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# Elena Stella


**Contact Information**

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**Fields**

Corporate Finance, Political Economy, Entrepreneurship

**Education**

| | |
|---|---|
| Ph.D. Managerial Economics and Strategy, Northwestern University | 2020- |
| M.A. Managerial Economics and Strategy, Northwestern University | 2020-2021 |
| M.A. Economics *(summa cum laude and encomium)*, University of Pisa and Sant'Anna School of Advanced Studies | 2016-2018 |
| B.A. Economics *(summa cum laude)*, University of Rome Tor Vergata | 2013-2016 |

**Fellowships, Grants & Awards**

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|---|---|
| Kellogg School of Management Graduate Fellowship | 2020- |
| Crivelli Europe Scholarship, Unicredit Foundation | 2019 |
| Outstanding distinction, Giorgio Mortara Scholarship, Bank of Italy | 2019-2021 |
| Merit Award top 5% cohort, University of Rome Tor Vergata | 2016 |

**Teaching Experience**

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|---|---|
| Teaching Assistant, Northwestern University Kellogg School of Management | 2022-2023 |
| Prof. Vikrant Vig, Corporate Finance (PhD) | |
| Grader, Northwestern University Kellogg School of Management | 2021-2023 |
| Prof. Nicola Bianchi, Statistical Decision Analysis (MBA) | |
| Prof. Sarit Markovich, Technology and Innovation Strategy (MBA) | |
| Prof. Sarit Markovich, FinTech Strategy, (Executive MBA) | |

**Research Experience**

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|---|---|
| Research Assistant, Edoardo Teso, Northwestern University | 2022-2023 |
| Research Assistant, Isaias N. Chaves, Northwestern University | 2021-2022 |
| Research Intern, Bank of Italy, Rome | 2021-2022 |
| Research Assistant, Guido Tabellini, Bocconi University | 2019-2020 |
| Research Assistant, Marco Tabellini, Harvard Business School | 2018-2019 |
| Research Assistant, Nicola Rossi, University of Rome Tor Vergata | 2015-2016 |

**Languages**

English (fluent), Italian (native), Spanish (basic), French (basic)

**Programming**

R (advanced), Stata (advanced), Python (intermediate)

**PhD Courses**

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|---|---|
| Microeconomics I, Econometrics I, Static Optimization in Economics | Fall 2020 |
| Microeconomics II, Econometrics II, Dynamics Optimization in Economics | Win. 2021 |
| Microeconomics III, Econometrics III, Economic Theory II, Research in Economics | Spr. 2021 |
| Development Economics, Industrial Organization, Political Economy I | Fall 2021 |
| Development Economics, Industrial Organization, Corporate Finance | Win. 2022 |
| Labor Economics, Corporate Finance, Political Economy IV | Spr. 2022 |

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# Research Statement

of Elena Stella (Kellogg School of Management, Northwestern University
3rd year PhD student)

My research interests lie at the intersection of corporate finance, political economy and entrepreneurship.

I am generally curious about determinants and outcomes of the relationship between political institutions, financial systems and entrepreneurial dynamism. On one hand, I would like to inquire the relationship between the corporate world and the distribution of political power (e.g. the role played by interest groups in shaping policy outcomes). On the other hand, I am interested in exploring firms responses to policy changes that impact financial institutions. Focusing on the latter, I would like to understand how firms dynamism can spur from the design of efficient institutions.

In what follows I discuss three research projects that I am currently working on and that encompass different aspects of the research intersts mentioned above. The first two are work in progress, whereas the last one is at a more advanced stage.

**LOBBYING, CONCENTRATION, AND SHAREHOLDERS ACTIVISM** In the 2010 sentence Citizen United v. FEC the Supreme Court of the United States lifted a ban that prevented corporations to engage in independent political expenditures in 22 states. Differently from direct campaign contributions or direct donations to candidates, independent expenditures are not subject to any statutory limit or transparency standard. Empirical evidence suggests that the sentence led to: *i*. an increase in the overall volume of corporate money in politics (Spencer and Wood, 2014); *ii*. changes in polls outcomes (Klumpp et al., 2016); *iii*. positive abnormal returns for corporations (Stratmann and Verret, 2015); *iv*. no effect in corporate tax cuts and revenues (Slattery et al., 2022). Anecdotal and journalistic evidence suggests that lower transparency standards on political expenditures (which are approved by the management), introduces agency costs borne by shareholders.

The empirical framework provided by Citizen United v. FEC allows to ask how exogenous shocks to corporate political spending, affect a wide range of outcomes.

