *by email* (not hardcopy) by the date in the schedule at the end of this syllabus. For the proposal, the prospectus should describe the problem you are interested in and how you propose to attack it. The more concrete you make this, the better the feedback I will be able to give you. For the critical review, the prospectus should include the name of the paper you will be reviewing and any tentative ideas you have about it.

HOMEWORK

Due dates for homework assignments on the readings and lecture material are listed in the schedule at the end of the syllabus, to be submitted *by email* (not hardcopy). Homework will be done in teams to be assigned, except for the one-page prospectuses. If you choose to write a research proposal (see above), then one of the assignments will be to write a one-page prospectus of your research proposal. If instead you choose to write a critical review of an assigned article (see above), then you will write a one-page prospectus of your review of the selected article describing the article and any preliminary thoughts you may have about it. Once a homework is late, its score decreases by 10% of the total possible points, and its score decreases another 10% of the total for every further day late.

THE IMPORTANCE OF COURSE EVALUATIONS

The student course evaluations are valuable. This course is continuously improved, based on feedback from students and instructor observations.

EMERGENCY PREPAREDNESS

In case of a declared emergency if travel to campus is not feasible, the USC Emergency Information web site (<https://www.usc.edu/emergency/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC's Brightspace learning management system (<https://brightspace.usc.edu>), teleconferencing, and other technologies.

USE OF RECORDINGS

Pursuant to the USC Student Handbook (www.usc.edu/scampus, Part B, 11.12), students may not record a university class without the express permission of the instructor and announcement to the class. In addition, students may not distribute or use notes or recordings based on University classes or lectures without the express permission of the instructor for purposes other than personal or class-

related group study by students registered for the class. This restriction on unauthorized use applies to all information that is distributed or displayed for use in relationship to the class.

AI POLICY

In this course, outside the classroom I permit you to use artificial intelligence (AI)-powered programs to help you in any assignments that you wish. Please do not use AI during class sessions. AI text generation tools may present incorrect information, biased responses, and incomplete analyses. They are not yet prepared to produce text that meets the standards of this course. Be warned—AIs often generate verbose blather. I have low tolerance for long-winded material that is lacking in meaningful content, whether it be generated by humans or AIs. To adhere to our university values, you must cite any AI-generated material (e.g., text, images, etc.) included or referenced in your work. Using an AI tool to generate content without proper attribution will be treated as plagiarism and reported to the Office of Academic Integrity.

PEER REVIEW IN TEAM ASSIGNMENTS

In team assignments, please fill out peer review forms about contribution. A sample peer review form is in the appendix.

COURSE OUTLINE AND ASSIGNMENTS

	Topics/ Daily Activities	Readings and Homework	Deliverables with Due Dates
Week 1 8/29	Introduction; Social Influence and Convergent Behavior	<p>“Networks in the Understanding of Economic Behaviors,” Matthew Jackson, <i>Journal of Economic Perspectives</i>, 28(4), Fall (2014):3-22.</p> <p>Hirshleifer, David and Teoh, Siew Hong, Herding and Cascading in Capital Markets: A Review and Synthesis. <i>European Financial Management</i>, 9(1), March (2003):25-66.</p> <p>*“Peer Effects in Product Adoption,” <i>American Economic Journal: Applied Economics</i>, 14(3), July 2022, Michael Bailey, Drew Johnston, Theresa Kuchler, Johannes Stroebel and Arlene Wong.</p> <p>*“Social Networks Shape Beliefs and Behavior: Evidence from Social Distancing during the COVID-19 Pandemic,” Michael Bailey, Drew Johnston, Martin Koenen, Theresa Kuchler, Dominic Russel, and Johannes Stroebel, <i>J. Political Economy: Microeconomics</i>, 2(3), August (2024).</p> <p>*Hongbin Cai, Yuyu Chen and Hanming Fang, “Observational Learning: Evidence from a Randomized Natural Field Experiment,” <i>American Economic Review</i>, June 2009, 99(3), 864-882.</p>	
Week 2 9/5	Rational Social Influence, Cascades, and Herd Behavior	<p><i>A benchmark case for evaluating social outcomes is full rationality. How do rational individuals learn from others? The private benefits and social costs of conformist behavior do not coincide, because of an informational externality. An individual’s decision of whether to imitate does not consider how the agent’s choice will affect the information available to later observers. This has implications for errors in mass behavior and fads.</i></p> <p>“Information Cascades and Social Learning,” Sushil Bikhchandani and David Hirshleifer and Omer Tamuz and Ivo Welch, Marshall School of Business, University of Southern California, (2024), forthcoming, <i>Journal of Economic Literature</i>.</p>	Teams Assigned Quiz 1

