YANA MORGULIS
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March 24, 2012

Mr. Brett Maranjian
National Bureau of Economic Research
1050 Massachusetts Avenue
Cambridge, MA 02138, US
maranjian@nber.org

Dear Members of the NBER Entrepreneurship Research Boot Camp 2012 Selection Committee,

Enclosed please find my application for the NBER Entrepreneurship Research Boot Camp 2012. Included are a Curriculum Vitae (2 pages) and an essay (2 pages) outlining my previous research and current research goals as they relate to the NBER Entrepreneurship Research Boot Camp. My recommendation letter will be submitted separately by Professor Roger Gordon, Professor of Economics, UCSD.

Thank you for taking the time to review my application.

Sincerely,

Yana Morgulis
PhD student in Economics
University of California, San Diego

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DEPARTMENT OF ECONOMICS
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LA JOLLA, CALIFORNIA 92093-0508

March 21, 2012

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

Dear Brett:

I am happy to write a letter of recommendation for Yana Morgulis, who hopes to attend the NBER Entrepreneurship Boot Camp this coming July.

Yana is now completing her third year in the Ph.D. program in Economics at UCSD. Her intended research will focus on entrepreneurial activity in Cambodia and Vietnam. As preparation, she took our Ph.D. course sequence in development economics and labor economics, as well as some of the courses in public finance, but has had no access to a course covering past research on entrepreneurial activity. She very much hopes to strengthen her background in the past literature on entrepreneurial activity before proceeding too much further on her thesis research.

One focus of her intended research is the role of social networks in the financing of entrepreneurial activity. Particularly in developing countries, financing for new firms comes not only from the entrepreneur's own savings but also from friends and neighbors. (Entrepreneurs rarely have access to credit from the formal banking sector in poorer countries.) With a stable and long-standing social network in a village, individuals can rely on much stronger personal interconnections to facilitate enforcement of contracts, and even facilitate risk sharing. In Cambodia, some villages were spared dislocation in past wars, but others were not. Yana intends to compare sources of finance for entrepreneurs across villages, linked to the impact of past wars on the composition of the population of the village.

Unfortunately, another unavoidable issue when considering entrepreneurial activity in a developing country context is corruption. Yana has a second project underway using Vietnamese data where she will look at changes in patterns of entrepreneurship linked to changes in the local political structure. These changes in political structure can break implicit longer term contracts with past officials, leading to changes in the intensity of corruption when government structure changes compared to outcomes in neighboring villages facing a stable government structure.

Yana also has a third project underway trying to make sense of the jump in reported taxable income

among higher-income individuals in the U.S. following the 1986 Tax Reform, and a similar fall in response to the increase in the top personal tax rate in 1993. Much of the income from these higher-income individuals comes from entrepreneurial activity. The sharp changes in reported personal incomes in response to each of these tax reforms suggest major impacts of taxes on entrepreneurial activity. However, these changes in reported income could also simply represent changes in where or when income is reported. For example, is money paid out to individuals or retained within a corporation, or is it paid out now vs. in some other year? Such financial restructuring per se would not imply any change in the extent of entrepreneurial activity.

To test the degree to which these sharp changes in reported personal income following these tax reforms represent real changes in the extent of entrepreneurial activity, Yana will link changes in consumption for these individuals to the changes in their reported incomes: did consumption change as expected given the reported changes in income?

Yana has spoken at length to two of the past UCSD students who have attended the Boot Camp, and is very excited by the possibility of attending. Better grounding in the past research on entrepreneurship, and exposure to the questions driving current research, will be of great help to her in framing and pursuing her thesis research.

I very much support her application to participate in this program. This training will help strengthen an already very interesting set of research projects.

Best regards,

Roger Gordon

YANA MORGULIS University of California, San Diego

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GRADUATE STUDIES

UNIVERSITY OF CALIFORNIA, SAN DIEGO
Ph.D. Economics (in progress)
M.A. Economics, 2010

UNDERGRADUATE STUDIES

THE UNIVERSITY OF CHICAGO
Bachelor of Arts with Honors in Economics and International Studies, 2007

HONORS, SCHOLARSHIPS AND FELLOWSHIPS

Summer Graduate Research Fellow 2010, 2011
Tuition Scholarship, UCSD, Department of Economics, 2009-Present
Fulbright Fellow, Cambodia, 2008-2009
Richter Bachelors Thesis Research Fellow 2007