The first set of outcomes I am interested in exploring are related to concentration: how does corporate political spending affect competition? Do firms lobby for more barriers to entry? What is the impact on young firms performance? Preliminary evidence from the energy and finance sectors seems to suggest that companies increase their political spending after Citizen United, and shift its composition radically: direct contributions, subject to disclosure requirements, are almost entirely substituted by independent expenditures to unaffiliated spending groups. What is more, fossil fuel companies systematically outspend renewable energy companies in fossil fuel-producing states. This suggests that there might be relevant implications not only to within industry competition, but also to technological trajectories.

Corporations ability to lobby through independent expenditures is also relevant as it worsens information asymmetries between shareholders and management, thus exacerbating agency costs. Especially in the hedge fund and venture capital industries, firms start pouring money into politics exclusively through independent expenditures after Citizen United. This is why I would like to inqure the impact of corporate political spending on agency costs, looking at outcome variables such as CEO compensation or expense ratio.

**COMPULSORY DISCLOSURE, CREDIT SUPPLY AND ENTREPRENEURIAL DYNAMISM: EVIDENCE FROM ITALIAN ANTI-CORRUPTION CERTIFICATES** Empirical and theoretical evidence in corporate finance suggests that information disclosure reduces financial frictions, facilitates access to credit and foster firms investment ability (Jappelli et al., 2000). In this project I inquire the extent to which information disclosure is beneficial to entrepreneurial dynamism when there are frictions to the information

verification process. I intend to study the impact of compulsory disclosure requirements on credit access and firms performance when information verification is heterogeneously costly across local labour markets.

In order to answer my question I study the introduction of compulsory anti-corruption certificates in Italy. In 2013, in an attempt to limit criminal organizations incentives to infiltrate healthy firms, the Italian government introduced a compulsory certification for firms applying to any type of public subsidy. The certification has to be renewed every year and firms can obtain it by applying to prefectural offices. Prefectural offices coordinate with police forces and conduct investigations before issuing the certificates. I intend to build an index for prefectural office efficiency and exploit its geographical heterogeneity in order to ask what are the effects of compulsory disclosure on firms credit access and performance.

The Italian entrepreneurial fabric is especially represented by SMEs. The financing needs of such enterprises are likely to become binding in shorter time horizons, thus exacerbating the negative effects of lengthy information verification processes. More specifically, delayed information acquisition can deter entrants as well as discourage incumbents from investing in risky projects.

**LENDING, SELECTION AND BANK MARKET POWER** In this paper I study the determinants of collateral and interest rate requirements in lending markets with imperfect competition. First, I exploit novel loan level data from the Italian credit register to document the relationship between firms quality and collateral posting. Banks sort by observed risk: there is a positive association between risk and collateral, both on the extensive and intensive margin. Second, I document collateral's ability to lower the cost of capital. I employ bank-firm fixed effects to partial out borrowers risk, and conclude that secured credit is issued at lower interest rates. Finally, I study how credit conditions change in the presence of bank market power. Market share increases lead to higher interest rates and demand for collateral. The impact significantly differs across borrowers risk categories, with high risk firms being the worst affected by conditions tightening.

The last finding represents the research venue I am the most interested in exploring. Evidence suggests that creditors with high market power choose to charge tighter credit conditions in a strategic way: they leave conditions for safe long-standing borrowers unchanged, while charging young, small and risky firms with higher interest rates and collateral demand. This finding is relevant as it is likely to influence entry and entrepreneurial dynamism in the local labour market.

I believe that participating in the Entrepreneurship Research Boot Camp would be extremely beneficial to the enrichment and evolution of my research agenda. The possibility to interact with faculty members and students working within the field of entrepreneurship would allow me to gather unvaluable comments on my current projects, as well as relevant insights on potential future venues of research. At the same time, I am confident that my experience as a third year student, endows me with the necessary toolkit to take the most out of this event, as I have completed a variety of field courses in finance as well as political economy. This is why taking part in the bootcamp would allow me to fully benefit from the interaction with other participants and grasp where the frontier of research in entrepreneurship stands right now and what are the big challenges ahead.

# References

Jappelli, T., M. Pagano, et al. (2000). Information sharing in credit markets: a survey. Technical report, Citeseer.

Klumpp, T., H. M. Mialon, and M. A. Williams (2016). The business of american democracy: Citizens united, independent spending, and elections. *The Journal of Law and Economics 59*(1), 1–43.

Slattery, C. R., A. Tazhitdinova, and S. Robinson (2022). Corporate political spending and state tax policy: Evidence from citizens united. Technical report, National Bureau of Economic Research.

Spencer, D. M. and A. K. Wood (2014). Citizens united, states divided: an empirical analysis of independent political spending. *Ind. LJ 89*, 315.

Stratmann, T. and J. Verret (2015). How does corporate political activity allowed by citizens united v. federal election commission affect shareholder wealth? *The Journal of Law and Economics 58*(3), 545–559.

