Cover Letter

To:
Panel of NBER Entrepreneurship Research Boot Camp
National Bureau of Economic Research
1050 Massachusetts Avenue
Cambridge, MA 02138, US

January 17, 2022

Dear Dr. Bloom, Dr. Lerner, Dr. Robinson, Dr. Schoar, and Dr. Stern,

I am Yuxin Wu (Cedric), a fourth year finance Ph.D. student at Boston College. My research focuses on empirical corporate finance and behavioral entrepreneurship. I study the impact of human psychology and behaviors on the actions of entrepreneurial firms. Professor David Solomon at Boston College is my advisor, who is writing me the letter of recommendation emailed to Brett Maranjian.

My current research has two papers pertaining to entrepreneurship research. The first paper analyzes the association between the competitiveness of firm product innovation and its payout and financing strategies. The second paper studies the psychology phenomenon of diffusion of responsibility in the context of the entrepreneurial firm decision making. The theoretical rationale for this paper is that when there is a more widespread diffusion of responsibility, entrepreneurs or decision-makers in entrepreneurial firms are more reckless in their decision making process.

I believe the NBER Entrepreneurship Research Boot Camp will immerse me in the forefront of the literature and familiarize myself with the most tantalizing topics in entrepreneurship. They will allow me to conduct more rigorous and interesting research regarding entrepreneurship in the future, particularly in the area of behavioral entrepreneurship. I greatly appreciate your consideration and please do not hesitate to contact me if you have any questions regarding my application. You can contact me via my cell 484-560-6152 or email yuxin.wu@bc.edu.

Sincerely
Yuxin Wu (Cedric)
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140 Commonwealth Avenue
Chestnut Hill, MA 02467

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RESEARCH INTERESTS

Empirical Corporate Finance, Behavioral Finance, Entrepreneurial Finance, and Corporate Innovation.
Current research focuses on share repurchase and payout policy, investor attention, behavioral biases, and financial restatements.

EDUCATION

Ph. D. Candidate 2018 -
Finance, Boston College

MSc Financial Engineering 2017 - 2018
Lehigh University, Presidential Scholarship

BSc Statistics, minor Engineering 2013 - 2017
Lehigh University, Summa Cum Laude

WORKING PAPERS

How Does Investor Attention Affect Stock Repurchases?

The Spillover Effect of Financial Restatements on Peer Firms' Stock Repurchases

Firm Innovation and Stock Repurchases: Evidence from Firms' Exposure in the Product Market, *joint with Tina Oreski*

WORK IN PROGRESS

Dividend versus Repurchases: An Empirical Analysis of Payout Mechanism Choice under Heterogeneous Beliefs, (Writing stage), *joint with Thomas Chemmanur and Debarshi Nandy*

Buying the Imagination of Comfort: The Staging Effect during House Sales, (Data stage), *joint with Yu Wang and Xiang Zheng*

Diffusion of Responsibility in Entrepreneurship and Corporate Operations, (Model and data stage), *joint with Yu Wang*

CONFERENCE AND SEMINAR PRESENTATIONS

2021: FMA, New Zealand Finance Meeting 2021, 2nd Annual Boca Corporate Finance and Governance Conference, World Finance Conference
2022: SWFA (Accepted)

SUMMER SCHOOL

Machine Learning in Finance August 2 - August 6, 2021
Society of Financial Econometrics Summer School 2021

PROFESSIONAL SERVICES

Discussant: FMA (2021), New Zealand Finance Meeting (2021), 2nd Annual Boca Corporate Finance and Governance Conference (2021)

Session Chairs: FMA (2021)

RESEARCH AND TEACHING ASSISTANCE

Research Assistant Fall 2021, Spring 2022
Professor Leonard Kostovetsky

Research Assistant Spring 2021
Professor Rui Albuquerque

Research Assistant 2019 -
Professor David Solomon

Teaching Assistant Spring 2021
Professor Rui Albuquerque, International Finance

Teaching Assistant Spring 2020
Professor Nancy Xu, Data Analytics - Python

Teaching Assistant Fall 2019, 2020, 2021
Professor Leonard Kostovetsky, Basic Finance