		<p>“How the Low-Fat, Low-Fat Cascade Just Keeps Rolling Along,” October 9, 2007. http://tierneylab.blogs.nytimes.com/2007/10/09/how-the-low-fat-low-fat-cascade-just-keeps-rolling-along/ Note: The quoted remark saying that (bad) cascades coming from binary decisions is just an example. More generally what is needed is that the number of choices is finite.</p> <p>“Schopenhauer on Cascades,” John Tierney, October 10, 2007, <i>NY Times Blogs</i>.</p> <p>*Anderson, L. R. and C. A. Holt, Cascade Experiments, <i>The New Palgrave Dictionary of Economics</i>, 2nd edition, L. Blume and S. Durlauf (eds.).</p> <p>*“Learning from the Behavior of Others: Conformity, Fads, and Informational Cascades,” Sushil Bikhchandani, David Hirshleifer, Ivo Welch. Summer 1998. <i>Journal of Economic Perspectives</i>, 12(3), 151-170.</p> <p>*Bikhchandani, Sushil, Hirshleifer, David, and Welch, Ivo. “A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades.” <i>J. of Political Economy</i>, October (1992), 100(5), 992-1026.</p> <p>*Banerjee, Abhijit, 1992. “A Simple Model of Herd Behavior,” <i>Quarterly J. of Economics</i>, 107(3), 797-817, August.</p>	
<p>Week 3 9/12</p>	<p>Rational Social Learning—Extensions, Generalizations and Applications</p>	<p>*Goeree, Jacob, Thomas Palfrey, Brian Rogers, and Richard McKelvey, Self-Correcting Information Cascades, <i>Review of Economic Studies</i>, July 2007, 74(3): 733-62.</p> <p>*David Scharfstein and Jeremy Stein “Herd Behavior and Investment,” <i>American Economic Review</i>, Vol. 80, June 1990, pp. 465-479.</p> <p>*Luc-Alain Giraldeau, Thomas J Valone, and Jennifer J Templeton, “Potential disadvantages of using socially acquired information,” <i>Philosophical Transactions of the Royal Society of London B, Biological Sciences</i>, 2002 November 29; 357(1427): 1559–1566.</p>	<p>HW 1: Bayes Rule Review Exercise</p> <p>Schedule of presentations assigned</p>

