

COM 590: CONSTITUTING ECONOMIC COMMUNICATION

Proposed Independent Study for Fall

COURSE RATIONALE:

This course is an overview of how rational expectations theory and its tenets pervades communication and interdisciplinary theory, research, and practice. Rational expectation theory is an economic theory applied to inflation, interest rates, the behavior of exchange rates, etc. It assumes rationality in public expectations of (for example) the future of inflation rates, interest rates, rental rates, and income, thereby allowing public behavior to influence these rates (Shiller, 1978). However, this theory would benefit from communication and interdisciplinary theory. As a result, this course would provide the student with an introduction to the intersection of economics, organizational behavior, and management to better understand how economics/management are communicatively constructed and identify potential areas in which economic theory and economic behavior would benefit from a communicative approach.

No other seminars in the department directly address how the economics and management literature can interact with communication theory. Thus, an independent study in this area seems appropriate, and would greatly add to the student's plan of study's major and minor areas.

COURSE OBJECTIVES:

At the conclusion of this course, the student will be able to: explain key theories and concepts related to Rational Expectations Theory and management; identify key scholarship that approaches economics communicatively; and critically assess management and economic literature to identify areas or theories that would benefit from communication scholarship. Furthermore, the student will have identified potential future research interests and have a paper ready to send to a conference or for publication.

This 590 will fit in the major area (Organizational Communication) of the student's Plan of Study. This independent study will expose the student to a wide variety of literature within the field of economics and management (through a communicative lens), of which the student has expressed interest in and had difficulty finding a course in which to further explore this topic.

COURSE REQUIREMENTS:

- (1) Weekly meetings will occur every Friday to discuss readings, review progress, and discuss next steps.
- (2) For each week, the student will also turn in a reflection of the week's readings, which will include what the student thinks is the most important idea from the week's readings and make connections to different required readings, identify potential gaps in the literature, and any potential research ideas. This will account for 20% of the student's final grade.

- (3) The student will develop a research proposal (due by the 4th week of the semester) and develop a survey instrument and submit to IRB. This will account for 20% of the student's final grade.
- (4) The student will complete a final research paper in the form of a critical essay (which may be a case study) due by the final week of the semester. The subject must strongly connect in some way to the course topics and readings. The final paper should be conference length (15-20 pages, plus references), and the instructor will approve the topic in advance. The paper will use APA documentation. As part of this assignment, the student will identify a potential outlet for the work, such as a conference, a book chapter, or an academic journal. This will account for 60% of the student's final grade.

COURSE CALENDAR (tentative):

Week 1: August 29

Introduction

Primary Readings:

Tan, J. E. (2012). *Gender and the coordinated management of meaning in women's perception of finance* (Unpublished doctoral dissertation). Purdue University, West Lafayette.

Secondary Readings:

Clair, R. P., & Thompson, K. (1996). Pay discrimination as a discursive and material practice: A case concerning extended housework. *Journal of Applied Communication Research*, 24, pp. 1-20.

Allsopp, V. (1997). Economics, canonizing discourse, and the case for interdisciplinarity. *Journal of Area Studies*, 5(11), pp. 83-103.

Wildman, S. S. (2008). Communication and economics: Two imperial disciplines and too little collaboration. *Journal of Communication*, 58, pp. 693-706.

MacKenzie, D. (2005). Opening the black boxes of global finance. *Review of International Political Economy*, 12(4), pp. 555-558.

Rubino, C. A. (2000). The politics of certainty: Conceptions of science in an age of uncertainty. *Science and Engineering Ethics*, 6(4), pp. 499-508.

Week 2: September 5

Introduction, cont.

Primary Readings:

Browning, R. X. (Ed.). (2014). *The C-SPAN Archives: An interdisciplinary resource for discovery, learning, and engagement*. West Lafayette, IN: Purdue University Press.

Kuhn, T. (2008). A communicative theory of the firm: Developing an alternative perspective on intra-organizational power and stakeholder relationships. *Organizational Studies*, 29(8), pp. 1227-1254.

