Cover Letter for NBER Entrepreneurship Research Boot Camp 2022

Name: Xiang Li

Department: Finance Department, Carroll School of Management, Boston College

Contact Address: Fulton Hall 154A 140 Commonwealth Avenue Chestnut Hill, MA 02467

Email address: licsr@bc.edu

Phone: +1 (617) 396-6966

Name of the Recommendation Letter Writer: Prof. Thomas J. Chemmanur

Xiang Li

Fulton Hall 154A, 140 Commonwealth Ave, Chestnut Hill, MA 02467

+1(617)-396-6966 xiang.li.5@bc.edu

Education

Boston College, Carroll School of Management 2019-2024(Expected)
Ph.D. in Finance

- Advisors: Thomas Chemmanur(Chair), Rawley Heimer, and Philip Strahan

Tsinghua University, PBC School of Finance 2016-2019
Ph.D. in Finance (Transferred)

Wuhan University, School of Economics and Management 2012-2016
B.A. in Economics

Research Interests

Innovation, Entrepreneurship, Banking, and Corporate Finance

Working Papers

[1] "Policy Uncertainty and Household Credit Access: Evidence from Peer-to-Peer Crowdfunding" (with Bibo Liu and Xuan Tian).

- Semifinalist for Best Paper Award in Investment at FMA Annual Meetings
- Outstanding Paper Award in the 13^{th} International Conference on Asian-Pacific Financial Markets

[2] "Financial Inclusion and Entrepreneurial Gaps: Evidence from Bank Deregulation" (Single-Authored).

Publications

[3] "Board Connections and Crisis Performance: Family, State, and Political Networks" (with Richard Carney and Travers Child), 2020, *Journal of Corporate Finance*.

Conference and Seminar Presentations (Includes Scheduled)

2019: AFA PhD Poster Session
2018: FMA Annual Meetings (San Diego), Greater China Area Finance Conference (Xiamen, China), Fintech, Credit, and the Future of Banking Conference (Luzern, Switzerland), International Conference on Asia-Pacific Financial Markets (Seoul, Korea)
2017: Tsinghua University (PBC School of Finance)
2016: Chinese Young Economists Forum (Beijing, China)

Professional Services

Session Chair, Greater China Area Finance Conference (GCFC, 2018)

Grants, Honors, and Awards

2021: Mitsui Center Summer School on Structural Estimation in Corporate Finance
2018: Outstanding Paper Award in the 13^{th} International Conference on Asian-Pacific Financial Markets; Semifinalist for Best Paper Award in Investment at FMA Annual Meetings; Doctoral Student Consortium Participant, Asian FMA Annual Meetings
2017: Best Paper Award at Tsinghua Doctoral Seminar

Teaching Experience

2021-2022: Corporate Finance (MBA, Undergraduate), Teaching Assistant for Prof. Rawley Heimer, Boston College
2016: Corporate Finance (MBA), Teaching Assistant for Prof. Xuan Tian, Tsinghua University

Skills, Languages, and Others

STATA, LATEX, MATLAB, SAS, English, Chinese, CFA Level III Candidate

Courses Taken at Boston College

Term: Fall 2019

ECON774001 Microeconomic Theory I

ECON777001 Statistics

MFIN115103 Investments

MFIN888801 PhD Seminar

MFIN889001 Ph.D. Seminar: Capital Markets

Term: Spring 2020

ECON774101 Microeconomic Theory II

ECON775101 Macroeconomic Theory II

MFIN661901 Econ Crises: Banks, Booms, and Busts

MFIN888801 PhD Seminar

MFIN889101 Doctoral Seminar in Corporate Finance

Term: Fall 2020

MFIN886301 Ph.D. Seminar: Asset Pricing

MFIN887501 PhD Seminar: Research Topics in Finance

MFIN888801 PhD Seminar

MFIN889601 PhD Sem: Research in Corporate Finance

Term: Spring 2021

ACCT889101 Ph.D. Seminar:Empirical Topics in Accounting I

MFIN888501 PhD Sem: Adv Topics in Asset Pricing

MFIN888801 PhD Seminar

MFIN889501 Ph.D. Seminar:Advanced Topics in Corporate Finance

Essay for NBER Entrepreneurship Research Boot Camp 2022

I would like to start by briefly introducing myself. I am a third-year Ph.D. in Finance candidate at Carroll School of Management of Boston College. I want to do my dissertation research under the supervision of Prof. Thomas Chemmanur here at Boston College. My immediate research plan is to work in the area of entrepreneurial finance.

My solo research paper, which is my third year (required) paper at Boston College, is titled "Financial Inclusion and Entrepreneurial Gaps: Evidence from Bank Deregulation". In this paper, I find that better access to finance increases women and minorities' propensity to become entrepreneurs. This effect is more potent in industries that rely on external financing and in economies where bankers have strong racial or gender biases. The direct channel is that financial inclusion reduces the gaps between female or minority entrepreneurs and their corresponding privileged counterparts in raising capital to support entrepreneurship. At the firm level, relaxed financial constraints reduce the performance gap between businesses led by minorities (women) and businesses led by white (male) entrepreneurs, especially in the financial crisis when capital market frictions are high. As a consequence, equal access to entrepreneurial opportunities reduces gender and racial disparity in entrepreneurial equity and thus fosters wealth equality. Overall, my results suggest that equal access to finance generates equitable and sustainable economic growth.