AWARDS AND HONORS

AFA Travel Grant 2020

PREVIOUS WORK EXPERIENCE

Research Assistant 2017 - 2018
Lehigh University (Professor Kathleen Weiss Hanley), Bethlehem, PA

Teaching Assistant 2016 - 2018

Lehigh University, Bethlehem, PA

Financial Analyst Intern Summer 2016
Northwestern Mutual, New York, NY

Data Analytics Intern Summer 2015
Ping An Bank, Chongqing, China

SKILLS

Stata, *SAS*, *LaTeX*, *R*, *Matlab*, *Python*

REFERENCES

Thomas J. Chemmanur (Co-Chair)
Professor of Finance
Hillenbrand Family Faculty Fellow
Carroll School of Management
Boston College
Chestnut Hill, MA 02467
Email: chemmanu@bc.edu
Tel: (617)-552-3980

David H. Solomon (Co-Chair)
Associate Professor of Finance
David J. Mastrocola Faculty Fellow
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Vyacheslav (Slava) Fos
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Philip E. Strahan
John L. Collins, S.J. Chair
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ABSTRACTS

How Does Investor Attention Affect Stock Repurchases?
I analyze attention-induced stock repurchases. I hypothesize that firms that announce an open market repurchase program of a certain size are likely to follow through to a larger extent if they receive greater investor attention to their repurchase behavior. I test this hypothesis using 10-K and 10-Q downloads as a proxy for sophisticated investor's attention to firms' actual repurchases. I find the following. First, firms that receive more sophisticated investors' attention on their actual repurchases in the previous quarter are likely to repurchase more shares in the subsequent quarter. Second, firms delivering more attention-induced stock repurchases experience higher subsequent abnormal stock returns but smaller subsequent corporate investment. My identification tests suggest that the phenomenon of attention-induced repurchases stem from the monitoring effect of sophisticated investors' attention to firms' actual stock repurchases. Specifically, firms with active repurchase programs undertake larger stock repurchases to avoid negative stock returns associated with missing repurchase expectations set by attention-paying sophisticated investors.

The Spillover Effect of Financial Restatements on Peer Firms' Stock Repurchases
This paper documents the spillover effect of firms' financial restatements on their peer firms' stock repurchases. In a difference-in-differences setting, I find a causal relationship where one firm's financial restatement increases the propensity to repurchase shares by 12.9 percent among its peer firms in the same product market. I present evidence attributing this spillover effect to peer firms of higher accounting quality separating from the pooling equilibrium with peer firms of lower accounting quality. As a result, the former group mitigates accounting-related litigation risk. Empirical results confirm that peer firms with stock repurchases have lower accruals, lower probability of restating their own financial statements, and fewer class action lawsuits against firm accounting practices than their counterparts without stock repurchases.

Firm Innovation and Stock Repurchases: Evidence from Firms' Exposure in the Product Market
Joint with Tina Oreski
Applying textual analysis to firm 10-Ks, we extract firms' product innovation level. By comparing its product innovation with that of other firms in the same industry, we find that firms with higher competitiveness in product innovation are less likely to conduct and spend less dollar amount on share repurchases, but are more likely raise capital through external financing. Firms whose product innovation lower than the industry standard have greater likelihood and spend greater dollar amount for share repurchases. Dynamic change in the competitiveness of product innovation drives firms' share repurchase decisions. Those are repurchase shares while having lower competitiveness in product innovation have greater long-term real performance and stock returns. Innovation non-competitive firms that repurchase shares are able to raise greater equity through SEOs when they are innovation competitively later on than similar firms that do not repurchase shares during their innovation non-competitiveness.