		<p>*Chamley, Christophe, <i>Rational Herds: Economic Models of Social Learning</i>, Cambridge University Press, 2004.</p>	
<p>Week 4 9/19</p>	<p>The Psychology of Imitation, Social Influence, and Social Attitudes; Culture, Trust, and Economic Outcomes</p>	<p><i>Why do we imitate? Who do we imitate? What are the cognitive and emotional mechanism that cause our ideas and behavior to be influenced by those we observe or interact with?</i></p> <p>Robert B. Cialdini and Noah J. Goldstein, (2004), "Social Influence: Compliance and Conformity," <i>Ann. Rev. Psychol.</i> 55:591–621.</p> <p>Guiso, L., Sapienza, P., and Zingales, L. (2006). "Does Culture Affect Economic Outcomes?" <i>Journal of Economic Perspectives</i>, 20(2):23-48.</p> <p>*"The Effect of Word of Mouth on Sales: Online Book Reviews," Judith Chevalier and Dina Mayzlin, <i>Journal of Marketing Research</i> 43(3), Aug., (2006):345-54.</p> <p>*"Global Evidence on Economic Preferences," Armin Falk, Anke Becker, Thomas Dohmen, Benjamin Enke, David Huffman, Uwe Sunde, <i>Quarterly Journal of Economics</i>, 133(4), November (2018):1645–92.</p> <p>*Guiso, L., Sapienza, P., and Zingales, L. "Trusting the Stock Market" <i>Journal of Finance</i>, 63(6), (2008):2557-2600.</p> <p>*"Emotional contagion in organizational life," Sigal G. Barsade, Constantinos G.V. Coutifaris, Julianna Pillemer, <i>Research in Organizational Behavior</i>, Volume 38, 2018, 137-151.</p> <p>*"Social Identity and Preferences," Daniel J. Benjamin, James J. Choi, A. Joshua Strickland. <i>American Economic Review</i>, 100(4), September (2010):1913-28.</p> <p>*Sendhil Mullainathan, Joshua Schwartzstein and Andrei Shleifer, "Coarse Thinking and Persuasion," <i>Quarterly Journal of Economics</i> (2008) 123(2): 577-619.</p> <p>*Cannon, Brad and Hirshleifer, David and Thornton, Joshua, Friends with Benefits: Social</p>	<p>Prospectus due for Paper /Proposal or Critical Review</p> <p>HW 2: Bayes Rule and Information Cascades</p>

		Capital and Household Financial Behavior (February 2024).	
Week 5 9/26	Theories of Psychological Bias and Social Learning	Eyster, Erik and Rabin, Matthew, " Naïve Herding in Rich-Information Settings ", <i>American Economic J.: Microeconomics</i> 2, 221-243, November 2010. * J. Aislinn Bohren, "Informational Herding with Model Misspecification," <i>Journal of Economic Theory</i> , May 2016, 163: 222-247. **"Learning with Heterogeneous Misspecified Models: Characterization and Robustness," J. Aislinn Bohren and Daniel N. Hauser, <i>Econometrica</i> , November 2021, 89: 3025-3077.	
Week 6 10/3	The Evolution of Cultural Traits	<i>Evolution is the shift in the distribution of traits in a population over time. In biology replicators (genes) play a key role, but in general, evolution can occur without replicators. Many models of cultural evolution are based on replicators, but there are also models in which it is crucial that cultural traits are modified when transmitted.</i> Richard Dawkins, (1989:1976), "Memes: The New Replicators," <i>The Selfish Gene</i> , Oxford University Press, Oxford, UK. [Read pp. 189-201 (ch. 11)]. Susan Blackmore, (1999), <i>The Meme Machine</i> , Oxford University Press, Oxford, UK. [Read pp. 1-32]. Daniel Dennett, "The New Replicators," in <i>The Encyclopedia of Evolution</i> , (2002), Oxford University Press, Oxford, UK. (also reprinted as Appendix A of Daniel Dennett, <i>Breaking the Spell...</i> 2006) J. Henrich, R. Boyd, and P. J. Richerson. "Five Misunderstandings about Cultural Evolution." <i>Human Nature</i> , 19: 119–137, 2008.	Quiz 2
Week 7 10/10	Fall Recess 10/10-11		

