DONGRYEOL LEE

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EDUCATION

UCLA Anderson School of Management *Los Angeles, CA, USA* *Sep 2020 - Present*

· PhD in Finance

Seoul National University *Seoul, Republic of Korea* *Mar 2012 - Aug 2018*

· Bachelor of Business Administration, Combined Major in Financial Economics
· Summa Cum Laude, Dean's List

RESEARCH INTERESTS

Primary Fields: Empirical Corporate Finance, Labor, Innovation
Secondary Fields: Demand System in Asset Pricing

REFERENCES

Andrea Eisfeldt Professor of Finance
and Laurence D. and Lori W. Fink Endowed Chair in Finance
UCLA Anderson and NBER
andrea.eisfeldt@anderson.ucla.edu

PUBLICATIONS

Scale or Yield? A Present-Value Identity (Link)

- *with Thummim Cho, Lukas Kremas, and Christopher Polk*
- **Review of Financial Studies (2023)**

WORKING PAPERS

Acquiring Human Capital

- *Solo Authored*

Equity Pay Inequality

- *with Andrea Eisfeldt, Antonio Falaoto, and Mindy Z. Xiaolan*

Labor Market Leverage

- *with Gregor Schubert*

WORK IN PROGRESS

Intermediary Asset Pricing Through the Lens of Demand System

- *with Thu N.M. Nguyen*

EMPLOYMENT

Booth Fama-Miller Center *(University of Chicago)* *Sep 2018 - Jun 2020*
Full-time RA, assisting Ralph Koijen, Lars Peter Hansen, Elisabeth Kempf, and Pietro Veronesi

Air Liquide *(Brussels)* *Jul 2014 - Aug 2014*
Intern (Finance Department)

Republic of Korea Air Force *(Military Service)* *Apr 2015 - Apr 2017*

TEACHING EXPERIENCE (TA)

Fixed Income Markets *Prof. Francis Longstaff* *Winter 2023*

Data Analytics and Machine Learning *Prof. Lars Lochstoer* *Spring 2022*

Corporate Finance *Prof. Shohini Kundu* *Spring 2022*

COMPLETED PHD COURSES

Microeconomics: Theory of Firm and Consumer (A-), Microeconomics: Basic Concepts and Techniques of Noncooperative Game Theory and Information Economics (B+), Microeconomics: Game Theory with Asymmetric Information and Applications (B), Macroeconomics: Dynamics and Growth Theory, Probability (A), Macroeconomics: Business Cycles (A-), Macroeconomics and Finance (A), Statistics, and Computational Methods for Econometrics (A-), Theory and Application of Regression Analysis (A-), Time-Series Analysis (A-), Industrial Organization, Price Policies, and Regulation I (A), Industrial Organization, Price Policies, and Regulation II (A), Empirical Corporate Finance (A+), Theory of Corporate Finance (A-), Machine Learning Algorithms (A), Methods of Machine Learning (A), Introduction to Financial Economics (A-), Empirical Asset Pricing (A+), Asset Pricing (A-), Information and Trading in Financial Markets (B+), Topics in Mathematical Economics: General Equilibrium Theory (B+)

SKILLS

Computer & Language	Python, R, SAS, MATLAB, Stata, and LaTeX
Other Skills	CFA Level 3 Candidate (Passed Level 1 & 2 at first attempt)
	Passed SOA - P (Probability) and FM (Financial Mathematics)

Essay: NBER Entrepreneurship Research Boot Camp 2024

Dongryeol Lee*

My main research interest is the intersection of labor and innovation. My solo-authored paper presents how firms can acquire key talents of other firms through mergers and acquisitions (M&As). I study how effective this strategy is and show it depends on the outside option of the employee who work at the target firm. I have two other papers in this field, one of which is with my advisor, Andrea Eisfeldt[1]. We document various implications of stock-based compensation among general employee, which is the first attempt as the literature has focused primarily on executives when it comes to equity compensation. We have hand collected this data for 2000 firms each year from 1994 to 2023 and were able to create a concrete sample. One of our main findings is that high tech firms have increased equity compensation and have been substituting cash wage which helps them to motivate innovation. Additionally, in collaboration with Professor Gregor Schubert[2], we study the relation between local labor markets and firm-level growth using detailed individual-level Linkedin data. These research pursuits not only deepen my understanding of finance but also underscore my commitment to advancing knowledge in areas critical to organizational success and corporate finance.

