How Does Human Capital Risk Affect Household Risk-Taking?

Jun Kyung Auh, McDonough School of Business, Georgetown University
Antonio Falato, Federal Reserve Board
Hyunseob Kim, Samuel Curtis Johnson Gradual School of Management, Cornell University

In the proposed project, we seek to understand the empirical link between the riskiness of individuals' human capital (e.g., labor income) and their risk-taking decisions. Theory suggests that individuals with greater human capital risk (e.g., riskier labor income) would hold less risky assets in their portfolios (e.g., Viceira, 2001; Santos and Veronesi, 2006; Parlour and Walden, 2011). However, most of the existing empirical evidence testing this prediction is based on cross-sectional variation in labor income risk and portfolio choice, and focuses on the decision to hold risky vs. safe assets (e.g., equity vs. cash) (e.g., Guiso, Jappelli, and Terlizzese, 1996; Vissing-Jorgensen, 2002; Betermier et al., 2012). In this project, we propose to depart from the previous research in the following two important ways.

First, we will measure plausibly exogenous changes in workers' labor income risk by using the opening of a large manufacturing plant (often referred to as "Million Dollar Plants") in a local labor market (e.g., county or MSA). We argue that an expanded labor market due to a new large employer reduces job research costs, which in turn leads individuals to perceive their human capital to be less risky (Moretti, 2011; Kim, 2015). In particular, we will use hand-collected information on the counties that were ultimately successful in attracting new large plants ("winners"), and on the counties that were the new plants' runner-up choices ("runners-up").[1] Under the identifying assumption that the winner and runner-up counties are comparable (which is plausible given that the winner and runner-up counties are the final two among dozens of locations that initially bid to "win" the plant), our empirical strategy identifies the causal effect of labor income risk on households' risk-taking behavior, particularly financial decisions.[2]

Second, we will go beyond households' portfolio allocation decisions (particularly between stocks and safe assets) and explore broader implications for household decisions related to risk-taking and credit usage. In particular, we will obtain household-level data on comprehensive debt usage, including

[1] Greenstone, Hornbeck, and Moretti (2010) use 47 "MDP" events from 1981-1993. We follow their approach to collecting plant opening events but use MDP cases from 2000-2010 to merge them with Equifax, from which we draw information on households' financial decisions.

[2] Consistent with this argument that winners and runners-up are similar prior to the plant opening, Greenstone, Hornbeck, and Moretti (2010) and Kim (2015) show the winner and runner-up counties and firms there in are statistically equivalent in terms of the number of manufacturing plants, average employment and output per plant, and output growth rate before a plant opening. Moreover, after the plant opening, the winner county experiences an increase in manufacturing workforce by 25% relative to the runner-up, suggesting the size of the labor market increases in the winner county.

mortgages and consumer credit card balances and utilization limits from New York Federal Reserve's Equifax Consumer Credit Panel ("Equifax"), which is a proprietary consumer credit dataset. We will also draw household-level characteristics that may affect financial decisions, such as FICO score and income from the dataset. We will draw a five percent random sample from Equifax, which will result in a panel of individual households with comprehensive quarterly information on key dimensions of debt usage (credit balances and limits) as well as relevant household-level information on age; census tract of the primary residence; and the Equifax Risk Score from 1999-2015. By combining the Equifax data with data on the large plant openings from 2000 to 2010, we will be able to provide credible estimates for the effect of human capital risk on households' risk-taking behaviors.

This project will contribute to the literature on financial and labor economics, as well as for policy discussions. First, the results will highlight a key benefit of local "agglomeration" in terms of improved capacity for individuals' risk-taking. While there is existing evidence that large local labor markets (and local economies in general) could lead to increases in productivity (Greenstone, Hornbeck, and Moretti, 2010), wages (Glaeser and Maré, 2001) and innovative output (Moretti, 2011), there is little evidence for increased risk taking by individuals in those markets.[3] Second, the results will add to the literature on households' portfolio choice by providing micro evidence that individuals take into account human capital risk in their financial decisions that affect a broad range of balance sheet items (i.e., assets and liabilities) (Ameriks and Zeldes, 2004; Benzoni, Collin-Dufresne, and Goldstein, 2007). In addition, our identification strategy which relies on revealed rankings of plant location choices could provide credible estimates for the empirical link.

[3] Kim (2015) shows that an expansion of local labor market leads *firms* to take more financial risk by increasing debt usage in their capital structure.

References:

Ameriks, John, and Stephen P. Zeldes, 2004, How Do Household Portfolio Shares Vary with Age? Working paper, Columbia University.

Benzoni, Luca, Pierre Collin-Dufresne, and Robert S. Goldstein, 2007, Portfolio Choice over the Life-Cycle when the Stock and Labor Markets Are Cointegrated, Journal of Finance 62, 2123-2168.

