Su Wang
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Dear Madam/Sir,

I am writing to present my application for the 2016 Entrepreneurship Research Boot Camp. I am currently a third year PhD candidate in Finance at the London School of Economics. My current supervisor, Professor Daniel Paravisini will provide a recommendation letter.

I was told of the workshop by a former participant, Dr Juanita Gonzalez-Uribe (LSE), for whom I have been working as a research assistant in different entrepreneurship related projects for over two years. After having helped her with a project on Business Accelerators, I attended the NBER Entrepreneurship Working Group in 2014. That experience widened my view of entrepreneurial research. I now see entrepreneurial finance as an interesting and fruitful area of research in which I would like to concentrate my future work on.

My research interests cover corporate finance, entrepreneurship and corporate governance. My research agenda regarding entrepreneurship will focus on exploring the dynamic search and match between entrepreneurs and financing sources, entrepreneurial financing in European markets, which remain understudied but are particularly interesting given the recent increase in competition from foreign venture capitalists. The comprehensive dataset I am exploring includes more detailed information of young and private firms worldwide, especially in UK, allowing me to investigate the dynamics of firm status and their financing sources at different stages.

I believe that participating in the NBER Entrepreneurship Research Boot Camp would be an excellent opportunity for me to obtain the necessary knowledge and research skills in this field. And more importantly, it will be a good chance to communicate with other outstanding researchers and PhD students around the world.

Please feel free to contact me if you have any other questions. Thanks very much for your time and consideration. I look forward to hearing from you.

Sincerely,

Su Wang

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Education

2013- Ph.D in Finance
London School of Economics, London, UK
2011-2013 M.Sc in Finance
University of British Columbia, Vancouver, Canada
2007-2011 B.A in Economics and Finance
Southwestern University of Finance and Economics, ChengDu, China

Research Interests

Corporate governance, Entrepreneurship, corporate financing

Research

Family firm succession decisions and product market competition (2015)

This paper investigates the impact of foreign competition in product market on family firm top managerial position changes. Using data of senior executive manager position changes in UK family firms in manufacturing sector, I provide evidence that family firms operating in industries with more intense foreign competition significantly increase the probability of manager resignation and transition whereas decrease the family successions likelihood. Overall, these results suggest the causal effect of product market competition in disciplining manager's behavior.

A Robust Test for Weak Instruments in Stata, with *Carolin E. Pflueger*, Stata Journal, 2015,15(1):216-225.

Teaching and Research Assistant Experience

2014 Class Teacher, FM212 Principles of Finance (undergraduate), LSE
2014-2015 Teaching Assistant, FM407E Mergers, Buyouts and Corporate Restructurings (graduate), LSE

RA to Prof. Vicente Cuñat, Dr Juanita Gonzâlez-Uribe, LSE, 2013-2014
RA to Prof. Jan Bena, UBC, 2011-2013

Completed Ph.D. courses

Microeconomics, Macroeconomics, Financial Econometrics, Asset Pricing,
Corporate Finance for Research Students. (No further course work required)

Application Essay **Su Wang**

Entrepreneurial activity is a key factor driving long run economic growth and creating jobs. But start-ups are also the ones that find financing more difficult compared to mature and traditional businesses because of information asymmetries, the uncertainty, and the highly risky and skewed return structure. The specialized financing vehicles are thus more widely used, with venture capital funds, angel investors and crowd funding platforms every day becoming more active players in the entrepreneurial finance market. In this assay, I will present the research questions in different strands I am interested in, describe the dataset that helps me to explore these questions and may also be useful for my future research agenda.

While there is growing evidence on the successful exits in early funding stages and their impact on innovation and productivity of start-up firms, failed ones remain understudied[1]. The lack of available data on failed startups, which are mostly private and small firms, is the main obstacle for researchers to identify the exact timing of failure and to understand what happens around the failure. One novelty of the dataset I have recently compiled (discussed later) is the opportunity to study failed entrepreneurs. There are two questions related I find intriguing. Firstly, using the detailed information of senior managerial characteristics in each firm, I will be able to follow failed entrepreneurs even if they are not financed by venture capital subsequently. This will not only overcome the problem of narrow definition of serial entrepreneurs who are repeatedly financed by venture capitals[2], but also shed some light on the traits of unsuccessful entrepreneurs compared to the characteristics of successful ones.[3] Secondly, it is important to understand the impact of failure exit on operating status of start-up firms and subsequent stage refinance opportunities. Lastly, the spillover effects on important economic outcomes such as employment of other start-up firms backed by same VC funds will be a topic worth studying.

