

THE EDUCATION UNIVERSITY OF HONG KONG
FACULTY OF LIBERAL ARTS AND SOCIAL SCIENCES

Research Output Prize
for the Dean's Research Fund 2021/22

Brief Introduction of Awardee's
Research Output/Publication and Future Research Development

Awardee (Dept):	<u>Dr Tan Weiqiang, Associate Professor (SSC)</u>
Publication/Research Output Title/project:	<u>Good Days, Bad Days: Stock Market Fluctuation and Taxi Tipping Decisions</u>

A. *Briefly introduce your research output/publication for which you have received the prize.*

In the research output, we investigate the question in a reverse manner and query how stock market fluctuations affect investor mood.

We advance the concurrent literature that focuses on outcomes that occurs only during downward market (such as hospital admissions and domestic violence) and is thus unsuccessful in investigating the effect of positive market returns (e.g., Engelberg and Park, 2016; Lin and Pursiainen, 2018). The tipping measure we adopt is symmetric and can capture variations in consumer's both excitement and discontent.

We conduct time series regressions to analyze whether stock market fluctuation has an impact on the well-being of investors as inferred from tip amounts. We also examine the speed and extent of this impact. We also investigate whether the responses exhibit heterogeneity in positive and negative changes of wealth and find that the responses are primarily driven by loss instead of gain. On days with extremely negative returns, individuals cut the tipping ratio by four times more, with a 1% level of significance. However, we do not observe a similar jump in tipping on days with extremely positive returns.

To assess the economic significance of the effect described in our paper, we also infer a ballpark number for the total economic gains/losses associated with market fluctuations in the NYC taxi industry. Our estimates imply that annual stock market-induced tip revenue ranges from -US\$17.5 million to US\$12.9 million during our sample period.

B. *How you used/will use your prize and perhaps its usefulness to your research development?*

I plan to use the prize for hiring a research assistant to support my ongoing collaboration with several overseas and local academics on household finance and financial literacy education.

C. *Expected research outcomes/outputs/impacts arising from this prize.*

I am now preparing some related papers. I hope that at least one paper will be published in a leading journal.