Betermier, Sebastien, Thomas Jansson, Christine Parlour, and Johan Walden, 2012, Hedging Labor Income Risk, Journal of Financial Economics 105, 622-639.

Glaeser, Edward L. and David C. Maré, 2001, Cities and Skills, Journal of Labor Economics 19, 316–342.

Greenstone, Michael, Richard Hornbeck, and Enrico Moretti, 2010, Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings, Journal of Political Economy 118, 536–598.

Guiso, Luigi, Tullio Jappelli, Daniele Terlizzese, 1996, Income Risk, Borrowing Constraints, and Portfolio Choice, American Economic Review 86, 158-172.

Kim, Hyunseob, 2015, How Does Labor Market Size Affect Firm Capital Structure? Evidence from Large Plant Openings, Working paper, Cornell University.

Moretti, Enrico, 2011, Local Labor Markets, Handbook of Labor Economics, O. Ashenfelter and D. Card Eds., Elsevier, North Holland.

Parlour, Christine and Johan Walden, 2011, General Equilibrium Returns to Human and Investment Capital under Moral Hazard, Review of Economic Studies 78, 394-428.

Santos, Tano, and Pietro Veronesi, 2006, Labor Income and Predictable Stock Returns, Review of Financial Studies 19, 1-44.

Viceira, Luis M., 2001, Optimal Portfolio Choice for Long-Horizon Investors with Nontradable Labor Income, Journal of Finance 56, 433-470.

Vissing-Jorgensen, Annette, 2002, Toward an Explanation of Household Portfolio Choice Heterogeneity: Nonfinancial Income and Participation Cost Structures, Working paper, Northwestern University.

Itemized Budget:

We request funding to pay research assistants to support data cleaning and analysis, and the travel costs for the PIs to discuss empirical results and disseminate resulting research work at academic workshops and conferences. Total request: $13,000.

- Research assistants: $8,000
    - Graduate-level RAs: $20/hour × 20 hours/month × 20 weeks
    - Due to the confidentiality-driven restrictions and the size of data, we plan to hire graduate-level research assistants with strong data analysis capacity.
    - One of the PIs (Falato) has access to Equifax data via the Federal Reserve System which he is affiliated with.

- Travel: $5,000
    - PIs travel to discuss empirical results and present resulting paper: $1,000/travel × 5 travels (e.g., 3 for discussion and 2 for presentation).
    - Part of our analysis is based on confidential information, and therefore, PIs are required to travel to the data depository (in Washington D.C.) time to time.

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Current Appointment

McDonough School of Business, Georgetown University, Washington, DC — 2014-Present
Assistant Professor of Finance, Finance Division

Education

Ph.D. in Finance and Economics, GSB, Columbia University, New York, NY — 2014
M.Phil. in Finance and Economics, GSB, Columbia University, New York, NY — 2011
M.A. in Mathematics, Columbia University, New York, NY — 2009
B.B.A. Korea University, Seoul, Korea — 2005

Research Interests

Financial Intermediation
Household Leverage Choices
Debt Contracts: Repo and Corporate Bond
Creditors' Right and Bankruptcy Code
Credit Ratings and Credit Rating Agencies

Previous Positions

Merrill Lynch, Singapore — Summer 2010
External Consultant, Commodity Derivatives Trading, GCIP

Deutsche Bank AG, New York / London — 2007-2009
Vice President, Exotic Option Trading, Global Market

Deutsche Bank AG, London / Hong Kong — 2005-2007
Analyst/ Associate, Quantitative Product Engineering, Global Market

Teaching Experiences

(Undergraduate) Business Financial Management (Corporate Finance I) — Spring 2017
(Undergraduate) Advanced Financial Management (Corporate Finance II) — Fall 2014 & 2015
(PhD) Finance Theory I, Teaching Assistant to Professor Larry Glosten — Spring 2014
(MBA) Macroeconomics, Teaching Assistant to Professor John Donaldson — Summer 2013
(MBA) Debt Market, Teaching Assistant to Professor Charles Jones — Spring 2013
(EMBA/MBA) Debt Market, Teaching Assistant to Professor Suresh Sundaresan — Spring & Fall 2012
(MBA) Macroeconomics, Teaching Assistant to Professor John Donaldson — Fall 2011

Research Papers

"Procyclical Credit Rating Policy" (Revise and Resubmit at *Journal of Financial Economics*)
Winner, Cubist Systematic Strategies Ph.D. Candidate Award and KAFA Best Doctoral Dissertation Award
Finalist, Olin Business School Best Finance Ph.D. Dissertation Award

Abstract: This paper studies whether credit rating agencies applied consistent rating standards to U.S. corporate bonds over the expansion and recession periods between 2002 and 2011. Based on estimates of issuing firms' credit quality from a structural model, I find that rating standards are in fact procyclical: ratings are stricter during an economic downturn than an expansion. As a result, firms receive overly pessimistic ratings in a recession, relative to during an expansion. I further show that a procyclical rating policy amplifies the variation in corporate credit spreads, accounting for, on average, 11 percent of the increase in spreads during a recession. In the cross section, firms with a higher rollover rate of debt, fewer alternative channels to convey their credit quality to the market, and firms that are more sensitive business to economic cycles are more affected by the procyclical rating policy.