Application Essay for NBER Entrepreneurship Research Boot Camp

As a fourth year Finance Ph.D. student at Boston College, I am profoundly interested in the research regarding entrepreneurial finance. In particular, I want to study how behavioral phenomenon and human psychology affect entrepreneurship. My current portfolio devotes two papers to contribute to the entrepreneurship literature.

Given the tight connection between entrepreneurship and innovation, one of my papers studies how a firm's competitiveness in product innovation relative to other firms in its industry affects their payout policy through stock repurchases. Our analyses suggest that when a firm's competitiveness in innovation is higher than the industry standard, it is less likely to repurchase shares and they tend to spend less dollar amount on share repurchases. On the other hand, if a firm is not highly competitive in its product innovation as compared to other firms in its industry, it is more likely to repurchase shares and tend to spend greater dollar amount on share repurchases. The implication of such findings can extend to entrepreneurship where most entrepreneurial firms are inclined to have high competitiveness in innovation, and thus increasing their need to raise capital while decreasing their tendency for share repurchases. This direct link between entrepreneurship and competitiveness in innovation with firm financing needs is critical to under entrepreneurial finance.

My second paper takes a more direct approach in analyzing the behavioral aspect of human psychology on entrepreneurship. In this co-authored paper, we implement a theoretical model, empirical tests backed by archival data, and lab experiments to study the impact of diffusion of responsibility on the risk-taking and survival of entrepreneurial firms. Diffusion of responsibility is a psychological phenomenon documenting when more people are involved in a task, each of them feels there are more people sharing the responsibility and thus more people to blame. In turn, each individual is less likely to voice against questionable actions and the group is likely to take greater risks. We apply this psychological concept to the context of entrepreneurship. We devise a theoretical model which posits that when an entrepreneurial firm has more co-founders or liable parties, the projects that the firm takes are likely to be riskier and other firm level actions are more reckless than similar entrepreneurial firms with fewer co-founders. Preliminary empirical tests corroborate such a hypothesis. Entrepreneurial firms with more co-founders are likely to take more loans, incur higher volatility in product success rates, and have greater dispersion in survival rates.

I believe this paper uniquely adds to the literature of entrepreneurship research by analyzing the outcome of entrepreneurship from the perspective of entrepreneur psychology.

These papers, together with my research interest in behavioral corporate finance, have inspired me to take future research in the direction of behavioral entrepreneurship. I want to investigate and document novel results regarding how different psychological phenomenon and behavioral biases affect the decision making process of entrepreneurs. To my best knowledge, few papers have looked at entrepreneurship and entrepreneurial finance from this angle. Thus, it would warrant greater understanding of the entrepreneurship economy when I and other scholars devote more effort for such research.

My current papers and future research agenda in behavioral entrepreneurship would genuinely benefit from the NBER Entrepreneurship Research Boot Camp. The papers discussed in the boot camp will provide me with a more holistic view of the literature as well as the most tantalizing issues in this field. The lectures and speaker series will deeply inspire new research ideas within me. Getting to know other young scholars interested in the same topic will also render me greater collaboration opportunities for future research.

The economy, local or global, is more integrated than ever. With a more comprehensive knowledge in entrepreneurship research will not only sharpen my future research in this area from the behavioral perspective, it will also allow me to conduct better academic research in the other aspects of financial economics. Hence, I would like to participate in this boot camp to learn from the brightest in entrepreneurship research. I sincerely appreciate your consideration.

Student Enrollments

The Office of Student Services is available to answer any question regarding this page and can be reached at (617) 552-3300 (tel:6175523300) or (800) 294-0294 (tel:18002940294).

Student Enrollments/Current Courses and Grades

WARNING: This is not an official transcript record. An official transcript can be requested on the Transcript Request and Status page (https://secure.studentclearinghouse.org/shibds/WAYF/OPEID/00212800).

