NBER Entrepreneurship Bootcamp 2019 Application

Applicant Info:

Kaushik Vasudevan, Yale University

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Recommender Info:

Professor Tobias Moskowitz, Yale University

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EDUCATION

PhD in Financial Economics — Yale University — 2017-Present

Ph.D. Coursework: Microeconomics (year long sequence), Econometrics (year long sequence), Financial Economics (Theory), Empirical Corporate Finance, Household Finance, Behavioral Finance, Financial Crises, Empirical Asset Pricing

AB in Statistics, AB in Economics — University of Chicago — 2010-2014

Ph.D. Level Coursework: Law and Economics, Microeconomic Empirical Research, Asset Pricing, Evolutionary Game Theory, Machine Learning, Pattern Recognition, Time-Series Analysis Stochastic Processes, Generalized Linear Models, Matrix Computation and Optimization

WORKS IN PREPARATION

Mispricing Premia (with Todd M. Hazelkorn and Tobias J. Moskowitz)
Presented at: AQR Capital Management (by co-author), Yale SOM, AFA Annual Meeting 2019

Avoiding Terminal Decisions: Field Evidence of the Omission and Status Quo Biases on Decision-Making(with Tobias Moskowitz)

TEACHING ASSISTANCE

Sports Analytics (Ed Kaplan & Tobias Moskowitz, MBA; Fall 2017, Fall 2018)
Capital Markets (Gary Gorton, MBA; Spring 2019)

PROFESSIONAL EXPERIENCE

AQR Capital Management, LLC	Research Associate	2017
AQR Capital Management, LLC	Research Analyst	2014-2016
AllianceBernstein, Multi-Asset Solutions	Summer Analyst	2013
Fidelity Investments, Strategic Advisors Inc.	Summer Analyst	2012
Neuroscouting, LLC	Summer Intern	2011

PROFESSIONAL ACTIVITIES

Organizer, Yale Doctoral Fall Finance Conference (2018)

MISCALLANEOUS

Citizenship: US
Languages: English (Native), Tamil (Fluent), French (Basic)
Programming Languages: Python, R, STATA, Java, (X)HTML, CSS, Javascript, PHP
Interest and Activities: Cycling, Squash, Philosophy, Sports Analytics

NBER Entrepeneurship Boot Camp 2019 Application Essay

Kaushik Vasudevan

March 28, 2019

I am a second year PhD student in Financial economics at Yale University. I am writing to apply for the NBER Entrepreneurship Research Boot Camp 2019. I am interested in learning more about research in entrepreneurship economics and entrepreneurship finance in order to potentially pursue research projects within these areas. My goal from the bootcamp is to learn about questions at the forefront of entrepreneurship research and to get up to speed on different data sources, methods, and approaches that are being used in entrepreneurship research today. While the research projects I've focused on until this point have not focused on entrepreneurship economics and entrepreneurship finance, I am interested in learning more about these areas and in pursuing research in them.

Until now, I have worked primarily on two research projects, both of which are empirical in nature. One of these projects is in asset pricing and studies violations of the law of one price in global equity and currency markets and seeks to characterize the supply and demand imbalances in asset markets that induce such violations. The other project is in behavioral economics and focuses on systematic errors in decision making by baseball umpires. The project specifically focuses on a bias in which baseball umpires make errors in order to avoid having to decide on terminal outcomes, and considers how this behavioral bias might manifest itself in other settings.

On a forward-looking basis, along with a co-author, I am currently in the data collection stage of a project where we intend to study diversity in business ownership. We have a few broad questions we would like to explore. First, we are curious about how diversity in business ownership has evolved over time. For example, as we've seen increased female participation in the labor force, have we seen a similar increase in female business ownership? If so, what are the factors that have contributed to this increased female business ownership? And to the extent that there are still structural barriers to business ownership by women (e.g. access to financing), how important are these structural barriers? How do factors, such as the amount of local bank competition, impact diversity in business ownership? Do we see systematic differences in businesses started by men and women? We would like to explore these questions in the context

of small business lending, but also in the context of venture financed projects. Particularly in the context of venture-financed firms, there have been many proposed explanations as to why women are under-represented at the helm of VC funded firms, such as differences between men and women in the size of their networks / connectedness to VC firms, project selection, and attribution of success and failure in past projects. We'd ideally to explicitly test these different explanations in the data and see which hold up in empirical analysis.