"Repo Priority Right and the Bankruptcy Code", with Suresh Sundaresan

Abstract: This paper explores, when the bankruptcy code protects the creditors' rights with no impairments to secured creditors, issuance of debt such as repo with exemption from automatic stay adds no value. When the bankruptcy code admits violations of absolute priority rules or results in collateral impairments to secured creditors, the liability structure includes short-term debt, with safe harbor protection when the pledged collateral satisfies a minimum liquidity threshold. Safe harbor rights lead firms to issue more short-term debt, less long-term debt and increase the long-term spreads.

"Loan Terms and Collateral: Evidence from the Bilateral Repo Market", with Mattia Landoni
(Revise and Resubmit at *Journal of Finance*)
Winner, McGraw-Hill Distinguished Paper Award and Best Paper Award at CAFM

Abstract: We study secured lending contracts using a novel, loan-by-loan database of bilateral repurchase agreements in which borrower quality is fixed and collateral quality is known. Holding all risk factors constant except collateral quality, we show that loans on riskier collateral have higher spreads, that is, they remain riskier even though lenders require higher margins. We also document that lower-quality loans have longer maturity, driven by borrower rollover concerns. Our results suggest that maturity is not lenders' primary risk management tool. Holding loan quality constant (including collateral), we show that one point of spread substitutes for approximately 9 points of margin.

"The Full Story of Run", with Hayong Yun

Abstract: We examine the dynamics of lender coordination in collateralized loans. When collateral is endogenously chosen, there is a feedback channel between collateral requirements and lenders' decisions on credit supply. Substantial collateral provides lenders a higher recovery rate upon liquidation, but simultaneously, it incentivizes lenders to abandon their borrower prematurely. The feedback exacerbates a run as lenders further tightens collateral requirements upon a weak signal on borrower fundamental. Lenders factor this destabilizing role of collateral when setting ex-ante collateral requirements. Empirically, using an event of repo run, we find non-monotonic changes in collateral requirements. Upon an initial bad signal, lenders relax the requirement to avoid the borrower's default. As more negative news arrives, lenders exhaust their patience and rapidly reduce the credit supply until the borrower defaults. Lenders with a larger exposure and a closer lending relationships have a longer patience period, and their credit subsequently contracts at a more gradual pace. Our findings suggest a novel role of collateral: a medium of lender (mis)coordination. They also highlight the importance of lenders' incentives in collateralized loans.

Work in Progress

"Liquid Asset on Illiquid Asset: Evidence from ETF Markets", with Charles Jones and Mattia Landoni

"Corporate Bond Trading Pattern of Underwriting-Dealer", with You S. Kim

"Does Human Capital Risk Affect Individuals' Leverage Choice?", with Antonio Falato and Hyunseob Kim

"Total Economic Impact of Government Subsidies", with Jess Cornaggia

Presentations and Invited Conferences (Selected)

SFS Finance Cavalcase, Nashville TN	May 2017 (scheduled)
Cubist Systematic Strategies, New York	Feb 2017
American Finance Association Meeting, Chicago	Jan 2017
Conference on Asia-Pacific Financial Markets	Dec 2016
Paris Finance Conference	Dec 2016
Financial Management Association Meeting, Las Vegas	Oct 2016
Yonsei University, Korea	Sep 2016
University of Hong Kong, Singapore Management University, Peking University	Dec 2015
University of Colorado, Boulder CO	Oct 2015
European Finance Association Meeting, Vienna Austria	Aug 2015
Western Finance Association Meeting, Seattle WA	Jun 2015
Federal Reserve Board, Washington DC	May 2015
SFS Finance Cavalcade, Atlanta GA	May 2015
University of Washington Applied Economics Workshop	May 2015
American University Finance Seminar	Feb 2015
China International Conference in Finance, Chengdu China	Jul 2014
Western Finance Association Meeting, Monterey CA	Jun 2014
SFS Finance Cavalcade, Washington DC	May 2014
KAIST Finance Seminar, Seoul Korea	Mar 2014
Midwest Finance Association Meeting, Orlando	Mar 2014
University of Hong Kong, Nanyang Technological University, Federal Reserve Board, SKK GSB	Feb 2014
Georgetown University, University of Rochester, University of Washington, Boston University	Jan 2014
Olin Business School Corporate Finance Conference (Ph.D. poster session)	Nov 2013
Finance Lunch Seminar, Columbia Business School	Oct 2013
Financial Friction Colloquium, Department of Economics, Columbia University	Oct 2013
Econometric Society Australasian Meeting, Sydney	Jul 2013
LBS Trans-Atlantic Doctoral Conference, London	May 2013

