Application
NBER Entrepreneurship Research Bootcamp 2020

To whom it may concern,

Please find attached my application for the 2020 NBER Entrepreneurship Research Bootcamp.

Yours sincerely,
Verena Wiedemann

DPhil (PhD) student in Economics
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University of Oxford
United Kingdom

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Name of recommendation letter writer and PhD supervisor:
Prof. Christopher Woodruff

15th March 2020

Verena Wiedemann

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Education

University of Oxford, UK since Oct 2017
DPhil Economics candidate (PhD)
St Antony's College
Probationary research student (course work stage) Oct 2017 - Sep 2018
Coursework: Labour Economics, Adv. Microeconomics, Theory Based Empirical Analysis

University of Oxford, UK Oct 2016 - Jun 2017
MSc Economics for Development
St Cross College

University of Edinburgh, UK Aug 2015 - Aug 2016
MSc Economics, Distinction

University of Mannheim, Germany Sep 2011 - Jun 2014
BSc Business Administration

Tsinghua University, Beijing, China Sep 2013 - Jan 2014
Visiting student in Economics

Research experience

RA, Department of Economics & Centre for the Study of African Economies,
University of Oxford, Siaya, Kenya and Oxford, UK Jul 2017 - Oct 2018
RA, German Development Institute, Bonn, Germany Jan 2015 - Mar 2015
RA, Centre for European Economic Research, Mannheim, Germany Mar 2013 - Jul 2014

Teaching experience

TA, *Quantitative Methods*, MSc in Economics for Development,
Department of Economics, University of Oxford Nov 2019
TA, *Tutorials in Development of the World Economy since 1800*, 3rd year undergraduate,
Mansfield College and Department of Economics, University of Oxford 2018 - 2020
Seminar Leader, *Development Economics*, undergraduate, Exeter Summer Programme,
Exeter College, University of Oxford Jul - Aug 2018

Other relevant experience

Consultant for Social, Urban, Rural and Resilience Global Practice
World Bank Group — Nov 2017 - Jan 2018

Exchange student at a local high school
Sanlin High School, Shanghai, China — Sep 2008 - Jun 2009

Publication

Nicolay, Katharina, and Wiedemann, Verena (2016) Taxing investments in the Asia-Pacific region: the importance of cross-border taxation and fiscal incentives, *World Tax Journal* 8(2), pp. 193-223.
(Working paper version, *ZEW Discussion paper* 15-014, cited in policy reports on tax incentives in low income countries by the IMF, OECD, UN and WB.)

Grants and scholarships

Student Grant: Centre for the Study of African Economics (CSAE) — Sep 2019
Market structures and private sector development in Ethiopia

Capacity Building Grant: Private Enterprises in Low Income Countries (PEDL) — Apr 2019
Inter-firm relationships and firm growth in Kenya, with Peter Chacha

German National Academic Foundation (Studienstiftung) — since Nov 2018
Merit-based scholarship for doctoral candidates

Department of Economics, University of Oxford — 2018 - 2019
2-year Doctoral Bursary

German National Academic Foundation (Studienstiftung) — 2012 - 2017
Merit-based scholarship for the whole of my undergraduate and graduate studies including special funds for studies abroad at Tsinghua University, the University of Edinburgh and the University of Oxford.

German Academic Exchange Service (DAAD) — 2015 - 2016
Merit-based scholarship for graduate studies at the University of Edinburgh

Language Skills

German (native), English (fluent), Chinese (fluent, HSK Level 6), Spanish (intermediate), French (basic)

Letter of Motivation

I am a PhD student in economics at the University of Oxford, currently in the second year of the program's research phase. My research interests lie at the intersection of development economics, industrial organization and trade. My own research looks at factors that shape market structures in contexts with financial and contractual frictions, with a particular focus on firm productivity, entry and exit decisions and price setting behaviour. In particular, I am interested in contributing to a better understanding of the role of uncertainty for the decision making process of entrepreneurs and resulting market outcomes.

The NBER Entrepreneurship Research Bootcamp's program is an ideal fit with my interests in firm productivity and entrepreneurship finance, and would allow me to gain a much deeper understanding of the academic literature outside my main fields - development and trade. The bootcamp is a great opportunity to participate in lectures, which are highly relevant for my research, from a distinguished line-up of professors. I am particularly interested in discussing the empirical and theoretical aspects of Nick Bloom's work on uncertainty and investment, John Haltiwanger's work on firm productivity and firm size and Shai Bernstein's research of how local market opportunities can stimulate entrepreneurship, and of which complementary factors (e.g. financial access) facilitate this – work by researchers who have been speakers at the bootcamp in recent years. I would further be very excited to attend the NBER Entrepreneurship Working Group's summer meeting.

What are the puzzles and questions that motivate my research?

The last two decades have seen many important transitions in developing economies across the world that have helped reduce the cost of economic exchange and lead to a greater integration of national economies. Policies that contributed to the lowering of transaction costs range from classic infrastructure investments in roads to mobile phones, mobile money systems, and e-commerce. Recent research has sparked a new debate on the distribution of the benefits from lowering trade and transaction costs and the role of underlying market structures in developing economies (Atkin and Donaldson (2015), Bergquist and Dinerstein (2019), Chatterjee (2018)). Another major shift is debated to a much lesser extent in the academic literature: As Penelopi Goldberg highlighted in her recent keynote lecture on "Poverty Reduction in the Era of Waning Globalization.", opportunities for developing economies to build their development agenda on export-led growth might become more and more challenging. Many countries will find themselves increasingly reliant on domestic and regional markets. It is thus ever so important to understand domestic market structures and their implications for firm dynamics and productivity in developing economies.

