UNC
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March 30, 2015

To the Selection Committee,

I am writing to enthusiastically recommend Tetyana Babina (Tania) for the 8th Entrepreneurship Research Boot camp. Tania is a fourth year student in our PhD program in Finance at UNC. She has completed all of her coursework and is planning to be on the job market in the fall. Tania is currently working on a dissertation on the topic of entrepreneurship.

In her current research, Tania is studying the link between financial distress at mature corporations and the creation of new businesses. We know relatively little about how financial distress affects employee retention, let alone its spillover effects on entrepreneurship, because there has been a lack of available data at the worker level that would allow such an analysis. Tania, however, took the initiative to obtain access to the newly-available worker-firm matched panel of data available from the U.S. Census Bureaus' Longitudinal Employer-Household Dynamics Program to conduct her research. (Her success in using this data is an indication of her quality and dedication, as it is unusually large and complex.) Using industry shocks and cross-firm variation in pre-existing leverage for identification, she shows that financial distress indeed increases the rate at which employees leave their firms to start new businesses. She also finds evidence that these employees do not become entrepreneurs out of necessity. Instead, workers who leave distressed firms to become entrepreneurs tend to be higher wage workers, relative to other entrepreneurs. Moreover, they appear to start more successful businesses—their firms grow at faster rates than other startups.

Tania is just getting started with her research agenda. And, yet, her work has the potential to change how we think about financial distress in large firms. Though she cannot (yet) make claims about overall value gains and losses from financial distress, she has identified a novel channel of creative destruction. The loss of employees may be a cost of distress to mature firms, but it also facilitates the creation of fast-growing new businesses. I think this is an unusually ambitious and exciting agenda for a PhD student to undertake.

Given her research interests, it is clear that Tania can benefit from the opportunity to interact with other researchers who are interested in entrepreneurship at the boot camp. I expect that she will also actively contribute to the discussion. Though I've never taught her in a traditional classroom setting, I've been very impressed with her ability to constructively and insightfully contribute to our research seminars. I have no doubt that you will also find her to be similarly enthusiastic and engaged. And, I wouldn't be surprised to learn that her participation sparked new research ideas and collaborations.

Please feel free to contact me for clarification or additional information.

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Best regards,



Geoffrey Tate
Associate Professor of Finance
Kenan-Flagler Business School
University of North Carolina at Chapel Hill
Chapel Hill, NC 27599-3490
Tel: (919) 962-7182
Email: Geoffrey_Tate @kenan-flagler.unc.edu

March 25, 2015

Dear Prof. Hellmann,

I am writing to express my strong interest in attending the Entrepreneurship Research Boot Camp (ERBC). The boot camp would be a tremendous learning opportunity. My research interests are in entrepreneurial spawning and my job market paper asks whether financial distress can spur worker entrepreneurship. I will be on a job market next year, 2015-2016.

My advisor Geoffrey Tate kindly agreed to provide reference letter in the support of my application, but please feel free to contact other people I closely work with, namely: Anil Shivdasani, Paige Oiumet, Rebecca Zarutskie, Diego Garcia, and Christian Lundblad.

If you have any questions please e-mail (tbabina@kenan-flagler.unc.edu) or call me (+1-919-607-9966). Thank you for your time and consideration.

Sincerely,

Tania Babina

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Tania (Tetyana) Babina

RESEARCH INTERESTS Corporate finance, entrepreneurship, entrepreneurial spawning, labor finance

CONTACT INFORMATION
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EDUCATION

Aug. 2010 – current **Ph.D. Finance,** the University of North Carolina at Chapel Hill, NC, USA

May 2008 **Master of Science in Finance,** the University of Alabama, Tuscaloosa, AL, USA
- Concentration in Financial Risk Management; GPA 4.0/4.0

May 2007 **Qualifying Year Program for Master of Arts in Economics,** McGill University, Montreal, QC, Canada
- GPA 3.83/4.0

July 2005 **Bachelor of Arts in Economics,** National Technical University "KhPI", Kharkiv, Ukraine
- Major: Economics, Minor: Business; GPA 4.0/4.0, *Summa Cum Laude*