Fellowship, Awards and Grants

CAFM Best Paper Award	2016
McGraw-Hill Distinguished Paper Award	2015
Cubist Systematic Strategies Ph.D. Candidate Award for Outstanding Research, *Winner*	2014
Olin Business School Best Finance Ph.D. Dissertation Award, *Finalist*	2013
KAFA Best Doctoral Dissertation Award, *Winner*	2013
W. Edwards Deming Doctoral Fellowship	2013
Chazen Institute of International Business Doctoral Research Grant	2013
LBS Trans-Atlantic Doctoral Conference Travel Grant	2013
KPMG Global Valuations Institute Research Grant	2011
Columbia Business School Doctoral Fellowship	2009-2014
The Bank of Korea Monetary Policy Competition, *First place winner*	2003

Professional Services

Program Committee for Colorado Finance Summit
Program Committee for European Finance Association
Ad-hoc reviewer for Journal of Banking and Finance, Journal of Corporate Finance, Review of Financial Studies

Committee and References

Professor Wei Jiang
Finance and Economics, Columbia GSB
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Others

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ANTONIO FALATO

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Citizenship: Italy, US green card

December 2016

EDUCATION

Ph.D. in Economics, Columbia University, 2004
M.A. in Economics, Bocconi University, 1998
B.A. (Laurea) in Economics, University of Rome "La Sapienza", 1997

ACADEMIC APPOINTMENTS

Economist, Board of Governors of the Federal Reserve System, 2006 - present
Assistant Professor of Finance, HEC School of Business, University of Montréal, 2004 – 2006
Visiting Assistant Professor of Finance, Smith School of Business, University of Maryland, 2005 – 2006

TEACHING EXPERIENCE

UMD, Corporate Finance (elective): MBA (rating 4.02); Undergraduate (2 sections, 3.97 and 4.16)
HEC, Corporate Finance (core): Undergraduate (2 sections, ratings 3.52 and 3.46 (out of 4))

FIELDS OF INTEREST

Corporate Finance: Empirical Methods; Labor and Finance; Applied Macro-Finance

HONORS AND AWARDS

Best Paper in Corporate Finance Award, Western Finance Association, 2013
Best Paper in Corporate Finance Award, European Finance Association, 2008
Best Paper Award, Econometric Society World Congress, 2006
Laurea (B.A.) with distinction (*summa cum laude* and honorable mention), 1997

PUBLICATIONS

1. "Do Creditor Rights Increase Employment Risk? Evidence from Loan Covenants" (with Nellie Liang) *Journal of Finance*, Volume 71, Issue 6, December 2016, pp. 2545-2590
2. "Which Skills Matter in the Market for CEOs? Evidence from Pay for CEO Credentials" (with Dan Li and Todd Milbourn) *Management Science*, Volume 61, Issue 12, December 2015, pp. 2845-2869
3. "Distracted Directors: Does Board Busyness Hurt Shareholder Value?" (with Dalida Kadyrzhanova and Ugur Lel) *Journal of Financial Economics*, Volume 113, Issue 3, September 2014, pp. 404-426
4. "Happiness Maintenance and Asset Prices," *Journal of Economic Dynamics and Control*, Volume 33, Issue 6, June 2009, pp. 1247-1262

WORKING PAPERS

5. "Rising Intangible Capital, Shrinking Debt Capacity, and the U.S. Corporate Savings Glut" (with Dalida Kadyrzhanova and Jae Sim) *Journal of Financial Economics*, R&R (revising for 2nd round submission) *Charles River Associates Award for Best Paper on Corporate Finance, WFA 2013*
6. "The Stock Market and Bank Risk-Taking" (with David Scharfstein) NBER Working Paper No. w22689 *Journal of Finance*, R&R (revising for 2nd round submission)
7. "Fire-Sale Spillovers in Debt Markets" (with Ali Hortaçsu, Dan Li and Chaehee Shin) under 1st round review

8. "The Bank Lending Loan Covenant Channel" (with Gabriel Chodorow-Reich)

WORK IN PROGRESS

1. "Bank Risk-Taking and the Real Economy: Evidence from the Housing Boom and its Aftermath" (with Giovanni Favara and David Scharfstein)
2. "Bank Credit, Jobs, and Productivity over the Credit Cycle" (with Leland Crane and Till von Wachter)
3. "The Great Reallocation: Technological Complementarities, Employee Stock Market Wealth, and the Rising Human Capital Share" (with Andrea Eisfeldt and Mindy Zhang)
4. "Dividend Pressure and Bank Behavior" (with Joan Farre-Mensa, David Scharfstein and Adi Sunderam)
5. "Patent Fire Sales"
6. "Systemic Risk Formation in Financial Intermediation Networks" (with Ali Hortaçsu, Dan Li, and Chaehee Shin)
7. "Really Disruptive Credit Cycles" (with Sophie Osotimehin and Till von Wachter)
8. "Household Finance and Agglomeration" (with Jun Kyung Auh and Huynseob Kim)