I would like to attend to NBER Entrepreneurship Research Boot Camp 2024 as the topics covered closely align with my ressearch interests. I am hoping to gain great insights and feedback on my current works. I plan to further explore how the outside option of the target employee depends on entrepreneurial opportunities based on local labor market conditions. I look forward to all of the lectures and discussions through this excellent opportunity.

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UCLA Anderson School of Management

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Dear NBER Boot Camp Committee,

I am writing to give Dongyreol Lee my very highest recommendation for the NBER Entrepreneurship Boot Camp. Dongryeol is one of the most active, ambitious, and creative students we have had in the UCLA Anderson PhD program in finance in many years. Having come from the research fellowship training program at the University of Chicago Booth, he hit the ground running as soon as he arrived and has been very active in research from the very start of his PhD. Indeed, he already has a paper published in a top-3 finance journal. He regularly presents in our student workshops, engages in one-on-one interactions with faculty, and is generally one of our most mature, visible, and talented students. This fact is evident in that he will be going on the job market with an excellent and well-developed paper in the fall of 2024, and he is our top student going on the market next year.

The main chapter of Dongryeol's dissertation, which will be his job market paper, studies an interesting and important question about organization capital, talent, and innovation in firms. The paper is titled "Acquiring Human Capital". Employee talent is one of the key drivers of firm value in modern firms. An open question is whether the market for acquisitions allows firms to acquire talent, or whether human capital must be thought of differently than physical capital or other intangible assets when considering the value of mergers.

Whether the market for talent includes an extensive margin (i.e. can be acquired "in bulk" through acquisitions) or only an intensive margin (talent must be hired one-by-one) is a very important question, and to my knowledge Dongryeol is the first to address it. He formulated this question entirely on his own, and designed a careful identification strategy to show that when a firm is acquired, talent tends to leave. Non-compete laws can help acquiring firms to retain the talent of their targets, but there is a cost. Talent that remains with an acquired firm post-merger is less productive in terms of innovations and patents than talent that departs for new firms.

This is an important result, both for understanding the value of mergers and for the design of non-compete regulation. One interpretation of his results is that organization capital is crucial for innovation; in addition to needing talent, firms need a culture of fostering and supporting innovation. Understanding the drivers of innovation within firms is key to understanding potential future productivity growth. The very skewed size distribution of firms in the US, and the fact that the largest firms have instituted "kill zones" around their businesses, raises important questions about prospects for future

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innovation by US firms. Dongryeol's work sheds light on the broader implications of these trends, and he plans to continue working on these questions.

In addition to his independent research, Dongryeol has a published paper in the Review of Financial Studies in 2024, "Scale or Yield? A Present-Value Identity", joint with Thummim Cho, Lukas Kremens, and Christopher Polk. This paper sheds light on the drivers of the value premium by decomposing the premium into an investment component and a profitability component. The paper's main findings are key to understanding the relationship between the value factor and newer factors like the investment and quality factors.

Dongryeol is also my coauthor on a joint project on equity pay below the C-suite. Equity pay is a substantial fraction of compensation to high-skilled employees, around 40% in recent years. Due to data limitations (equity pay can be qualified and deferred and thus not show up in W2 income), prior work has underestimated its magnitude and its effect on firm-level employee compensation. We surpass this measurement challenge by using balance sheet data on shares reserved for compensation to measure equity pay. We show that firm-level equity pay is both a capital structure and a compensation decision. Firms are more likely to use equity pay when peer firms do, and when they are financially constrained. Understanding equity pay is important because using equity can expose workers to considerable firm-level risk. Dongryeol has been an equal coauthor on this work and I look forward to future collaborations.

I will conclude by reiterating that Dongryeol Lee has my unqualified recommendation for the NBER Entrepreneurship Boot Camp. I expect that he will become a star researcher in finance and I believe that supporting him advances the goals of our PhD program to support students who will do creative and high-quality research, and achieve top academic placement.

Please do not hesitate to contact me with any questions.

Best Regards,



Andrea L. Eisfeldt
Laurence D. and Lori W. Fink Endowed Chair in Finance