Prior to coming to Boston College, I was a Ph.D. student at Tsinghua University, where I worked on a project with Prof. Xuan Tian and Bibo Liu. This project is titled "Policy Uncertainty and Household Credit Access: Evidence from Peer-to-Peer Crowdfunding". In this paper, we study how policy uncertainty affects household credit access. Using crowdfunding data from a major peer-to-peer (P2P) crowdfunding platform, Prosper.com, and a news-based policy uncertainty index developed by Baker, Bloom, and Davis(2016), we find that policy uncertainty negatively affects households' access to small loans. Using an instrumental variable approach and the difference-in-differences approach relying on plausibly exogenous variation in policy uncertainty generated by gubernatorial elections, we show that the relation is likely

causal. Investors' increased caution on deal selection and enhanced value of the "wait-and-see" option appear as two plausible underlying channels through which policy uncertainty affects P2P crowdfunding. Further evidence suggests that policy uncertainty decreases households' incentives to borrow at the aggregate level and increases loan interest rates and default probabilities.

My third paper is published at the Journal of Corporate Finance in 2020, titled "Board connections and crisis performance: Family, state, and political networks". This paper is a joint work coauthored with Richard Carney and Travers Child. We introduce a novel concept of network interactions in which board connections provide access to external spheres of political influence, state ownership, and family control. We posit this form of indirect access via board association enables connected firms to benefit from information privy to external networks while avoiding their resource-based costs of membership. Board network data are assembled for 1290 East Asian firms and linked to hand-collected data on political connections and corporate ownership around the 2008–09 crisis. Companies with board connections to state-owned firms and family business groups had greater crisis-period accounting performance and stock returns. In countries with weak institutional development, board connections to politically connected firms were also beneficial.

I want to attend the NBER Entrepreneurial Research Boot Camp for three reasons. First, I am highly motivated to pursue a career in academia, and I believe that entrepreneurial finance is a promising field with potentially important topics. The opportunity to attend the NBER Entrepreneurship Research Boot Camp will be very helpful in laying the foundations toward achieving my research goals. Second, by extensively reading the papers in entrepreneurship and attending the lectures led by world-renowned professors, I have the chance to gain new perspectives in entrepreneurship and entrepreneurial finance and come up with more research ideas in this area. Third, by interacting and discussing with professors and Ph.D. students from other institutions, I will have the chance to further perfect my current research. I will also have the opportunity to make friends and socialize with other Ph.D. students, some of whom may turn into my coauthors in the future.

BOSTON COLLEGE

Department of Finance, 440 Fulton Hall
The Wallace E. Carroll School of Management
Chestnut Hill, MA 02467

Brett Maranjian
National Bureau of Economic Research
1050 Massachusetts Avenue
Cambridge, MA 02138, US

January 18, 2022

Dear Brett:

I am writing to recommend one of our doctoral students, Xiang Li, for the NBER Entrepreneurship Boot Camp this summer. I am the chair of Xiang's Ph.D. dissertation committee. Xiang is currently in his third year in the Boston College Ph.D. program in Finance and is working on his main dissertation (solo-authored) paper.

I have known Xiang since September 2019, when he entered the Finance doctoral program at Boston College. Xiang immediately caught my attention because of his superior background and his performance in my Ph.D. Corporate Finance Seminar Course. He raised thoughtful questions, did a great job presenting papers, and performed very well in my term paper assignments. Meanwhile, he came to me, telling me that he was very interested in doing academic research in entrepreneurship and innovation for his Ph. D. dissertation under my guidance.

Xiang's dissertation paper entitled **"Financial Inclusion and Entrepreneurial Gaps: Evidence from Bank Deregulation"** is relevant to the area of entrepreneurship. His paper finds that better access to finance increases women and minorities' propensity to become entrepreneurs. This effect is more potent in industries that rely on external financing and in economies where bankers have strong racial or gender biases. The direct channel is that financial inclusion reduces the gaps between female or minority entrepreneurs and their corresponding privileged counterparts in raising capital to support entrepreneurship. At the firm level, relaxed financial constraints reduce the performance

gap between businesses led by minorities (women) and businesses led by white (male) entrepreneurs, especially in the financial crisis when capital market frictions are high. As a consequence, equal access to entrepreneurial opportunities reduces gender and racial disparity in entrepreneurial equity and thus fosters wealth equality. Overall, his results suggest that equal access to finance generates equitable and sustainable economic growth.

His second paper is titled **"Policy uncertainty and household credit access: Evidence from peer-to-peer crowdfunding"** (joint with Bibo Liu and Xuan Tian). In this paper, they study how policy uncertainty affects household credit access. Using crowdfunding data from a major peer-to-peer (P2P) crowdfunding platform, Prosper.com, and a news-based policy uncertainty index developed by Baker, Bloom, and Davis (2016), they find that policy uncertainty negatively affects households' access to small loans. Using an instrumental variable approach and the difference-in-differences approach relying on plausibly exogenous variation in policy uncertainty generated by gubernatorial elections, they show that the relation is likely causal. Investors' increased caution on deal selection and enhanced value of the "wait-and-see" option appear as two plausible underlying channels through which policy uncertainty affects P2P crowdfunding. Further evidence suggests that policy uncertainty decreases households' incentives to borrow at the aggregate level and increases loan interest rates and default probabilities.

Having worked closely with him, I can say that Xiang is an extremely bright scholar who shows every sign of becoming a top-quality researcher in entrepreneurial finance and innovation. I have absolutely no doubt about his ability to bring his various research projects to successful fruition. In summary, I would say that Xiang is an ideal candidate to benefit from the NBER Entrepreneurship Boot Camp Program since he is a very smart researcher working in an area that is of tremendous interest to entrepreneurs, venture capitalists, and angels. I, therefore, feel comfortable recommending him strongly for NBER Entrepreneurship Boot Camp. If you have any questions about Xiang, please feel free to call (Phone: 617 552 3980) or e-mail me (chemmanu@bc.edu).



Thomas J. Chemmanur
Professor of Finance and Hillenbrand Distinguished Fellow
e-mail: chemmanu@bc.edu