Research Statement
Scott Jones

My primary area of interest is in empirical investments focusing on household investment and saving behavior. Specifically, I study the equity market participation puzzle, which asks why more than half of US households fail to take advantage of the equity premium (non-participation rates are even higher in many other countries). In my job market paper, "Debt and Stock Market Participation," I evaluate two implicit assumptions in extant literature. Specifically, by using wealth or assets to control for fixed costs of participation, the literature assumes either (1) debt and assets equally affect stock market participation or (2) debt does not affect stock market participation, respectively. In other words, using wealth to control for fixed costs of stock market participation implicitly assumes that a $1 increase in assets and a $1 decrease in debt equally impact stock market participation, while using assets implicitly assumes debt has zero impact on participation. Using data from the American Life Panel, I empirically test these assumptions and find that debt has a significantly larger impact on stock market participation than assets. Further, I document that while all consumer debts decrease stock market participation, some types of debt have a bigger impact than others. Specifically, credit card debt and auto loans have a much larger negative affect on stock market participation than other debt types. My findings also help to explain an even more puzzling aspect of the literature – nonparticipation among wealthy households. I find that debt can explain nonparticipation among wealthy households beyond what wealth and assets are able to explain. My results are consistent with debt capturing both fixed costs of stock market participation *and* behavioral factors such as impulsivity and moral licensing (the idea that individuals use past "good choices" to justify "bad choices" today).

My second working paper, "Job satisfaction and Stock Market Participation" examines the relationships between job satisfaction, stock market participation, expected returns, and perceived risk. On one hand, individuals with lower job satisfaction tend to retire earlier, which should lead to an increase in the likelihood of stock market participation. On the other hand, job satisfaction is negatively correlated with neuroticism and those predisposed to neuroticism tend to focus on the negative. As a result, lower job satisfaction may lead to lower expected returns, higher perceived risk, and lower stock market participation. Empirically, that latter effect appears to dominate. Even when controlling for standard covariates (e.g., wealth, income, age, and gender), lower job satisfaction is strongly associated with lower stock market participation. My most recent project, "Hate Crimes and Household Financial Decision Making," uses restricted data from the American Life Panel combined with hate crime data from the FBI to investigate how hate crimes inspired by racism, sexism, and religious bias affect the investing behavior, savings behavior, and expectations of those in the affected groups. I find that hate crimes lead to lower investing and savings as well as lower expectations for future housing prices and stock market performance.

I am also interested in the relationship between macroeconomic factors and household investing behavior. My work-in-progress "Labor Unemployment Risk and Investment Behavior" (with Hyuksoon Lim) uses changes in state unemployment insurance laws to show that individuals are more likely to participate in the stock market when unemployment risk declines. Our results suggest that when unemployment risk is high, individuals prefer to hold their precautionary savings in safer assets. Individuals with lower unemployment risk are more tolerant of the higher risk associated with equity holdings.

In my future research, I plan to further explore household financial decision making, as well as other topics in empirical investments. My CV contains detailed abstracts of all the above articles.