<p>Week 8 10/17</p>	<p>Transmission Biases and How They Affect the Success of Ideas: Results Biases</p>	<p><i>Cultural transmission biases can arise from either the sender, the receiver or both. Sender bias can result from sender irrationality, or from rational behavior that induces selection in what is observed by receivers. Some psychological sources of transmission bias include salience/vividness (e.g., emotional impact), ease of processing/simplification (e.g., stereotyping, hierarchical transmission of action scripts), need for closure, action-/puzzle-solving-/ prediction-relevance (diagnosis, treatment, prognosis), source prestige, the truth/validity effect, and self-enhancing biases.</i></p> <p><i>Transmission biases can derive from results (e.g. imitating actions that led to good outcomes, or being influenced by actions that have attention-grabbing consequences), content (e.g., repeating things that are more vivid, fun, easy to understand, or memorable), or context (e.g., repeating things that seem especially relevant given recent circumstances); Shennan (2011). Context can in turn be divided into sender characteristics (such as prestige), receiver characteristics (such as arousal or activation), and the environment. Often biases cut across these categories. (For example, content and context biases are not truly separable, being about the relation of the content to the context.)</i></p> <p><i>Imitating actions that led to good outcomes:</i></p> <p>Moonshots, Investment Booms, and Selection Bias in the Transmission of Cultural Traits, David Hirshleifer and Joshua Plotkin, <i>Proceedings of the National Academy of Sciences</i>, June 29, 2021, 118 (26) e2015571118.</p> <p>*Shennan, S. J., (2011), “Descent with modification and the archaeological record.” <i>Phil. Trans. R. Soc. B</i> 366, 1070-1079.</p> <p>*M. Kaustia, S. Knüpfer, “Peer performance and stock market entry,” <i>Journal of Financial Economics</i>, 104 (2012):321-338.</p> <p><i>Self-enhancing incentives and biases (also content bias):</i></p> <p>Matteo De Angelis, Andrea Bonezzi, Alessandro M. Peluso, Derek D. Rucker, Michele Costabile (2012). “On Braggarts and Gossips: A Self-Enhancement</p>	<p>HW 3: The Accuracy of Social Learning</p>
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		<p>Account of Word-of-Mouth Generation and Transmission.” <i>Journal of Marketing Research</i>, 49(4), pp. 551-563.</p> <p>de Barra, Mícheál (2017). “Reporting bias inflates the reputation of medical treatments: A comparison of outcomes in clinical trials and online product reviews.” <i>Social Science & Medicine</i>, 177, 248–255.</p> <p>Social Transmission Bias and Investor Behavior. Bing Han, David Hirshleifer and Johan Walden, <i>Journal of Financial and Quantitative Analysis</i>, February (2022), 57(1), 390-412.</p> <p>Laura Escobar, Alvaro Pedraza, “Active trading and (poor) performance: The social transmission channel,” <i>Journal of Financial Economics</i>, 150(1), October 2023, 139-165.</p> <p>Suvorov, Anton and van de Ven, Jeroen and Villeval, Marie Claire, “Selective Information Sharing and Group Delusion.” (May 2024).</p>	
<p>Week 9 10/24</p>	<p>Content Biases, Context Biases, Bias derived from categorization/stereotyping; Other transmission biases</p>	<p><i>Visibility Bias, Neglect of Selection Bias, and Availability</i></p> <p><i>Note: Social learning by observing actions (as in information cascades) or payoffs depends on these being visible. Visibility bias is where certain content is disproportionately visible. Neglect of selection bias makes visibility bias crucial.</i></p> <p>Visibility Bias in the Transmission of Consumption Beliefs and Undersaving. Bing Han, David Hirshleifer and Johan Walden, <i>Journal of Finance</i>, (78):3, June (2023):1647-1704.</p> <p>*Francesco D'Acunto and Alberto Rossi and Michael Weber, Crowdsourcing Peer Information to Change Spending Behavior, <i>Journal of Financial Economics</i>, 157, July (2024).</p> <p><i>Immediate action-relevance:</i> *Bangerter, Adrian & Chip Heath (2004). “The Mozart Effect: Tracking the evolution of a scientific legend.” <i>British J. of Social Psychology</i>, 43, 605-623.(paper also listed in later section on cumulative evolution)</p>	<p>Quiz 3</p> <p>HW 4: Social Learning with Limited Observability of Actions</p>