I'm also broadly interested in learning more about questions regarding innovation and the spread of innovation and ideas. Particularly, how do we measure innovation and what innovative ideas are? And how do we measure the diffusion of innovative ideas across different industries and different areas? When there is technological innovation in a particular field or industry, how does that innovation spread to different industries? What are the conditions that facilitate the spread of ideas and technology across industries? Do innovative ideas in the economy primarily come from small firms or large firms? How does the connectedness of different geographic areas, and globalization more generally, impact innovation and the diffusion of ideas across different fields and geographic areas? How do firms and individuals react to the arrival of innovation that transforms their industry? I know that these are broad questions, and there's been a lot of research thinking about these questions, but I am interested in learning about and further exploring the answers to these questions.

Thank you for your consideration and I look forward to hopefully participating in the NBER Entrepreneurship Boot Camp.

March 29, 2019

Professor David Robinson
Fuqua School of Business
Duke University
100 Fuqua Drive
Durham, NC

Dear David:

I am writing to strongly recommend **Kaushik Vasudevan** as an outstanding candidate for the NBER Entrepreneurship Research Boot Camp 2019. Kaushik is one of the best Ph.D students at Yale and has been working directly with me at Yale for the past three years, but also worked with me at AQR for three years before that, and was my undergrad RA at University of Chicago for two years before that. I know him well. He is currently co-authoring two papers with me. He is exceptionally smart, diligent, creative, and his knowledge of Economics and Finance is first-rate. I suspect he will be a superstar on the market in a year or two and hope he becomes an academic star. He has all of the potential and skills to do so. He is also a pleasure to work with and a great guy.

Let me start by saying I think Kaushik is one of the best doctoral students I have had the pleasure of working with over my 20 years in the profession. He has extensive experience in research, an ability to learn, and an uncanny maturity in research.

I first met Kaushik as an undergrad at Chicago, where I hired him as a research assistant to help me on a paper, "Decision Making Under the Gambler's Fallacy: Evidence from Asylum Judges, Loan Officers, and Baseball Umpires," which ultimately was published in the *Quarterly Journal of Economics*. Kaushik was instrumental in getting this paper done. He spent considerable time doing the bulk of the analysis on MLB home plate umpires – one of the field experiments we examined. The paper is quite simply about how decisions are altered by the sequence of prior decisions regardless of the case merits. Kaushik was able to provide flawless analysis and was insightful and helpful in the experimental design. But, perhaps most impressively, he was also involved in helping us think of viable alternatives that could explain the data. Through a series of tests we designed together, we found convincing tests that ruled out most of these alternatives. Kaushik was truly a collaborator on this part of the paper.

As a result, Kaushik and I are in the process of working on a paper about another decision making bias – the omission bias – where decision makers often feel less blame or less at fault from omitting a decision rather than making the wrong decision (commission). The plan is to not only test this idea with referees and umpires, but also to expand this idea outside of professional sports and corroborate the behavior in other decision-making areas. Currently, we are applying this idea to mutual fund managers as well. Kaushik will be a full co-author on this paper and has so far done the bulk of the work. I expect we will have a draft of this paper soon.

Kaushik and I also have another paper that is in draft form, that he recently presented at the AFA meetings in Atlanta this year, "Mispricing Premia." The paper examines deviations from the law of one price between futures and spot prices, known as bases, that have been interpreted as mispricing. In our paper, we find that the basis also predicts future returns in the underlying spot market. This mispricing premium is found in global equity and currency markets, indicating that bases contain conditional information about expected returns in these markets. We investigate the source of this predictability and show that pricing violations arise from a combination of costly financial intermediation and end-user demand for leveraged asset exposure, which increases asset-specific financing costs. At the same time, demand for leveraged exposure to an asset is associated with demand for the underlying asset. The basis, therefore, provides information about both the financing costs/frictions *and* demand for the asset. The mispricing return premium reflects compensation to liquidity providers for meeting this demand. Our results highlight that deviations from the law of one price reflect more than just financing frictions, providing information about underlying asset demand related to expected returns.

In short, Kaushik is terrific and would be ideal for this program and a welcome contributor.

If there is any other information I can provide or anything else you require, please let me know.

Sincerely,

Tobias J. Moskowitz
Dean Takahashi Professor of Finance
Yale SOM, Yale University
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