- Students in multiple, accelerated or dual degree programs should refer to their academic transcripts for GPA's and Earned Credits for each degree
- The grade of "P" is not included in the GPA credits, but is included in Earned Credits

Select Current Degree

MFIN-PHD

Current Term is Fall 2021

Current School: Carroll School of Management

Student Data

Student Data	
School:	**Carroll School of Management**
Status:	**Registered**
Grad Term:	**2023SPRG**
Current Degree:	**MFIN-PHD**

Cumulative Data	
Earned Credits:	**55**
GPA:	**3.672**
GPA Points:	**183.62**
GPA Credits:	**50**

Term: Spring 2022

School: **Carroll School of Management**

Program(s): **Major:Finance**

Degree: **MFIN-PHD**

Course Count: **2**

Course	Course Title	CR	Grade	Instructor(s)	Location and Schedule	Comments
MFIN888801	Ph.D. Seminar	0			Fulton Hall 145 F 09:00AM-11:20AM	
MFIN991101	Doctoral Continuation	1			BY ARRANGEMENT	

Term: Fall 2021

School: **Carroll School of Management**

Program(s): **Major:Finance**

Degree: **MFIN-PHD**

Course Count: **2**

Course	Course Title	CR	Grade	Instructor(s)	Location and Schedule	Comments
MFIN888801	Ph.D. Seminar	0			Fulton Hall 110 F 01:00PM-03:30PM	
MFIN991101	Doctoral Continuation	1			By Arrangement	

Term: Spring 2021

School: **Carroll School of Management**

Program(s): **Major:Finance**

Degree: **MFIN-PHD**

Course Count: **2**

Course	Course Title	CR	Grade	Instructor(s)	Location and Schedule	Comments
MFIN888801	PhD Seminar	0				
MFIN991101	Doctoral Continuation	1	U			

Term Earned Credits: **1**

Term GPA: **NO DATA**

Term GPA Credits: **0**

Term GPA Points: **0**

Term: Fall 2020

School: **Carroll School of Management**

Program(s): **Major:Finance**

Degree: **MFIN-PHD**

Course Count: **2**

Course	Course Title	CR	Grade	Instructor(s)	Location and Schedule	Comments
MFIN888801	PhD Seminar	1	A			
MFIN991101	Doctoral Continuation	1	U			

Term Earned Credits: **2**

Term GPA: **4**

Term GPA Credits: **1**

Term GPA Points: **4**

Term: Spring 2020

School: **Carroll School of Management**

Program(s): **Major:Finance**

Degree: **MFIN-PHD**

Course Count: **4**

Course	Course Title	CR	Grade	Instructor(s)	Location and Schedule	Comments
MFIN888501	PhD Sem: Adv Topics in Asset Pricing	3	B+			
MFIN888801	PhD Seminar	1	A			

Course	Course Title	CR	Grade	Instructor(s)	Location and Schedule	Comments
MFIN889501	Ph.D. Seminar:Advanced Topics in Corporate Financ	3	B+			
MFIN889901	Directed Study	3	P			Pass/Fail

Term Earned Credits: **10**

Term GPA: **3.426**

Term GPA Credits: **7**

Term GPA Points: **23.98**

Term: Fall 2019

School: **Carroll School of Management**

Program(s): **Major:Finance**

Degree: **MFIN-PHD**

Course Count: **4**

Course	Course Title	CR	Grade	Instructor(s)	Location and Schedule	Comments
ACCT889101	Ph.D. Seminar:Empirical Topics in Accounting I	3	A			
MFIN886301	Ph.D. Seminar: Asset Pricing	3	A			
MFIN888801	PhD Seminar	1	A			
MFIN889901	Directed Study	3	A			