In one of my projects, my co-author Peter Chacha and I study the role of local market size and uncertainty about market access for firm entry and exit decisions and the

structure of supply chains in Kenya. Here we focus on two sources of uncertainty faced by many entrepreneurs, not only in Kenya, but worldwide: political uncertainty and uncertainty stemming from natural hazards.
Another key factor that influences market structures is the lack of access to finance, in particular in the trading sector. To study the role of financial access we look at changes in firm entry and exit patterns and supply chain structures due to an interest rate cap introduced by the Kenyan government between 2016 and 2019, which lead to a significant decrease in lending to SMEs in Kenya (Alper et al (2019)). Limited access to finance, for example, explains many relational contracts observed in developing economies where one party might permanently or temporarily rely on credit from the other. In some settings relational contracts lead to a substantial shift in power dynamics, e.g. by restricting one's ability to easily change business partners (see for example Casaburi and Reed, 2017), which in turn have implications for the decisions entrepreneurs take and their ability to scale up business endeavours.

Another project of mine looks at the impact of political disruptions (ranging from peaceful protests to violence against civilians) on producer and consumer prices in Ethiopia and Pakistan. Here I am focusing on the non-localized impact of political disruptions that occur along transportation routes, not at the product origin or destination themselves, but might nevertheless impact prices, in particular those paid by consumers.

I strongly believe that the bootcamp is a fantastic environment to discuss the decision of firm entry and exit, risk taking and entrepreneurship more broadly. It will be an exciting opportunity to hear about new perspectives related to my research from other researchers working across a variety of different contexts and sub-fields.

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Christopher Woodruff, Professor of Development Economics

29 March, 2020

Dear Colleague:

I write to support Verena Wiedemann's application for the NBER Bootcamp in Entrepreneurship. I began working with Verena since she joined the MSc program in Economics for Development during the 2016-17 academic year, and have continued to serve as her main advisor since she transitioned to the DPhil program in the Economics Department at the end of the MSc program. Verena is one of the most creative PhD students I have worked with during my career. This, combined with excellent intuition and a very strong technical foundation, leads me to believe she has a very high ceiling as a researcher. She is working issues related to interfirm transactions in shock-prone environments. I have recommended several candidates for the Bootcamp over the years. Verena is among the very best of those candidates, and I highly recommend that she be included in the group.

Verena is interested in understanding how market structures in developing countries are shaped by shocks that disrupt relationships with regular trading partners. For example, civil unrest or frequent floods often result in road closures that disrupt trading. How does the anticipation of these shocks affect decisions about which trading relationships to establish and what inventory levels to maintain? How are prices affected by the shocks? She has begun working with pricing data from Pakistan and Ethiopia, and has a draft of an interesting initial paper using these data. The data indicate that prices are affected by civil unrest occurring between the location of the seller and the buyer. However, the magnitude of the price effects is very small, especially among branded goods. Ver3ena is working on gaining access to Kenyan VAT data that will allow her to examine how quantities traded are affected by civil unrest. Ultimately, I expect she will need to augment the VAT data with her own surveys to collect prices in particular value chains. Indeed, she has just organized an interesting price-gathering exercise in Kenya, tapping into students from economics departments in two of the largest universities there to provide reports on prices across Kenya during the COVID-19 disruption.

What the paper using these data will look like is still unclear, which is why the Bootcamp this summer is so well timed. I say this because my expectation to this point is that there is unlikely to be a normal Bootcamp this summer, and Verena and I have talked about whether she should delay the application to next year. But the timing works better for her this year. So even if the Bootcamp ends up being virtual, the benefits of being immersed in the material at this point in her dissertation outweigh the benefits of waiting for an in-person Bootcamp.

A final note to say that Verena's MSc thesis encapsulates her abilities well. Our MSc students have a very short window to write a thesis essentially from early January to May, a period during which they are also taking classes and studying for end-of-year exams. There is little margin for error. Verena was initially planning to do a project using data from China. The data were accessible only by logging in remotely to a computer system in China. Rather late in the game, it became clear that the project was not feasible. The server was too feeble to allow working with the data remotely. As a result, Verena had to completely change topics very late in the process. Most students would have panicked, but Verena was able to quickly identify another topic –

related to trust and violence in Mexico. She produced an excellent thesis earning a mark of distinction. I was very impressed that she was able to find a new question, new data and write the thesis in what was really quite a short period of time.

In sum, Verena is an exceptional student and candidate for the Bootcamp. Her intuition and creativity, along with her technical training leave her with enormous potential. The exposure to the material taught in the Bootcamp would be extremely beneficial to her. I have no doubt that she would both contribute to and benefit from the program in substantial ways. I give her my most enthusiastic recommendation. If I can provide any further information, please don't hesitate to contact me at christopher.woodruff@qeh.ox.ac.uk.

Sincerely,



Chris Woodruff