RELEVANT PROJECTS

Vietnam Provincial Competitiveness Index (PCI) Report 2011

Lead Researcher: Dr. Edmund Malesky, University of California, San Diego
I contributed an analysis of firm perceptions of governance over time to the annual report on business environment in Vietnam. The innovation of my contribution stemmed from the use of panel data and new methods that could be applied to study trends over time. I find that while occurrences of unofficial payments decline, the regulatory business environment becomes more burdensome to firms. In the comparison of firms closer to urban centers to those further away, I find access to information in rural areas improves more than it does in urban areas over time, however more distant firms experience an increase in the risk of land expropriation. Analysis of panel firm responses will be included in the PCI report for the first time in 2011. The PCI was developed in 2005 and is sponsored by the Vietnamese Chamber of Commerce and Industry and USAID.

RESEARCH IN PROGRESS

Paying Taxes: Income Shifting and Changes in Effort

In this paper, I investigate the behavioral and accounting responses and deadweight loss of taxation using an innovative approach. By using consumption data, I am able to differentiate the effects that taxes have on income – whether the change in income caused by the tax change was only an optimal income shifting or a response to labor supply incentives provided by the tax change. I investigate this relationship in the context of the Tax Reform Act of 1986, the largest overhaul of personal income tax in the United States since WWII.

Effect of Governance on Firms: A Panel Data Analysis

In this paper, I evaluate the impact of corruption and other governance characteristics on firm performance in Vietnam. I investigate this question using two approaches. The first approach exploits changes in governance characteristics at the state level over time to estimate the impact of governance on firm decisions and outcomes. The second approach uses an event study in which two provinces and two districts merge creating an exogenous change in governance at the state level for smaller firms situated in affected areas. Both approaches take advantage of the unique firm-level panel dataset to eliminate bias caused by time-invariant but firm-specific unobservable characteristics.

Social Networks, Wealth, and Rural Entrepreneurship

In this paper, I investigate the role of social networks and household wealth in rural entrepreneurship. The varying strength of social networks in villages that re-formed after a genocide period in Cambodia provide a pseudo-experimental setting in which to test the effect of social networks and wealth on the likelihood of becoming an entrepreneur. This work expands upon the analysis conducted by Paulson and Townsend (2004) in Thailand. Using a richer social network setting, I study the decision to become an entrepreneur and test for evidence of credit market constraints faced by rural firms.

Impact of Innovative Micro-Credit Policy on Rural Credit Markets: the Case of Thailand's Million Baht Village Fund

(Undergraduate Honors Thesis)
Advisors: Robert Townsend, Department of Economics, University of Chicago
Karna Basu, Department of Economics, University of Chicago
The aim of this paper is to understand the impact of micro-credit on essential aspects of the credit markets. In 2001, the Thai government implemented the Million Baht Village Fund on a nationwide scale. The fund is the largest government sponsored micro-credit venture yet, and its structure is defined by characteristics prominent in both formal and informal credit. Similar to the formal credit sector, the fund offers low interest loans. Yet, like the informal sector, its operations are informationally-advantaged through community involvement and collateral-free credit. As a result of the micro-credit injection, formal credit and formal credit in default increased significantly, while the size of the informal credit market and informal interest rates shows no change. This analysis contributes to the evaluation of the program, in particular, and injection-tied changes in the credit markets, at large.

PHD COURSEWORK

ECON 200A Microeconomics
ECON 200B Microeconomics
ECON 200C Microeconomics
ECON 205 Mathematics for Economists
ECON 210A Macroeconomics
ECON 210B Macroeconomics
ECON 210C Macroeconomics
ECON 211 Advanced Macroeconomics
ECON 220A Econometrics
ECON 220B Econometrics
ECON 220C Econometrics
ECON 230 Public Economics: Taxation
ECON 241 Microeconomics of Development
ECON 242 Macroeconomics of Development
ECON 250A Labor Economics
ECON 250B Labor Economics
ECON 261 Industrial Organization
ECON 270 Finance – Core Asset Pricing
ECON 280 Computation
ECON 285 3rd Year Pre-Candidacy Presentation
ECON 286 Graduate Research Presentation Workshop: International/Development Economics
ECON 296 3rd Year Original Research Paper
IRGN 290 Designing Field Experiments