Week 3: September 12

Gender and politics, cont.

Primary Readings:

Browning, R. X. (Ed.). (2014). *The C-SPAN Archives: An interdisciplinary resource for*

discovery, learning, and engagement. West Lafayette, IN: Purdue University Press.

Secondary Readings:

- Clatworthy, M., & Jones, M. J., (2003). Financial reporting of good news and bad news: Evidence from accounting narratives. *Accounting and Business Research*, 33(3), pp. 171-185.
- Jameson, D. (2007). The rhetoric of financial decision making: An analysis of public discourse concerning the new Washington convention center. *Journal of Convention and Event Tourism*, 8(4), pp. 47-61.
- Mazur, A. (2009). How bad can a crisis be if it does not top the news?. *Risk Analysis*, 29(6), pp. 793-795.
- Gowthorpe, C. (2004). Asymmetrical dialogue? Corporate financial reporting via the Internet. *Corporate Communications*, 9(4), pp. 283-293.

Week 4: September 19

Rationality and Communication

Primary Readings:

- Mumby, D. K., & Stohl, C. (1996). Disciplining organizational communication studies. *Management Communication Quarterly*, 10(1), pp. 50-72.
- Buzzanell, P. M. (1994). Gaining a voice: Feminist organizational communication theorizing. *Management Communication Quarterly*, 7(4), pp. 339-383.
- Buzzanell, P. M. (1995). Reframing the glass ceiling as a socially constructed process: Implications for understanding and change. *Communication Monographs*, 62(4), pp. 327-354.

Secondary Readings:

- Barberis, N., & Thaler, R. (2003). A survey of behavioral finance. In G. M. Constantinides, M. Harris, & R. M. Stulz (Eds.) *Handbook of the economics of finance*. Oxford, UK: Elsevier.
Read Ch. 18 pp. 1053-1128.
- Arthur, W. B., Holland, J. H., LeBaron, B., Palmer, R., & Tayler, P. (1996). *Asset pricing under endogenous expectations in an artificial stock market* (Unpublished doctoral dissertation). Brunel University, London.

Paper proposal (1-2 pages) due

Week 5: September 26

Rationality and Communication, cont.

Primary Readings:

- Deetz, S. (1992). *Democracy in an age of corporate colonization: Developments in communication and the politics of everyday life*. New York, NY: State University of New York Press.
Chps. 1-4

Secondary Readings:

- Heldenbergh, A., & Scoubeau, C. (2005). The role of financial communication in public share

- issues: An analysis of the Belgian experience. *Corporate Communications*, 10(3), pp. 189-200.
- Bernd, H., & Neuenkirch, M. (2013). Does the currency board matter? US news and Argentine financial market reaction. *Applied Economics*, 45(28), pp. 4034-4040.
- Hutchins, H. R. (1994). Annual reports: Earning surprising respect from institutional investors. *Public Relations Review*, 20(4), pp. 309-317.
- Klumpp, T. (2007). Communication in financial markets with several informed traders. *Economic Theory*, 33(3), pp. 437-456.

Attend Lecture: Abby Stewart, University of Michigan 9:30-11 a.m.

Week 6: October 3

Primary Readings:

- Deetz, S. (1992). *Democracy in an age of corporate colonization: Developments in communication and the politics of everyday life*. New York, NY: State University of New York Press.
- Chps. 5-8**

Secondary Readings:

- Chen, Y-C., Li, P-C., & Arnold, T. J. (2013). Effects of collaborative communication on the development of market-relating capabilities and relational performance metrics in Industrial markets. *Marketing Management*, 42(8), pp. 1181-1191.
- Healy, P. M., & Palepu, K. G. (1995). The challenges of investor communication: The case of CUC International, Inc. *Journal of Financial Economics*, 38(2), pp. 111-140.
- Ko, K. W. (2008). Financial integration, information and communication technology, and macroeconomic volatility: Evidence from ten Asian economies. *Research in International Business and Finance*, 22(2), pp. 124-144.