PRESENTATIONS

Conferences (* denotes presentations by co-authors)

2017	American Economic Association Annual Meeting
	European Winter Finance Conference
	Chicago Financial Institutions Conference (scheduled)
	Conference on Financial Market Regulation (SEC-University of Maryland, scheduled)
	SFS Cavalcade Annual Meeting (Vanderbilt University, scheduled)
	Society for Economic Dynamics Annual Meeting (scheduled)
2016	HBS Finance Unit Research Retreat*
	Conference on Current Topics in Financial Regulation (Chicago)*
2015	Financial Intermediation Research Society (FIRS) Annual Meeting*
	American Law & Economics Association Annual Meeting (Columbia University)
	NBER Corporate Finance SI
	NBER Risk of Financial Institutions
	NBER/CRIW Workshop
	CSEF-EIEF-Stanford SITE Conference on Labor and Finance
	Wharton Conference on Liquidity and Financial Crises
2014	American Finance Association Annual Meeting*
	American Economic Association Annual Meeting
	UBC Winter Finance Conference
	Financial Intermediation Research Society (FIRS) Annual Meeting*
	American Law & Economics Association Annual Meeting (University of Chicago)
	NBER Capital Markets and the Economy
	NBER Monetary Economics
2013	Western Finance Association Annual Meeting
	NBER Capital Markets and the Economy
	Society for Economic Dynamics Annual Meeting

	Financial Intermediation Research Society (FIRS) Annual Meeting*
	Minnesota Workshop in Macro Theory*
	CEPR European Summer Symposium in Financial Markets (Gerzensee)*
	Washington University in St. Louis 10th Corporate Finance Conference
2012	Conference on Financial Economics and Accounting (University of Southern California)
	Society for Economic Dynamics Annual Meeting
2011	Western Finance Association Annual Meeting*
	Duke/UNC Corporate Finance Conference
2010	American Finance Association Annual Meeting
	American Economic Association Annual Meeting
	Financial Intermediation Research Society (FIRS) Annual Meeting
	American Law & Economics Association Annual Meeting (Princeton University)
	Labor and Finance Conference (Said School of Business, Oxford University)
	European Finance Association Annual Meeting
	Conference on Financial Economics and Accounting (CFEA) (University of Maryland)
2009	American Finance Association Annual Meeting
	Western Finance Association Annual Meeting
	Econometric Society North America Winter Meeting
	Conference on Empirical Legal Studies (University of Southern California)
	Financial Intermediation Research Society (FIRS) Annual Meeting
	Wharton-FIRS-JFI Workshop on the Financial Crisis
2008	American Finance Association Annual Meeting
	Western Finance Association Annual Meeting
	Econometric Society North American Winter Meeting
	American Economic Association Annual Meeting
	American Law & Economics Association Annual Meeting (Columbia University)
	Financial Intermediation Research Society (FIRS) Annual Meeting
	NYU Stern Conference on Executive Compensation
	Society for Economic Dynamics Annual Meeting
	European Finance Association Annual Meeting
	Conference on Empirical Legal Studies (Cornell University)
	Frontiers of Finance Conference (Belize)
2007	Western Finance Association Annual Meeting
	Conference on Financial Economics and Accounting (CFEA) (NYU Stern)
	European Finance Association Annual Meeting
	Society for Economic Dynamics Annual Meeting
	Econometric Society North American Summer Meetings
-2006	Econometric Society North American Summer Meetings
	Society for Economic Dynamics Annual Meeting
	Econometric Society World Congress
	European Economic Association Annual Meeting
	Midwest Macro Meetings
	University of Maryland Finance Symposium
	Bocconi University Workshop in Dynamic Macroeconomics
	Equity Premium Conference (University of Exeter)
	Riksbank Workshop on Financial Stability
	Society for Economic Dynamics Annual Meeting
	Midwest Finance Association Annual Meeting

Invited seminars

2016	Harvard-MIT (finance);* Berkeley (Haas);* New York Fed; Dartmouth (Tuck)*
2015	MIT (Sloan);* University of Virginia (Darden);* University of Maryland (Smith); Northwestern (Kellogg); * Northestern (D'Amore-McKim); Boston Fed*
2014	HEC Lausanne (IBF);* ESOP Centre NYC (keynote speaker)
2013	Georgetown University (Law Center);* Rutgers University (Business School)*
2012	University of Texas Austin (McCombs);* Stockholm School of Economics;* UMass Amherst (Isenberg)*
2011	Duke University (Fuqua);* UNC (Kenan-Flagler);* UBC (Sauder);* Texas Christian U (Neeley);* University of Michigan (Ross)*
2008	Securities and Exchange Commission (SEC)
2007	American University (Kogod); Bank of Canada
-2006	FDIC; Federal Reserve Board (x2); University of Maryland (Smith); University of Salerno; European Central Bank; Federal Reserve Bank of New York; FDIC