		<p><i>Vividness (immediacy and emotional triggers):</i></p> <p>Heath, Chip, Chris Bell, and Emily Sternberg (2001). Emotional selection in memes: The case of urban legends. <i>J. of Personality and Social Psychology</i>, 81, 1028-1041.</p> <p>Heath, Chip (1996). Do people prefer to pass along good news or bad news? Valence and relevance of news as a predictor of transmission propensity. <i>Organizational Behavior and Human Decision Processes</i>, 68, 79-94.</p> <p>Berger, Jonah A. and Milkman, Katherine L., (2012), "What Makes Online Content Viral?" <i>Journal of Marketing Research</i>, 49(2), 192-205.</p> <p>Chen, Xi; Pennycook, Gordon; and Rand, David (2023). "What Makes News Sharable on Social Media?" <i>Journal of Quantitative Description: Digital Media</i>, 3.</p> <p><i>Greater credulity toward negative information:</i></p> <p>*Dan Fessler, Anne Pisor, and David Navarrete, Negatively-Biased Credulity and the Cultural Evolution of Beliefs, <i>PLoS ONE</i> 9(4):e95167, (2014).</p> <p><i>Narrative Bias</i></p> <p>Robert J. Shiller, "Narrative Economics," 2017, <i>American Economic Review</i>, 107(4), April, pp. 967-1004.</p> <p><i>Greater salience of ideas than of intensity of belief about them:</i></p> <p>*David Dubois, Derek D. Rucker, Zakary L. Tormala (2011), "From Rumors to Facts, and Facts to Rumors: The Role of Certainty Decay in Consumer Communications," <i>J. of Marketing Research</i>, 48(6), 1020-1032.</p> <p><i>Salience and plausibility</i></p> <p>**"Extremity Bias in Online Reviews: The Role of Attrition," Leif Brandes, David Godes, and Dina</p>	
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		<p>of Mouth?” <i>Journal of Marketing Research</i>, October, 869-880.</p> <p>*Blakeley B. McShane and Eric T. Bradlow and Jonah Berger, Visual Influence and Social Groups, <i>Journal of Marketing Research</i>, 2012, December, 49, 6, 854-871.</p> <p><i>Greater visibility of consequences of adoption increases transmission. This could be viewed as an outcome bias—visibility is an outcome of adoption.</i></p> <p><i>Arousal and activation</i></p> <p>*Berger, Jonah (2011), “Arousal Increases Social Transmission of Information,” <i>Psychological Science</i>, 22(7), 891-893.</p> <p>*McDuff, Daniel and Berger, Jonah, “Why Do Some Advertisements Get Shared More than Others? Quantifying Facial Expressions to Gain New Insights,” <i>Journal of Advertising Research</i>, Vol 60 Issue 4, December 2020.</p> <p><i>Transmission consequences of the availability heuristic and the truth (or validity) effect</i></p> <p>Kuran, Timur and Sunstein, Cass, “Availability Cascades and Risk Regulation,” <i>Stanford Law Review</i>, 1999, April, 51, 683-768.</p> <p><u>The availability heuristic:</u></p> <p>*Kahneman and Tversky (1974), “Judgment under uncertainty: Heuristics and Biases,” <i>Science</i>, 1124-31.</p> <p><u>The truth (or validity) effect:</u></p> <p>Jonah Berger, “Word of mouth and interpersonal communication: A review and directions for future research,” <i>Journal of Consumer Psychology</i>, 24(4), October 2014, pp. 586–607.</p> <p>*“Is it all about the feeling? Affective and (meta-)cognitive mechanisms underlying the truth effect,” Annika Stump, Jan Rummel & Andreas Voss, <i>Psychological Research</i>, volume 86, pp. 12–36 (2022).</p>	
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<p>Week 10 10/31</p>	<p>Social Networks; Rational and biased information transmission</p>	<p>*DeMarzo, P., D. Vayanos, and J. Zwiebel, (2003), Persuasion bias, social influence, and uni-dimensional opinions, <i>Quarterly J. of Economics</i> 118, 909-968.</p> <p>*Jackson, M. O., 2008, <i>Social and Economic Networks</i> (Princeton University Press, Princeton, NJ).</p> <p>David Hirshleifer, “Presidential Address: Social Transmission Bias in Economics and Finance,” <i>Journal of Finance</i>, 75(4), August (2020):1779-1831. Transcript with integrated slides Slides</p> <p>* Duffie, Darrell and Giroux, Gaston and Manso, Gustavo, <i>Information Percolation</i>, <i>American Economic Journal: Microeconomics</i>, 2010, 2(1), 100-111, February.</p>	
<p>Week 11 11/7</p>	<p>Epidemiological and evolutionary models of thought and behavioral diffusion</p>	<p><i>Epidemic models designed to study the spread of disease can also be applied to the spread of ideas and behaviors. Evolutionary models from population genetics can also provide insights for modeling cultural evolution. In some models there are no transmission biases, in others there are exogenous biases, and in others transmission biases result from the optimizing choices of individuals.</i></p> <p><i>An Introduction to Mathematical Epidemiology</i>, Springer, New York 2015, Maia Martcheva, ch. 2 through 2.3.2 (p. 23).</p>	<p>HW 5: Example and analysis of a contagious cultural trait</p> <p>Quiz 4</p>