JOB MARKET PAPER **Can Financial Distress Spur Entrepreneurship?**

WORKING PAPERS **Does the Ownership Structure of Government Debt Matter? Evidence from Munis**
(with Pab Jotikasthira, Chris Lundblad, and Tarun Ramadorai)

EXPERIENCE

Aug. 10 – Current **Research Assistant,** University of North Carolina at Chapel Hill, Chapel Hill, NC, USA
- Academic research, data analysis

Mar. 08 – May 09 **Balance Sheet Analyst,** Regions Financial Corporation, Birmingham, AL, USA
- Formulated forecasts of Net Interest Income for a $140 billion commercial bank balance sheet
- Reported on consolidated Interest Rate Risk exposures to executive management
- Developed reporting to improve understanding of current position, review existing strategies, and aid in decision making process
- Improved measurement and forecasting capabilities of the Asset/Liability Management (ALM) model
- Developed and maintained a proprietary model to forecast customer deposit behavior and assess the implications of applicable strategies
- Worked with Budgeting and other corporate units to establish company goals and analyze implications of various strategic alternatives
- Assisted Senior Analysts in the maintenance of the ALM model including running forecasting scenarios, running interest rate risk scenarios, and producing gap reports
- Collaboratively derived the ALM model forecast assumptions for rates, balances, maturities, prepayments, and optionality
- Reconciled variances between actual and forecasted/budgeted figures. Translated forecasts of other company units

Sept. 07 – May 08 **Graduate Research Assistant,** the University of Alabama, Tuscaloosa, Alabama, USA
- Collected data for a publication about the effects of the war in Iraq on international terrorism
- Provided support during lectures: answered students' questions, administered quizzes. Graded essays and exams

Mar. 04 – Apr. 05 **Project Coordinator (part-time)**, Center for Strategic Design, Kharkiv, Ukraine

- Coordinated five research projects and published research findings. Selected topics include "Consequences of the Income Tax Reform", "State of the Healthcare System in Ukraine"
- Collaboratively created and maintained the database of key-persons and organizations
- Assisted researchers in development of questionnaires; sent questionnaires to respondents; collected, organized, and processed returned questionnaires
- Wrote official request letters, followed-up on those requests, organized and processed obtained data
- Organized two regional conferences: selected and registered participants, prepared programs and promotional material, and ensured media coverage

Jan. 02 – Mar. 02 **Project Manager (part-time),** Election campaign, Kharkiv, Ukraine

- Contributed to a winning campaign by supervising the activity of 30 volunteers
- Instructed project members on daily tasks and reported on achievements to the campaign manager

SKILLS and CERTIFICATIONS

Computer skills: SAS, Stata, Matlab, Perl, Bloomberg, Monaco (ALM software), SQL, C++
Languages: English (fluent), Russian (fluent), Ukrainian (fluent), French (basic)
Communication skills: interviewing, organization of conferences
Certification: passed all three levels of Chartered Financial Analyst (CFA) examinations

REFERENCES

Prof. Geoffrey Tate (Co-Chair)
Kenan-Flagler Business School
University of North Carolina at Chapel Hill
CB #3490, 4110 McColl Bldg
Chapel Hill, NC 27599

Prof. Anil Shivdasani (Co-Chair)
Kenan-Flagler Business School
University of North Carolina at Chapel Hill
CB #3490, 4206 McColl Bldg
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Prof. Paige Ouimet
Kenan-Flagler Business School
University of North Carolina at Chapel Hill
CB #3490, 4209 McColl Bldg
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Prof. Christian Lundblad
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Tania Babina (UNC) Courses