NBER Entrepreneurship Research Boot Camp 2012
Application Personal Essay

Yana Morgulis

March 24, 2012

The NBER Entrepreneurship Research Boot Camp offers a unique opportunity to advance my study of entrepreneurship in a developing country setting. Though there is little exchange between entrepreneurial literatures set in the developing and developed contexts, unsurprisingly, there is substantial overlap in topics. Common themes include credit market and institutional constraints, the decision to become an entrepreneur and to grow an enterprise, as well as network effects and many others. However, as I continue to delve deeper into research focused on both household and non-household enterprises in developing countries, I am beginning to engage with topics not covered in the development literature, but with extensive treatment in the entrepreneurship literature. These topics span the decision to make an initial public offering, differences in financial organization between public and private firms, and adjustments to institutional constraints. As a result, a deep familiarity with the models and empirics of the entrepreneurship literature has become essential in my work. The NBER Entrepreneurship Research Boot Camp provides the chance to immerse myself in the entrepreneurship literature with the end goals to inform my current research and to become a better rounded and effective researcher.

In my research, I study the incentives that shape decisions of current and future entrepreneurs. In one project, I investigate the role of social networks in rural entrepreneurship. The study is based in a country that underwent a period of population uprooting and genocide twenty years earlier. Impact on some villages was low, while other villages were permanently broken up and displaced. This national event created exogenous variation in the strength of social networks in villages, forming a pseudo-experimental setting. Using a detailed household and village-level survey of over 3,000 households in 64 villages in Cambodia, some of which I visited while on the Fulbright Fellowship, I test the effect of social networks on credit constraints and the likelihood of entrepreneurship. Social ties have received limited attention in the literature due to difficulties in measurement. In a developed setting entrepreneurs and employees can be distinguished and connected using tax code data; in the developing setting, surveys can offer data on social ties. However, even in the presence of such detailed data, there are concerns of endogeneity. The set up of this project offers a rare opportunity to view social ties in a quasi-experimental setting.

In my other ongoing project, I continue to study how conditions shape entrepreneurial decisions, but change focus from household ventures to registered firms. I evaluate the impact of corruption and other governance characteristics on firm performance and firm growth decisions in Vietnam. I investigate this question using two approaches. The first approach exploits changes in governance characteristics at the province level and over time. For this

analysis, I am compiling key business measures by which I can effectively evaluate business decisions over time.

The second approach uses an event study in which two provinces and two districts merged creating an exogenous change in governance at the province level for firms situated in affected areas. The resulting difference-in-difference comparison between impacted and nearby, non-impacted firms will contribute to the limited literature relating corruption to firm outcomes. Both approaches take advantage of a firm-level panel dataset to eliminate bias caused by time-invariant but firm-specific unobservable characteristics. The firm effects I focus on are diverse and include observables such as the capital labor ratio, profits, and decisions concerning growth. In the next steps in this research project, I will need to identify entrepreneurial decisions of particular interest in the literature on which to focus my analysis.

In my future research, I plan to continue investigating entrepreneurship during this very dynamic period in Vietnam on a variety of topics that are discussed extensively in the entrepreneurship literature. These topics include decisions to IPO and changes in the pre- and post-IPO firm organization, differences between previously state-run and private firms, and ways in which firms evolve over time with growing competition. As I pursue my current research topics and begin to explore new research ideas on the topic of entrepreneurship, familiarity with the theoretical and applied literature in the entrepreneurship field has become indispensible. The NBER Entrepreneurship Research Boot Camp will not only broaden my view of the entrepreneurship literature, but also assist me in identifying key puzzles and aspects of entrepreneurial behavior on which to focus my research.

Given my focus on entrepreneurship in the development context, I will greatly benefit from a formal introduction to the more encompassing field of entrepreneurship. However, the University of California, San Diego economics department, where I am currently a graduate student, does not offer a graduate course on the topic. Nevertheless, in my coursework, I aimed to gain maximum exposure to entrepreneurship by taking courses in development economics and industrial organization. The NBER Entrepreneurship Research Boot Camp offers an unprecedented opportunity to focus on entrepreneurship specifically. The Boot Camp will allow me to gain a broader and more comprehensive foundation with which to pursue my research.

I am eager to have the chance to learn from the diverse group of renowned entrepreneurship experts who will come together to teach the NBER Entrepreneurship Research Boot Camp. In addition, I believe that relationships with peers that begin at the NBER Entrepreneurship Research Boot Camp will be an invaluable asset in the future as I continue to pursue entrepreneurship topics in my research. Thus, in enhancing my understanding of topics, introducing novel approaches, and creating opportunities to establish relationships with researchers in the field, the NBER Entrepreneurship Research Boot Camp 2012 will be an integral step in my training as a researcher with a focus on entrepreneurship.