U.S leads the IT innovation and has more experienced venture capital financiers, however, the underperformance of European venture capitalists; especially in UK is often viewed as lagging its flourishing financial market.[4] UK is an interesting market to examine not only because it composes the largest share of active financing opportunities in Europe, but also because of the dynamic competition from foreign markets during the past several years[5]. A few papers examine the VC funds and PE firms outside U.S, and most of them are focusing on comparison between US VC firms and non-US VC firms. For instance, Bernstein, Lerner, Sørensen and Strömberg (2010) examines the PE firm impact on different industries across countries; Axelson and Martinovic (2015) compares the VC firm performance in Europe and US and finds that most of the outperformance of US venture capitalists are attribute to the successful exits of financing serial entrepreneurs. Chemmanur, Hull and Krishnan (2010) provides us some evidence of interaction between local and international venture capitalists. Based on the previous literature, I am interested in investigating the role of competition in the venture capital market, especially the increasing foreign funds in bridging the gap of local start-up firms financing demand and supply of funds. Another reason to focus on the entrepreneurial finance in Europe is because that since 2011, both UK government and European Union launched a package of plans to help financing

[1] Marco Da Rin, Thomas Hellmann and Manju Puri (2012) A Survey of Venture Capital Research In: Constantinides, George M., Harris, Milton and Stulz, Rene M (eds.)Handbook of the Economics of Finance, Elsevier BV

[2] This constrain of data availability was acknowledged in Gompers P, Kovner A, Lerner J, et al. Performance persistence in entrepreneurship[J]. Journal of Financial Economics, 2010, 96(1): 18-32.

[3] Ross Levin and Yona Rubinstein, Smart and Illicit: Who Becomes an Entrepreneur and Do They Earn More? (September 29, 2015)NBER working Paper No. 19276 shows evidence on successful entrepreneurs showing that share traits such as risk bearing, optimistic, smart and illicit.

[4] http://www.bvca.co.uk/Portals/0/library/Files/News/2013/European_MandF_Report_21Jan13.pdf

5 https://next.ft.com/content/0ff8687c-8f52-11e4-b080-00144feabdc0

innovation. These policy changes are also worth studying in terms of their impacts on stimulating entrepreneurship, the other financing opportunities in markets, R&D expenditure, innovation, and hence, productivity and employment.

In an attempt to explore these questions, I have collected data from the data sources Orbis and Fame, hoping that the joint use with current dataset such as VentureXpery and VentureSource will help shed new light in research. The Orbis dataset is provided by the Bureau van Dijk (BvD), which covers the detailed ownership and managerial information and financials of both public and private firms all over the world. Fame dataset covers more detailed financial information for private and small firms in UK. I have used both datasets and cleaned up the historical ownership and managerial data dating back to year 2010 for my research paper "Family firm succession decisions and product market competition", and the data is also available for US and most other European countries.

The comprehensive dataset includes about 22.9 million firms in US, 9.9 million firms in UK and 51.8 million firms in Europe respectively. For UK firms, 3.2 out of 9.9 million firms in the dataset are incorporated after year 2010 and 7.5 million of them are private firms. For each firm, we have detailed characteristics including name, address, date of incorporation and the industry, allowing us to combine the dataset with the current VC datasets. The information source is different for different countries, take UK as example; the details for private firms are mostly from the annual return reports collected from the Companies House, where the firms register. The observations include both active and inactive firms, with almost half of the firms are inactive in UK. This enlarges the size of portfolio companies with available financial and managerial information by including the inactive firms which may be excluded in other datasets. Specifically, the dataset provides the information on the time when the firm becomes inactive. This extra set of information does not only overcome the shortage of imprecise information in VentureXpert and VentureSource but also allows us to keep track of the dynamics of firm status and serial entrepreneurs that are not limited to only venture financed. Furthermore, the large portion of young and private firms makes this dataset ideal when combined with company portfolio lists from other datasets.

The detailed ownership and managerial information, especially for the small private firms also plays an important role in complementing the current source of information in entrepreneurial research. The dataset provides historical information of each senior manager served in the firm, including the manager's name, gender, date of birth, nationality, the job title with the appointment date and the resignation date. Using the detailed information for each manager, it is possible to identify whether the same person serves in other companies in the sample overtime. This provides us an opportunity to examine the venture capitalist network and to study its impact on the knowledge spillover or the similarity of corporate governance implemented in start-up firms.

In the long run, I will keep an open eye on other research topics as well, such as labor and entrepreneurship, local information transmission in entrepreneurship and the economics of crowd funding platforms. The foreseeable obstacles of research in these areas are availability of data at micro level and identifying clean identification strategies. Participating in the NBER Entrepreneurship Research Boot Camp will deepen my understanding and open my mind to entrepreneurial economics and finance research by gaining perspectives from experienced academics. I would like to discuss my

research questions and I hope the opportunity to communicate with the distinguished researchers and other participants will also stimulate new research interests and find more datasets available to future research in this field.

Thank you for your time and consideration.

Sincerely,

Su Wang