Course	Description	Term	Grade	Units	Status
ECON 710	ADV MICRO-EC THR I	2010 Fall	H	3.00	✓
ECON 700	QUANTITATIVE TECHNIQUES	2010 Fall	H	3.00	✓
ECON 770	ECONOMETRIC THEORY	2010 Fall	P	3.00	✓
BUSI 880	FINANCIAL ECONOMICS	2010 Fall	H	3.00	✓
BUSI 881	CORPORATE FINANCE	2011 Fall	H	3.00	✓
ECON 870	ADVANCED ECONOMETRICS	2011 Fall	H	3.00	✓
BUSI 885	SEM/RESRCH IN FINAN	2011 Fall	H	1.00	✓
BUSI 882	EMPIRICAL CORP FIN	2011 Fall	H	3.00	✓
ECON 721	ADV MACRO-EC THY II	2011 Spring	H	3.00	✓
ECON 711	ADV MICRO-EC THY II	2011 Spring	H	3.00	✓
BUSI 881	CORPORATE FINANCE	2011 Spring	H	1.50	✓
ECON 771	ECONOMETRICS	2011 Spring	H	3.00	✓
BUSI 994	DOCTORAL DISSERTATION	2012 Fall	H	3.00	✓
BUSI 885	SEM/RESRCH IN FINAN	2012 Fall	H	1.00	✓
BUSI 886	INTRO EMPIRICAL FINANCE	2012 Spring	H	3.00	✓
DUKE 720	II AT DUKE (G)	2012 Spring	P	3.00	✓
BUSI 899	SEMINAR	2012 Spring	H	3.00	✓
BUSI 885	SEM/RESRCH IN FINAN	2013 Fall	H	1.50	✓
BUSI 994	DOCTORAL DISSERTATION	2013 Fall	H	3.00	✓
BUSI 994	DOCTORAL DISSERTATION	2013 Spring	H	3.00	✓
BUSI 885	SEM/RESRCH IN FINAN	2013 Spring	H	1.00	✓
BUSI 885	SEM/RESRCH IN FINAN	2014 Fall	H	1.50	✓
BUSI 994	DOCT RESEARCH AND DISSERTATION	2014 Fall	P	3.00	✓
BUSI 885	SEM/RESRCH IN FINAN	2014 Spring	H	1.50	✓
BUSI 994	DOCTORAL DISSERTATION	2014 Spring	H	3.00	✓
BUSI 994	DOCT RESEARCH AND DISSERTATION	2015 Spring		3.00	◆
BUSI 885	SEM/RESRCH IN FINAN	2015 Spring		1.50	◆

Grades denote: H = high pass, P = pass, L = low pass

If I were to give a single most important reason why I want to attend the boot camp, it is because I want to learn more about entrepreneurship. I am already doing research in the field, but I can greatly benefit from a course dedicated to leading research topics in the areas of the economics of entrepreneurship and entrepreneurial finance. It would be very exciting to learn from and get inspired by such prominent researchers who are scheduled to teach the course this summer. I also view the boot camp as an opportunity to meet scholars interested in doing research in entrepreneurship. I hope that sharing ideas with other researchers who are interested in doing research in the field can result in productive future collaborations.

I want to learn about entrepreneurship because I am passionate about doing research on why people start new firms. Understanding the determinants of new firm creation is important because new firms are an engine of new job creation and economic growth. Many successful new firms are founded by people who leave paid employment. Yet, little is known about when and why workers leave their employers to create new firms. In my job market paper, I propose that financial distress affects the decision of workers to start new firms. Using U.S. Census employer-employee matched data, I document that following financial distress a higher percentage of workers separate from financially distressed firms to found startups. Entrepreneurs from financially distressed firms earn higher wages prior to distress than worker-entrepreneurs from financially healthier firms. The startups associated with workers from financially distressed firms have higher future employment growth, but similar survival rates to those associated with the workers from less levered firms. The results suggest that corporate financial weakness can propel productive workers to become successful entrepreneurs.

Building on my thesis, I plan to develop my research agenda around the question how actions of existing firms might affect the decision of their employees to create their own firms. Firm financing choices, management incentives, governance mechanisms, financial contracting, external legal and market mechanisms can all impact the decisions of workers to start new businesses. I plan to study these questions and contribute to our understanding of the role the existing firms play in the creation of new firms.

My future research agenda fits into my broader interest in how different factors can influence behavior of economic agents, sometimes unintendedly. For example, my joint working paper "Does the Ownership Structure of Government Debt Matter? Evidence from Munis" shows that residents of states with high state income taxes tend to buy in-state tax favored municipal bonds. This creates locally concentrated clientele. A high in-state holding of local government debt is associated with higher susceptibility of government bond prices to demand and supply shocks, heightened sensitivity of bond prices to local political uncertainty, and difficulty raising capital for public projects during crises.