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# Cover Letter

of Elena Stella (Kellogg School of Management, Northwestern University
3rd year PhD student)

Dear selection committee,

with this letter I express my interest in participating in the NBER Entrepreneurship Research Boot Camp. I believe that my academic qualifications and research interests would enable me to perfectly fit the boot camp dynamic and engaging research environment. At the same time it would allow me to fully benefit from a wide-ranging exposure to the applied work carried out by accomplished scholars in the field of Entrepreneurship.

My first and second years as a PhD student at Northwestern University have equipped me with rigorous analytical training that is pivotal to pursue a sound empirical research agenda. Other than allowing me to acquire the essential quantitative toolkit, second year classes exposed me to first tear economic research, at the frontier of a variety of research fields, thus enabling me to sharply shape my research interests.

As highlighted in my research statement, the fields I am more interested in are corporate finance, political economy, and entrepreneurship. The research questions that attract me the most are those concerned with understanding the impact of significant financial policy changes on the ability of businesses to dynamically prosper in a competitive environment, and the mechanisms through which such prosperity might fostered (or hampered) by different types of political institutions. Coming from Italy, a county whose entrepreneurial fabric is dominated by small local firms, I have always been curious of how the design of efficient institutions could lead to virtuous entrepreneurship dynamics. I am interested in understanding to which extent it is possible to generate synergies between the public and private sector, with the former alleviating information and financial frictions, and the latter generating innovation and growth.

As a third year PhD student I have been able to put the academic and research training to practice. In fact, I started pursuing my own research trying to carve my niche at the intersection of the fields I like the most.

As anticipated above, I am interested in studying policies aimed at facilitating access to credit, and generally concerned with reducing informational asymmetries that prevent the formation of a healthy competitive environment. In accordance with this general research interest, I am currently working on understanding the impact of anti-corruption firm certifications, imposed to Italian firms in 2013, on outcomes such as access to public funds, private credit supply, and entry rates. The goal of this project would be to investigate the impact of policies aimed at fighting organised crime, by looking closely at the differential impact that such policies might have on depressed areas where the criminal phenomenon is the most endemic. Along the same overarching research theme, I am exploiting credit register data from Italy in order to inquire the impact of bank market power on firms access to credit. The focus of the project is on heterogeneous effects of market power. Results suggest that creditors charge tighter credit conditions as their

market share increases, but they do so only with riskier, younger, and smaller firms. Finally, I am also exploring the relationship between political institutions and firms dynamism, by inquiring the ability of the latter to influence the former. More specifically, I am exploiting detailed data on corporate political donations in state elections to evaluate the impact of corporate lobbying on industry level concentration in the United States.

In conclusion, I see a deep alignment between my research interests and the wide-ranging agenda carried on by the Entrepreneurship Research groups. I believe I could benefit incredibly from the interaction with faculty and students attending the boot camp, and from the possibility to participate in the Entrepreneurship Working Group presentations. This is why I am confident that my skills and research interests would make my profile a worthwhile investment for the NBER Summer Institute.

Yours sincerely,

Elena Stella

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To whom it may concern,

It is my pleasure to write a recommendation letter for Elena Stella for her admission to the Entrepreneurship Research Bootcamp.

Elena is a PhD student at Kellogg in Managerial Economics and Strategy, but she has been active in the Finance group since her first year. She is currently working as a Teaching Assistant for the Ph.D. class in Corporate Finance taught by Professor Vikrant Vig. Elena and I met during her first year when I supervised her for a project that was using data from the Bank of Italy. Since then, we meet regularly to talk about research.

Elena is a very promising PhD student with interest at the intersection of finance, entrepreneurship, and political economy. Over the years, she was able to develop a solid relationship with economists at the Bank of Italy, that allows her to access their data for research. She is now working on a couple of projects: in one of them, she is interested in studying the effect of a recent anti-corruption policy in Italy, which required firms to obtain an anti-corruption certification to work with the public administration. With this project, she is particularly interested in understanding the potential unintended consequences of the policy on smaller businesses. She is also working on a couple of other earlier stage projects, focused on both US and Italy.

I think she is a great candidate for the Bootcamp. She is smart, creative, and hard-working. Elena would also benefit greatly from the Bootcamp because Kellogg does not offer a specialized class in this field. Another of my students – Shi Gu – participated to the Bootcamp a few years ago and this experience has been extremely beneficial for his research, and I feel that the same would be true for Elena. I believe the exposure to the content of the Bootcamp, plus the ability to interact with the rest of the cohort and faculties would be incredibly useful for her.

Overall, I strongly support her application for the Bootcamp. If I can provide any additional information about Elena, please do not hesitate to contact me.

Best regards,

Filippo Mezzanotti



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