Week 7: October 10

Primary Readings:

- Deetz, S. (1992). *Democracy in an age of corporate colonization: Developments in communication and the politics of everyday life*. New York, NY: State University of New York Press.
- Chps. 9-12**

Secondary Readings:

- Johnston, M., K., Reed, K., Lawrence, K., & Onken, M. (2007). The link between communication and financial performance in simulated organizational teams. *Journal of Managerial Issues*, 19(4), pp. 536-553.
- Hayo, B., & Neuenkirch, M. (2012). Bank of Canada communication, media coverage, and financial market reactions. *Economics Letters*, 115(3), pp. 369-372.
- Hussainey, K., & Walker, M. (2009). The effects of voluntary disclosure and dividend propensity on prices lending earnings. *Accounting and Business Research*, 39(1), pp. 37-55.
- Alexander, R. M., & Gentry, J. K. (2014). Using social media to report financial results. *Business Horizons*, 57(2), pp. 161-167.

Week 8: October 17**Human Resource Management***Primary Readings:*

Miller, V. & Gordon, M. (2014). *Meeting the challenges of Human Resource Management: A Communication Perspective*. New York, NY: Routledge.

Read Ch. 1, 2, 4, 5, 8

Secondary Readings:

Harel, G. H., & Tzafrir, S. S. (1999). The effect of human resource management practices on the perceptions of organizational and market performance of the firm. *Human Resources Management*, 38(3), pp. 185-199.

Schuler, R. S., & MacMillan, I. C. (1984). Gaining competitive advantage through human resource management practices. *Human Resource Management*, 23(3), pp. 241-255.

Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), pp. 635-672.

Becker, B., & Gerhart, B. (1996). The impact of human resource management on organizational performance: Progress and prospects. *Academy of Management Journal*, 39(4), pp. 779-801.

Week 9: October 24**Rational Expectations Theory***Primary Reading:*

Muth, J. F. (1961). Rational expectations and the theory of price movements. *Econometrica*, 29(3), pp. 315-335.

Sargent, T. J., & Wallace, N. (1976). Rational expectations and the theory of economic policy. *Journal of Monetary Economics*, 2(2), pp. 169-183.

Shiller, R. J. (1978). Rational expectations and the dynamic structure of macroeconomic models: A critical review. *Journal of Monetary Economics* 4(1), pp. 1-44.

Krugman P. (1979). A model of balance-of-payments crises. *Journal of Money, Credit and Banking*, 11(3), pp. 311-325.

Secondary Reading:

VanRiel, C. B. M. (1992). Corporate communication in European financial institutions. *Public Relations Review*, 18(2), pp. 161-175.

Heldenbergh, A., Scoubeau, C., Arnone, L., & Croquet, M. (2006). The financial communication during a period of transition; The case of banks and insurance companies in Belgium. *Corporate Communications*, 11(2), pp. 174-188.

Taylor, G., Tower, G., & Neilson, J. (2010). Corporate communication of financial risk. *Accounting & Finance*, 50(2), pp. 417-446.

Week 10: October 31**Rational Expectations Theory, cont.***Primary Reading:*

Babe, Robert E. (1995). *Communication and the transformation of economics: Essays in information, public policy, and political economy*. Boulder, CO: Westview Press, Inc.
Read Ch. 3, 4

Lewis, M. (2012). *Boomerang: Travels in the new third world*. New York, NY: W.W. Norton & Company, Inc.

Secondary Reading:

Guillamon-Saorin, E., & Martinez-Lopez, F. J. (2013). Corporate financial communication and the internet: Manipulating investor audiences?. *Online Information Review*, 37(4), pp. 518-537.

Lamla, M. J., & Lein, S. M. (2011). What matters when? The impact of ECB communication on financial market expectations. *Applied Economics*, 43(28), pp. 4289-4309.

Born, B., Ehrmann, M., & Fratzscher, M. (2014). Central Bank communication on financial stability. *The Economic Journal*, 124(577), pp. 701-734.

