Gaurav Kankanhalli
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Thomas Hellmann
Saïd Business School
Park End Street
Oxford, UK

March 31, 2016

Dear Professor Hellmann,

Please find attached my application for the NBER Entrepreneurship Research Boot Camp 2016.

My recommendation letter has been provided by my PhD advisor:

Professor Murillo Campello
Lewis Durland Professor of Finance,
Cornell University & N.B.E.R.
114 East Avenue
369 Sage Hall
Ithaca, NY 14853
USA

His contact details are (607) 255-1282 (phone) and campello@cornell.edu (email).

Please let me know if anything else is required.

Thank you very much for your time in considering my application for this exciting opportunity.

Yours faithfully,

Gaurav Kankanhalli

Attached:
1. *Curriculum Vitae*
2. *List of PhD Courses*
3. *Application Essay*
4. *Letter of Recommendation*

Gaurav Kankanhalli

301I Sage Hall, 114 East Avenue, Ithaca, New York 14853, USA
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EDUCATION

Cornell University, Ithaca, New York, USA

- PhD in Finance, S C Johnson Graduate School of Management — Aug 2014 – Present
  - Committee: Murillo Campello (Chair), Robert Jarrow, Hyunseob Kim

University of Oxford, Oxford, UK

- MSc (Distinction) in Financial Economics, Saïd Business School — Aug 2013 – Jul 2014
- BA (Hons.) in Economics and Management, Wadham College — Oct 2010 – Jul 2013

WORKING PAPERS

- Default Risk Spillovers and Intra-Industry Return Predictability (2016, joint with R. Murataj)

CONFERENCES

- Default Risk Spillovers and Intra-Industry Return Predictability — 2016
  - 16th Annual Trans-Atlantic Doctoral Conference, LBS, London, UK

GRANTS AND AWARDS

- Doctoral Scholarship, Cornell University — Aug 2014 – Present
- College Prize, Wadham College, University of Oxford — Jul 2014
- Dean's List, Saïd Business School, University of Oxford — 2013 – 2014

RESEARCH EXPERIENCE

- Research Assistant to Murillo Campello, Cornell University — Aug 2014 – Present
- Research Assistant, Oxford-Harvard-Sloan Initiative — Nov 2013 – Aug 2014
- Research Intern to Teck-Hua Ho, National University of Singapore — Summer 2012
- Research Assistant to Colin Mayer, University of Oxford — Jan 2012 – Jun 2012
- Research Intern to Rahul Mukherji, NUS — Summers 2009, 2011
- Research Intern to Mukul Asher, NUS — Summer 2008

TEACHING ASSISTANCE

- Corporate Financial Policy, 2016, MBA and EMBA, Instructor: Murillo Campello
- Financial Markets and Institutions, 2015, MBA, Instructor: Maureen O'Hara
- Derivatives Securities, 2015, MBA, Instructor: Darien Huang
- Corporate Governance, 2015, EMBA, Instructor: Yaniv Grinstein
- Corporate Governance, 2015, EMBA, Instructor: Robert Swieringa

REFEREEING ACTIVITIES

- Journal of Financial Services Research, International Review of Finance

OTHER ACTIVITIES

- Member, Cornell College of Business Graduate Students Synergy Group — 2016
- Vice-Chair, Finance Oxford Business Network — 2013 – 2014
- Participant, 3rd Asia Summer Institute in Behavioural Economics, NUS — Jul 2012

SKILLS

- IT Skills: MATLAB, R, Stata
- Languages: Hindi, Bengali, Kannada, French (Intermediate), and Sanskrit (Basic)

[*CV compiled on 2016-03-31*]