		<p>As an alternative to this book, any basic treatment of the SIR and SIS compartmental models is fine. Wikipedia covers this topic at the start of this article: https://en.wikipedia.org/wiki/Compartmental_models_in_epidemiology</p> <p>McElreath, R. and J. Henrich (2007) “Modeling Cultural Evolution.” In <i>Oxford Handbook of Evolutionary Psychology</i>, Robin Dunbar and Louise Barrett, eds. Oxford University Press.</p> <p>Erol Akçay and David Hirshleifer, “Social Finance as Cultural Evolution, Transmission Bias and Market Dynamics,” 2021, 118(26), <i>Proceedings of the National Academy of Sciences.</i>, e2015568118.</p> <p>Presidential Address: Social Transmission Bias in Economics and Finance, David Hirshleifer, <i>Journal of Finance</i>, 75(4), August (2020):1779-1831. Transcript with integrated slides , Slides</p> <p>Bisin, Alberto, and Verdier, Thierry, (2005), “Cultural Transmission,” <i>The New Palgrave Dictionary of Economics</i>, Second Edition. Steven N. Durlauf, Lawrence E. Blume , eds. Oxford. Alternative link: www.nyu.edu/econ/user/bisina/Palgrave_culturaltransmission2.pdf</p> <p>*Shive, Sophie (2010), “An Epidemic Model of Investor Behavior,” <i>Journal of Financial and Quantitative Analysis</i>, 45(1), Feb, 169-198.</p> <p>*Weisstein, Eric W., “Kermack-McKendrick Model. From MathWorld--A Wolfram Web Resource.” http://mathworld.wolfram.com/about/author.html</p> <p>*Arthur T. Denzau and Douglass C. North, “Shared Mental Models: Ideologies and Institutions” (undated)</p> <p>*Bisin, Alberto, and Verdier, Thierry, 2001, “The Economics of Cultural Transmission and the Dynamics of Preferences,” <i>Journal of Economic Theory</i>, 92(2), pp. 298-319. http://ideas.repec.org/a/eec/jetheo/v97y2001i2p298-319.html</p>	
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<p>Week 12 11/14</p>	<p>Testing Cultural Evolutionary Hypotheses; Applications; Diffusion of Consumer Behaviors</p>	<p><i>Some implications of cultural evolutionary theory have been tested in the laboratory and in the field.</i></p> <p>Berger, Jonah & Chip Heath (2005). “Idea habitats: How the prevalence of environmental cues influences the success of ideas.” <i>Cognitive Science</i>, 29, 195-221. Alternative link: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=771786</p> <p>Breza, Emily, “Field Experiments, Social Networks, and Development,” in Yann Bramoullé, Andrea Galeotti, and Brian W. Rogers (eds), <i>The Oxford Handbook of the Economics of Networks</i>, Oxford Handbooks (2016; online edn, Oxford Academic, 2 June 2016), https://doi.org/10.1093/oxfordhb/9780199948277.013.25.</p> <p><i>Specific episodes yield insights about what causes ideas and behaviors to spread.</i></p> <p>*Sinaceur, Marwan & Chip Heath (2005). “Emotional and deliberative reactions to a public crisis: Mad Cow Disease in France.” <i>Psychological Science</i>, 16, 247-254.</p> <p>*“Attention-Induced Trading and Returns: Evidence from Robinhood Users,” Brad M. Barber, Xing Huang, Terrance Odean, Christopher Schwarz, <i>J. Finance</i>, 77(6), December (2022): 3141-3190.</p> <p>*Bass, Frank (1969). “A new product growth model for consumer durables,” <i>Management Science</i>, 15(5), pp. 215–227.</p> <p>*Vijay Mahajan, Eitan Muller, Frank M. Bass, “Diffusion of New Products: Empirical</p>	<p>HW 6: Biased Social Learning from Payoffs</p>