Term Earned Credits: **10**

Term GPA: **4**

Term GPA Credits: **10**

Term GPA Points: **40**

Term: Spring 2019

School: **Carroll School of Management**

Program(s): **Major:Finance**

Degree: **MFIN-PHD**

Course Count: **6**

Course	Course Title	CR	Grade	Instructor(s)	Location and Schedule	Comments
ECON774101	Microeconomic Theory II	4	B+			
ECON775101	Macroeconomic Theory II	4	B+			
ECON777201	Econometric Methods	4	B			
MFIN661901	Seminar on Economic Crises	3	B+			
MFIN888801	PhD Seminar	1	A			
MFIN889101	Doctoral Seminar in Corporate Finance	3	A			

Term Earned Credits: **19**

Term GPA: **3.402**

Term GPA Credits: **19**

Term GPA Points: **64.63**

Term: Fall 2018

School: **Carroll School of Management**

Program(s): **Major:Finance**

Degree: **MFIN-PHD**

Course Count: **5**

Course	Course Title	CR	Grade	Instructor(s)	Location and Schedule	Comments
ECON774001	Microeconomic Theory I	3	A-			
ECON777001	Statistics	3	A			
MFIN115104	Investments	3	A			
MFIN889001	Ph.D. Seminar:Capital Markets	3	A			
MFIN889903	Directed Study	1	A			

Term Earned Credits: **13**

Term GPA: **3.924**

Term GPA Credits: **13**

Term GPA Points: **51.01**

Email: help@bc.edu (mailto:help@bc.edu)

Phone: (617) 552-4357 (tel:6175524357)

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BOSTON COLLEGE
CARROLL SCHOOL OF MANAGEMENT

FINANCE DEPARTMENT
David Solomon
Associate Professor and
David J. Mastrocola Faculty Fellow

1/19/2022

To Whom It May Concern,

I am delighted to write this letter of support for **Yuxin (Cedric) Wu** for the NBER Entrepreneurship Research Boot Camp**.** I have known Cedric for almost four years, during his time as a PhD student at Boston College. He has worked with me as a research assistant, and he has also discussed his own research with me on numerous occasions.

I give Cedric my strongest, unreserved support. I think he would be a great addition to your boot camp. In my interactions with him, I have found him to be extremely hardworking, creative, and disciplined. As a fourth-year student, he has three working papers in a mostly completed state, and has talked to me about all of them. His paper on how investor attention affects stock repurchases (which is likely to be his job market paper) is especially interesting. It studies the strange phenomenon that when companies announce they are planning to repurchase their own stock, there is not actually any commitment made to follow through on this plan, and indeed many companies do not. Cedric finds that the extent of follow-through depends on investor attention – when investors seem to track what firms are doing, there is more follow-through and more future repurchases. This version of "repurchases as publicity" or "repurchases only if they're valued by investors" is quite distinct from the standard ideas of repurchases as a simple means of cash disbursement, and helps shed light on the unusually tenuous relationship between announcement and action, relative to almost all other corporate actions.

Boston College
Carroll School of Management · Fulton Hall, Room 330 · 140 Commonwealth Avenue · Chestnut Hill, MA 02467
Tel: 617 552 8245 · david.solomon@bc.edu · http://www.davidhsolomon.com/

In my dealings with him, Cedric has been very creative, usually turning up to my office with a semi-formed research idea and some initial tables. He iterates quickly on suggestions, and is always looking for new projects to expand into. He has broad interests in finance and economics, and him wanting to take part in the entrepreneurship boot camp is consistent with what I've seen of him during his time here – he has an eagerness to learn as much as possible during his PhD, something that I think is important and admirable. While his current research has mostly focused on payout policy, I know he has been interested in entrepreneurship and how it relates to the firm. I think he will make great use of the opportunity.

I think when he goes on the market, Cedric will be one of the very good PhD students that Boston College has produced in recent years. I am confident that he would be an excellent addition to the NBER Entrepreneurship Research Boot Camp, and he gets my highest recommendation.

If you have any other questions, please don't hesitate to ask.

Kind Regards,



David Solomon