Discussions and session chair

2017	SFS Cavalcade (Vanderbilt University), "Sorting in the U.S. Corporate Executive Labor Market" by E. Matveyev; "Firm Selection and Corporate Cash Holdings" by J. Begenau and D. Palazzo
2014	SFS Cavalcade (Georgetown University), "Agency Problems of Corporate Philanthropy" by R. Masulis and K. Reza
2012	AFA (Chicago) "Information Externalities in Corporate Governance" by K. Raff
2010	AFA (Atlanta) "Financiers vs. Engineers: Should the Financial Sector Be Taxed or Subsidized?" by T. Philippon
	EFA (Frankfurt) "Market Timing and Managerial Talent" by A. and A. Vedrashko
2009	WFA (San Diego) "A Quantitative Dynamic Agency Model of Financing Constraints" by L. Schmid
	FIRS (Prague) "Perks and Excess" by Y. Grinstein, D. Weinbaum, and N. Yehuda
2008	EFA (Athens) "Corporate Governance and Commitment" by K. John and A. Knyazeva
	FIRS (Anchorage) "Crime and Credit Availability" by E. Bonaccorsi di Patti; Session chair
2007	CFEA (NYU Stern) "Negative Hedging: Performance Sensitive Debt and CEO Incentives" by A. Tchistyi, D. Yermack, and H. Yun
	Singapore Conference in Finance "Corporate Governance and Executive Pay" by T. Poligorova
2006 and	CMSG (University of Montreal) "Firm Size Dynamics" by M. Wright and E. Rossi-Hansberg
before	CMSG "Debt and Equity over the Business Cycle" by F. Covas and W. DenHaan
	EFA (Stockholm) "Loyalty Based Portfolio Choice" by L. Cohen

SELECTED MEDIA COVERAGE

Bloomberg View, Morning Consult, WSJ Pro (10/2016)
ISS Proxy Voting Guidelines, 2016 Benchmark Policy Recommendations (11/2015)
FAMe Magazine (04,/2016)
CFA Institute – CFA Digest (01/2015)
The Conference Board – Director Notes (05/2014)
Harvard Law School Forum on Corporate Governance and Financial Regulation (02/05/2014; 10/09/2012)
McDermott Will & Emery – Corporate Law & Governance Update (02/2014)
Reuters (11/23/2013)
Towerwatson.com (11/2012)
Center on Executive Compensation (10/2012)

PROFESSIONAL SERVICE

Referee: Journal of Finance, Econometrica, Review of Financial Studies, Journal of Financial Economics, Management Science, Journal of Corporate Finance, Journal of Economic Dynamics and Control, Review of Economic Dynamics

Program Committee: EFA Annual Meetings (2006-2010), FMA Annual Meetings (2014-)

Invited Member: Macro-Finance Society (2015-), NBER/CRIW (2015-)

HYUNSEOB KIM

Curriculum Vitae

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Cornell University
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ACADEMIC APPOINTMENT

2012 - Samuel Curtis Johnson Graduate School of Management, Cornell University, Assistant Professor of Finance

EDUCATION

2012 Fuqua School of Business, Duke University, Ph.D. in Business Administration (Finance)
Committee: John Graham (Chair), Peter Arcidiacono, Alon Brav, Manju Puri, S. Viswanathan

2008 Harvard University, A.M. in Statistics

2002 Seoul National University, B.B.A., summa cum laude

2000 Stern School of Business, New York University, Exchange Student

RESEARCH INTERESTS

Corporate Finance, Labor Economics, and Corporate Governance

PUBLISHED AND ACCEPTED PAPERS

[1] "The Asset Redeployability Channel: How Uncertainty Affects Corporate Investment," (with Howard Kung), Review of Financial Studies 30, January 2017, 245-280.

- Awarded Best Paper in Corporate Finance Award, SFS Finance Cavalcade

[2] "Recent Advances in Research on Hedge Fund Activism: Value Creation and Identification" (with Alon Brav and Wei Jiang), Annual Review of Financial Economics 7, December 2015, 579-595.

[3] "The Real Effects of Hedge Fund Activism: Productivity, Asset Allocation, and Labor Outcomes," (with Alon Brav and Wei Jiang), Review of Financial Studies 28, October 2015, 2723-2769; also published as NBER working paper 17517.

- Michael J. Brennan Best Paper Award
- Lead article; Editor's choice

[4] "The Effects of the Length of the Tax-Loss Carryback Period on Tax Receipts and Corporate Marginal Tax Rates," (with John Graham), National Tax Journal, 62, September 2009, 413-427; also published as NBER working paper 15177.