		Generalizations and Managerial Uses ,” <i>Marketing Science</i> , 14(3) Supp., Summer 1995, G79-G88.	
Week 13 11/21	Diffusion of Investing Ideas	<p>Social Finance <i>Annual Review of Financial Economics</i>, 13, November 2021, Theresa Kuchler and Johannes Stroebel.</p> <p><i>Does contagion in ideas about investment drive local biases, bubbles and crashes?</i></p> <p>Robert J. Shiller, “Narrative Economics,” 2017, <i>American Economic Review</i>, Vol. 107, no. 4, April, pp. 967-1004.</p> <p>David Hirshleifer, Presidential Address: Social Transmission Bias in Economics and Finance, <i>Journal of Finance</i>, 75(4), August (2020):1779-1831.</p> <p>*Gelman, Michael and Hirshleifer, David and Levi, Yaron and Reiter Gavish, Liron, Social Interaction Intensity and Investor Behavior July (2024).</p> <p>*Lasse Heje Pedersen, “Game on: Social networks and markets,” <i>Journal of Financial Economics</i> 146(3), December (2022):1097-1119.</p> <p>*Burnside, C.; Eichenbaum, M.; and Rebelo, S. T.. “Understanding Booms and Busts in Housing Markets.” <i>Journal of Political Economy</i>, 124 (2016), 1088–1147.</p> <p>*Jeffrey R. Brown, Zoran Ivkovic, Paul A. Smith, & Scott Weisbenner, (2008). "Neighbors Matter: Causal Community Effects and Stock Market Participation," <i>Journal of Finance</i>, 63(3), 1509-1531, 06.</p> <p>*Cookson, J. Anthony; Fox, Corbin; Gil-Bazo, Javier; Imbet, Juan Felipe; and Schiller, Christoph, “Social Media as a Bank Run Catalyst,” April, (2023).</p> <p>*Duflo, E. and E. Saez, 2003, The role of information and social interactions in retirement plan decisions: Evidence from a randomized experiment, <i>Quarterly Journal of Economics</i>, 118, 815–842.</p>	Quiz 5

		<p>*Shive, S. “An Epidemic Model of Investor Behavior.” <i>Journal of Financial and Quantitative Analysis</i>, 45 (2010), 169–198.</p> <p>*Hirshleifer, David A. and Peng, Lin and Wang, Qiguang, “News Diffusion in Social Networks and Stock Market Reactions,” forthcoming, <i>Review of Financial Studies</i>.</p>	
Week 14 11/28	THANKSGIVING HOLIDAY		
Week 15 12/5	Social Transmission of Firm Behavior, Strategy, and Innovation	<p>“Behavioral and Social Corporate Finance,” Henrik Cronqvist and Désirée-Jessica Pély, <i>Oxford Research Encyclopedia of Economics and Finance</i> (2019).</p> <p>Moonshots, Investment Booms, and Selection Bias in the Transmission of Cultural Traits, David Hirshleifer and Joshua Plotkin, <i>Proceedings of the National Academy of Sciences</i>, June 29, 2021, 118 (26) e2015571118.</p> <p><i>It is often alleged that managers are subject to irrational fads. What is the evidence about social influence and information transmission between firms and managers?</i></p> <p>*Peng-Chia Chiu, Siew Hong Teoh, Feng Tian, “Board Interlocks and Earnings Management Contagion,” <i>Accounting Review</i>, 88(3), (May 2013):915-944.</p> <p>*Haunschild P., Interorganizational Imitation: The Impact of Interlocks on Corporate Acquisition Activity. <i>Administrative Science Quarterly</i> (1993) 38:564–92.</p> <p>*Patricia Dechow and Samuel Tan, “How Do Accounting Practices Spread? An Examination of Law Firm Networks and Stock Option Backdating,” <i>Accounting Review</i> (2021), 96(1):431–464.</p> <p>*Graham, John; Grennan, Jillian, Harvey, Campbell; and Rajgopal, Shivaram, “Corporate Culture: Evidence from the Field,” <i>Journal of Financial Economics</i>, November (2022), 146(2): 552-593.</p>	HW 7: Biased Social Learning from Actions