Week 11: November 7

Finance and Communication

Primary Reading:

Edwards, R., Allen, M. W., & Hayhoe, C. R. (2007). Financial attitudes and family communication about students' finances: The role of sex differences. *Communication Reports*, 20(2), pp. 90-100.

Allen, M. W., Edwards, R., Hayhoe, C. R., & Leach, L. (2007). Imagined interactions, family money management patterns and coalitions, and attitudes toward money and credit. *Journal of Family and Economics Issues*, 28(1), pp. 3-22.

Kavesh R. A., Garbade, K. D., & Silber, W. L. (1978). Technology, communication and the performance of financial markets: 1840-1975. *Journal of Finance*, 33(3), pp. 819-832.

Secondary Reading:

Greenspan, A. (1999, March 19). Remarks by Chairman Alan Greenspan: Financial derivatives. Retrieved from <http://www.federalreserve.gov/boarddocs/speeches/1999/19990319.htm>.

Palley, T. I. (2007). Financialization: What it is and why it matters. *The Levy Economics Institute*. Working paper (25), pp. 1-31. Retrieved from http://www.levyinstitute.org/pubs/wp_525.pdf.

Snider, D., & Howard, C. (2010) *Money makers: Inside the new world of finance and business*. New York, NY: St. Martin's Press.

Read Ch. 1-4.

Week 12: November 14

Finance and Communication, cont.

Primary Reading:

Colander, D. C., Föllmer, H., Haas, A., Goldberg, M., Juselius, K., Kirman, A., Lux, T., & Soth, B. (2009). The financial crisis and the systemic failure of academic economics. Kiel working paper, No. 1489. In: Kiel Institute for the World Economy: Kiel (Ed).

Hope, W. (2010). Global financial crisis: Time, communication, and financial collapse. *International Journal of Communication*, 4, pp. 649-669.

Lewis, M. (2014). *Flash boys*. New York, NY: W.W. Norton & Company, Inc.

Read Ch. 1-4*Secondary Reading:*

Davidow, W. (2011). *Overconnected: The promise and threat of the Internet*. Delphinium Books.
 McGowan, M. J. (2010). The rise of computerized high frequency trading: Use and controversy.

Duke Law & Technology Review, 16.

Kaplan, M. (2003). Iconomics: The rhetoric of speculation. *Public Culture*, 15(3), pp. 477-494.

Hilsenrath, J. & DiLeo, L. (2011, Dec. 5). Federal Reserver prepares to make itself perfectly clear. *The Wall Street Journal*. Retrieved from

<http://online.wsj.com/news/articles/SB10001424052970204083204577078601620105164>.

Week 13: November 21**The construction of capital***Primary Readings:*

Piketty, T. (2014). *Capital in the twenty-first century*. France: Éditions du Seuil.

Read Ch. 1-4

Eisinger, J. (2014, April 30). Why only one top banker went to jail for the financial crisis. *The New York Times Magazine*, p. MM34.

Secondary Readings:

Holmes, D. R. (2014). *Economy of words: Communicative imperatives in central banks*. Chicago, IL.: The University of Chicago Press.

Holmes, D. R. (2014, Feb. 1). How the Fed learned to talk. *The New York Times*, p. SR4.

Retrieved from <http://www.nytimes.com/2014/02/02/opinion/sunday/how-the-fed-learned-to-talk.html>.

Week 14: November 28 (Thanksgiving Break)

No meeting

Week 15: December 5**The construction of capital***Primary Readings:*

Piketty, T. (2014). *Capital in the twenty-first century*. France: Éditions du Seuil.

Read Ch. 5-16 and conclusion*Secondary Readings:*

Heilbroner, R. L. (1995). *The worldly philosophers: The lives, times, and ideas of the great economic thinkers*. New York, NY: Touchstone.

Read Ch. 1, 2

Campbell, J. Y., et al. (2011). Consumer financial protection. *Journal of Economic Perspectives*, 25(1), pp. 91-114.

Week 16: December 12

Final Paper Due