[5] "Hedge Fund Activism: A Review," (with Alon Brav and Wei Jiang), Foundations and Trends in Finance, 4:3, 2009, 185-246.

WORKING PAPERS

[6] "How Does Labor Market Size Affect Firm Capital Structure? Evidence from Large Plant Openings," 2015 – Revise and Resubmit, Journal of Financial Economics.

- Awarded SAC Capital PhD Candidate Award for Outstanding Research, WFA

[7] "Employee Costs of Corporate Bankruptcy," 2016 (with John Graham, Si Li, and Jiaping Qiu) – Revise and Resubmit, Journal of Finance.

- Awarded FSA ULaval Best Paper Award on Corporate Finance, NFA
- Awarded Best Paper Award in Corporate Finance, FMA Asia

[8] "CEO Power and Board Dynamics," 2017 (with John Graham and Mark Leary).

[9] "When Are Dual-Class Share Structures Costly to Shareholders?," 2017 (with Roni Michaely).

[10] "Unions, Productivity, and Inequality," 2015 (with Efraim Benmelech and Nittai Bergman)

[11] "Simulating Corporate Marginal Income Tax Rates and Implications for Corporate Debt Policy," 2012 (with John Graham).

WORKS-IN-PROGRESS

[12] "Financial Distress, Asset Redeployability and Reallocations: Evidence from Ship-level Data," 2016 (with Murillo Campello).

[13] "How Does Part-time Work Affect Labor Productivity? Evidence from a Field Experiment on Data-Entry Clerks in Ethiopia," 2016 (with Hyuncheol Bryant Kim).

[14] "Local Labor Markets and Households' Risk Taking," 2016 (with Jun Kyung Auh and Antonio Falato).

BOOK CHAPTERS

[1] "Hedge Fund Activism," (with Alon Brav and Wei Jiang), Chapter 7 in Research Handbook on Hedge Funds, Private Equity and Alternative Investments, Edward Elgar Publishing Ltd., 2012.

INVITED SEMINARS AND CONFERENCE PRESENTATIONS

2016/17 (including scheduled): Kentucky Gatton; Cornell Finance; Binghamton SOM; Rome Junior Finance Conference (EIEF); Finance UC Conference (Chile)

2015/16: Cornell (Finance and Labor Economics); Maryland Junior Corporate Finance Conference; Society of Labor Economists (SOLE) Annual Meetings; Census Bureau CES; IDC Summer Finance Conference

2014/15: Calgary Haskayne; CUNY Baruch; Rutgers Business School; FIRS Conference; Society of Labor Economists (SOLE) Annual Meetings; EFA; CSEF-EIEF-SITE Conference on Finance and Labor

2013/14: SAIF; Seoul National University; Pennsylvania Wharton; AFA; Michigan Ross; UBC Sauder; Cornell Johnson; SFS Finance Cavalcade

2012/13: Census Bureau RDC Annual Conference; Washington University in St. Louis Annual Conference on Corporate Finance; Cornell Johnson (x2); SFS Finance Cavalcade; Stanford SITE (Macroeconomics of Uncertainty and Volatility); CICF; IDC Summer Finance Conference; EFA

2011/12: Duke Fuqua; Triangle Census RDC Conference; Cornell Johnson; London Business School; McGill DeSautels; Rice Jones; SMU Cox; Houston Bauer; UIUC College of Business; UNC-CH Kenan-Flagler; Duke Economics; SFS Finance Cavalcade; FIRS Conference; WFA (x2)

INVITED CONFERENCE DISCUSSIONS AND SESSION CHAIR

- Bernstein, S., "Does Economic Insecurity Affect Employee Innovation?," Yale Junior Finance Conference, 2017 (scheduled).
- BI Corporate Governance Conference, Oslo, 2017 (scheduled).
- Babenko, I., Du, F., and Tserlukevich, Y., "Will I Get Paid? Employee Stock Options and Mergers and Acquisitions," CSEF-EIEF-SITE Conference on Finance and Labor, 2016.
- Bai, J., "Firm Boundaries, Restructuring, and Productivity: Plant-level Evidence from Competitive Shocks," EFA, 2016.
- Ellul, A. and Pargano, M., "Corporate Leverage and Employees' Rights in Bankruptcy," WFA, 2016.
- Dore, T. and Zarutskie, R., "Leverage, Labor Market Size, and Employee Pay," SFS Cavalcade, 2016.
- Tate, G. and Yang, L., "The Human Factor in Acquisitions: Cross-industry Labor Mobility and Corporate Diversification," Washington University in St. Louis Annual Conference on Corporate Finance, 2015.
- Ouimet, P. and Simintzi, E., "Wages and Firm Performance: Evidence from the 2008 Financial Crisis," SFS Cavalcade, 2015.
- Serfling, M., "Labor Adjustment Costs and Capital Structure Decisions," AFA, 2014.
- Kumar, P. and Hadiye, A., "The Product Market Effects of Hedge Fund Activism," Washington University in St. Louis Annual Conference on Corporate Finance, 2013.
- Kotter, J., "Technological Change, Job Tasks, and CEO Pay," FMA, 2013 (+ session chair for doctoral consortium).
- Knüpfer, S., Rantapuska, E., and Sarvimäki, M., "Labor Market Experiences and Portfolio Choice: Evidence from the Finnish Great Depression," CICF, 2013.
- Li, Z. and Wang, L., "Executive Compensation Incentives Contingent on Long-term Accounting Performance," CICF, 2013.