		<p>*“Lost in translation? The effect of cultural values on mergers around the world,” Kenneth Ahern, Daniele Daminelli and Cesare Fracassi, <i>Journal of Financial Economics</i>, 117(1), (July 2015):165-189.</p> <p>*Shue K. 2013. Executive networks and firm policies: evidence from the random assignment of MBA peers. <i>Rev. Financ. Stud.</i> 26(6):1401–42.</p> <p>*Hirshleifer, David A. and Teoh, Siew Hong, “Thought and Behavior Contagion in Capital Markets,” ch. 1, <i>Handbook of Financial Markets: Dynamics and Evolution</i>, 2009, Thorsten Hens and Klaus Schenk-Hoppe, eds.</p> <p><i>Humans are exceptional in having cumulative modification of culture, resulting in continual improvement in technology and business methods. These come from combining cultural traits effectively. Combinations of cultural traits that fit well together are sometimes called ‘assemblies.’ What causes assemblies to form and evolve?</i></p> <p>Fragale, Alison & Chip Heath (2004). “Evolving informational credentials: The (mis)attribution of believable facts to credible sources.” <i>Personality and Social Psychology Bulletin</i>, 30, 226-236. (mentioned earlier in reading list)</p> <p>*Bangerter, Adrian & Chip Heath (2004). “The Mozart Effect: Tracking the evolution of a scientific legend.” <i>British Journal of Social Psychology</i>, 43, 605-623. (mentioned earlier in reading list)</p>	
<p>Class paper due 12/12</p>		<p>No final exam. Due date and time for the paper as course summative experience is per USC Final Exam Schedule.</p>	<p>Critical review or research paper due <u>Thursday</u> <u>December 12,</u> <u>2:00 PM</u></p>

OPEN EXPRESSION AND RESPECT FOR ALL

An important goal of the educational experience at USC Marshall is to be exposed to and discuss diverse, thought-provoking, and sometimes controversial ideas that challenge one's beliefs. In this course we will support the values articulated in the USC Marshall "[Open Expression Statement](#)."

STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

Academic Integrity:

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, compromises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see [the student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University's educational programs. [The Office of Student Accessibility Services](#) (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems:

[Counseling and Mental Health](#) - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

[988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

[Reporting Incidents of Bias or Harassment](#) - (213) 740-5086 or (213) 821-8298

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

[The Office of Student Accessibility Services \(OSAS\)](#) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

[USC Campus Support and Intervention](#) - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

[Diversity, Equity and Inclusion](#) - (213) 740-2101

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

[USC Emergency](#) - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

[USC Department of Public Safety](#) - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call

Non-emergency assistance or information.

[Office of the Ombuds](#) - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

[Occupational Therapy Faculty Practice](#) - (323) 442-2850 or otfp@med.usc.edu

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

Revised 07/2023; emergency web site moved 12/18/23

PEER EVALUATION FORM

Grades for individual student contributions to team projects are assigned by me, based on my observations of the team's working dynamics, my assessment of the team's project quality, and thoughtful consideration of the information provided through your peer evaluations.

Please identify your team and team members for each project that you worked on. Then rate all your team members, *including yourself*, based on the contributions of each team member for the selected assignment according to the criteria listed below. On a scale of 0 - 2 with 0 equal to does not meet expectations, 1 meets expectations and 2 exceeds expectations, rate each person on each of the five criteria. Last, add up the points for each person with the maximum number of points for each person being 10.

Name: _____ Project: _____

Team Members/ Assessment Criteria of Team Contributions	Team Member 1	Team Member 2	Team Member 3	Team Member 4	Yourself
1. Role Performance					
2. Assists Team Members					
3. Listening and Discussing					
4. Research and Information Sharing					
5. Time Management					
Total					

Comments: