



**ALVIN CHEN**

*From Sweden to France*



Project: **Innovation and Pivots**

Research topic: **Economy & Finance**

Swedish Institution: **Stockholm School of Economics**

French Institution: **Hautes Etudes Commerciales de Paris (HEC)**

Dates of mobility: **14/10/2023 to 22/10/2023**

Program: **SFVE-A**



## PRESENTATION

Alvin Chen completed his business, international studies, and mathematics bachelor's degrees at the [University of Washington](#), where he later obtained his PhD. His areas of interest in study are information economics, contract theory, and corporate finance |

## ACTIVITIES IN FRANCE

During his visit to [HEC Paris](#), he focused on developing a theoretical framework highlighting two important economic forces in this context. The first is a competition effect often emphasized by the industrial organization literature. The possibility of a rival firm pivoting to the focal firm's competitive space, if its innovation is successful, dampens its incentive to invest in innovation. The profits from a successful innovation may have to be shared with a rival firm. However, there is a second countervailing force. The possibility of pivoting after learning about the successes of a rival firm's innovation increases the value of resolving uncertainty about the quality of the focal firm's own innovation. This real option effect increases its incentive to invest in innovation. The cost failure is lower because the rival firm may pivot to a different business idea. In addition to working with his co-author, the visit also gave him the opportunity to interact and discuss research ideas with many other finance faculty HEC Paris. He spoke to [Paul Voss](#) about his ongoing project about decoupling cash flow and voting rights. In particular, they discussed how noise trading can be effectively modeled as the result of shareholders' needs (e.g., liquidity, hedging). He discussed with [Ciaran Rogers](#) about his ongoing project about why people in the U.S. under-insure against adverse health shocks. He also discussed his research with [Jacques Olivier](#), who put him in touch with [Federica De Stefano](#), a faculty member in the management department at HEC Paris with similar research interests. He also attended a research seminar by [Lakshmi Naaraayanan](#), who presented his work on whether energy efficiency standards also lead to investments that reduce carbon emission. |