- Brown, J. and Matsa, D., "Boarding a Sinking Ship? An Investigation of Job Applications to Distressed Firms," WFA, 2013.
- Giroud, X. and Mueller, H., "Capital and Labor Reallocation Inside Firms," UNC Roundtable for Junior Faculty in Finance, 2012.

CONFERNCE PROGRAM COMMITTEES

2017	EFMA Symposium on Finance and Real Economy
2016 - 2017	Financial Intermediation Research Society Conference
2016 - 2017	Midwest Finance Association Annual Meetings
2015 - 2017	European Finance Association Annual Meetings
2013 - 2017	Western Finance Association Annual Meetings
2013 - 2017	Annual Rothschild Caesarea Center Conference, IDC
2013 - 2016	Annual Conference on Corporate Finance, Washington University in St. Louis

REFERRING SERVICE

Journal of Banking and Finance; Journal of Corporate Finance; Journal of Finance; Journal of Financial Economics; Journal of Financial Intermediation; Journal of Labor Economics; Management Science; Review of Finance; Review of Financial Studies

TEACHING EXPERIENCE

2015 -	Cornell Johnson, Valuations (Cornell Tech MBA @ NYC)
2014 -	Cornell Johnson, Evaluating Capital Investment Projects (MBA)
2013 -	Cornell Johnson, Valuation Principles (MBA)
2010 - 2011	Duke Fuqua, Guest lecturer, Empirical Corporate Finance (PhD)

SCHOOL SERVICE

2015 – 2016	Small Grant Reviewer, Institute of Social Science, Cornell University
2015	Finance Faculty Search Committee, Johnson School of Management
2014	Organizer, Corporate Finance Conference, Johnson School of Management

2012 - 2014 Co-organizer, Finance Workshop, Johnson School of Management

2012 - 2015 Finance Judge at Integrative Case Competition, Johnson School of Management

HONORS AND AWARDS

2016 Small Grant Award, Cornell University Institute of Social Science ($5,000)

2016 Michael J. Brennan Best Paper Award, Review of Financial Studies ("The Real Effects of Hedge Fund Activism: Productivity, Asset Allocation, and Labor Outcomes").

2015 Smith Family Business Research Pioneer Fund, Johnson School of Management ($10,000)

2014 Best Paper in Corporate Finance Award, SFS Finance Cavalcade

2013 FSA ULaval Best Paper Award on Corporate Finance, NFA

2013 Best Paper Award in Corporate Finance, FMA Asia

2013 Small Grant Award, Cornell University Institute of Social Science ($6,000)

2012 SAC Capital PhD Candidate Award for Outstanding Research, WFA

2010 AFA Student Travel Award

2007 - 2012 Duke Graduate School Scholarship

2005 - 2011 Kwanjeong Fellowship for Graduate Studies

2000 - 2001 University Presidential Scholarship, Seoul National University (Top 2% in Class)

STUDENTS SUPERVISED (PLACEMENT)

Gaurav Kankanhalli, Finance PhD, committee member (ongoing)

Dawoon Kim, Finance PhD, committee member (ongoing)

Cindy Lu, Finance PhD, committee member (ongoing)

Ekaterina Volkova, Finance PhD, committee member, 2017 (expected)

Boyao Li, Economics BA 2017 (expected), Faculty advisor (expected; NYU Economics PhD)

Youngwha Seok, Applied Economics PhD, committee member, 2017 (expected; Fed Board)

Hyungjin Choi, Economics BA 2016, Honors Thesis Adviser

Youngjun Song, Economics and Mathematics BA 2014, Faculty advisor (Duke Finance PhD)

RESEARCH AND PROFESSIONAL EXPERIENCE

2006-2007 Research Assistant, Professor Malcolm Baker, Harvard Business School

2005 Equity Analyst, Cosmo Asset Management Co., Seoul, South Korea

2002 - 2005 Computer Programmer, Cosmo FN, Seoul, South Korea

OTHER AFFILIATION

2015 - Founding member, Labor and Finance Group

2015 - Investigator, Project Holeta (Ethiopia)

MISCELLANEOUS

Citizenship South Korea (U.S. Permanent Resident)

March 2017, Ithaca, NY