List of PhD Courses with Grades

Gaurav Kankanhalli

March 31, 2016

1. Fall 2014
   (a) ECON 6090: Microeconomic Theory I (David Easley), Grade: A
   (b) ECON 6170: Intermediate Mathematical Economics (Tapan Mitra), Grade: A-
   (c) ECON 6190: Econometrics I (Yongmiao Hong), Grade: A-
   (d) NRE 5360: Introduction to Asset Pricing Theory (Robert Jarrow), Grade: A-
2. Spring 2015
   (a) ECON 6100: Microeconomic Theory II (Lawrence Blume), Grade: A-
   (b) NRE 5200: Archival Research in Accounting (Sanjeev Bhojraj), Grade: Not yet assigned
   (c) NRE 5280: PhD Seminar in Empirical Asset Pricing, Grade: A+
   (d) ECON 6200: Econometrics II (Joerg Stoye), Skipped based on prior coursework at University of Oxford
3. Fall 2015
   (a) NRE 5020: PhD Seminar in Market Microstructure (Maureen O'Hara), Grade: Not yet assigned
   (b) NRE 5270: PhD Seminar in International Finance (Warren Bailey), Grade: A+
4. Spring 2016
   (a) NRE 5060: PhD Seminar in Corporate Finance Theory (Kristian Rydqvist), In progress
   (b) NRE 5240: PhD Seminar in Empirical Corporate Finance (Roni Michaely), Grade: Not yet assigned
5. PhD-level courses at Oxford (2013-2014) during MSc in Financial Economics at Saïd Business School
   (a) Asset Pricing (Dimitrios Tsomocos and Tarun Ramadorai), Grade: 76/100 (Distinction)
   (b) Corporate Finance (Thomas Noe), Grade: 73/100 (Distinction)
   (c) Economics (Peter Eso, Jerry Tsai, and Paul Klemperer), Grade: 75/100 (Distinction)
   (d) Financial Econometrics (Neil Shephard and Kevin Sheppard), Grade: 78/100 (Distinction)
   (e) Continuous Time Finance (Alvaro Cartea), Grade: 83/100 (Distinction)
   (f) Advanced Financial Econometrics (Kevin Sheppard), Grade: 73/100 (Distinction)

Application Essay

Gaurav Kankanhalli

March 31, 2016

As a second-year PhD student in Finance with a budding interest in entrepreneurial finance research, the opportunity to be selected for the NBER Entrepreneurship Research Boot Camp 2016 excites me greatly. The benefits for my research going forward would be tremendous, including but not limited to (1) being exposed to cutting edge research in entrepreneurial research in an intensive and immersive way (2) being mentored by the top faculty working in this area and (3) the chance to meet excellent peers with similar interest to discuss ideas and build collaborative networks. In order to elaborate on my motivation to attend the camp and likelihood of success if I am selected, I will briefly describe my current and future research interests.

My current research projects lie in the intersection of corporate finance and asset pricing, and while they are not directly related to entrepreneurial finance, demonstrate both my willingness and my ability to synthesize insights from a variety of fields, to better inform my analysis of a given research question. For instance, the first project I began working on during the first-year of my PhD concerned default risk spillovers. I began with the seminal insight of Shleifer and Vishny (1992)[1] that the collateral value of a firm's assets is, in part, determined by the financial health of their first-best users, likely to be other firms in the same industry. Thus, I reasoned that this could potentially generate an intra-industry default risk propagation mechanism in which higher distress risk of some firms spreads to others in their industry as they are forced to sell their assets for lower liquidation values, impairing balance sheets of other firms who are likely to be the first-best users of these assets. Since collateral values and default risk are likely to be endogenously determined, I decided to initially investigate whether or not these spillovers were reflected in equity returns.

This idea resulted in a working paper (with a PhD colleague) in which we show that stocks that are connected to the most distressed stocks in their industry earn significantly higher future returns. Consistent with the initial logic motivated by Shliefer and Vishny (1992), we find that predictability is strongest in industries with the lowest levels of asset redeployability. I plan to extend this research further, by studying corporate finance implications including measuring this contagion through default risk predictability, and testing it using shocks to firm-level financing and intra-industry connections through mergers and consolidation.

In describing my current research interests, I aim to demonstrate that I am both able and willing to continue developing research ideas that synthesize cross-disciplinary insights. I believe that this approach is particularly suitable for me as a young scholar intending to pursue research in entrepreneurial finance, as many of the questions in this field are by nature cross-disciplinary. This became clear to me as I began looking into the entrepreneurial finance literature, and began generating ideas of my own to pursue in this field.

One potential topic within the broader area of entrepreneurial finance that I wish to investigate, is the effect of labour market constraints (i.e. the availability and cost of obtaining the necessary human capital), on entrepreneurship and new business formation. Just as financing constraints are likely to have first order effects on new business formation, so are labour market constraints. A particularly interesting dimension would be to exploit the geographically heterogenous nature

[1] Shleifer, A. and Vishny, R.W., 1992. Liquidation values and debt capacity: A market equilibrium approach. The Journal of Finance, 47(4), pp.1343-1366.

of labour markets across the US. In this regard, I hope to synthesize some of the insights from the labour market literature to investigate whether labour market constraints can cross-sectionally and over time account for the variation in the spatial distribution and rate of new business formation.

In particular, I plan on using the spatial and temporal variation in the measures of occupational licensing regulations as described in the labor economics literature (notably, Kleiner and Kruger (2013)[2]) as quasi-natural shocks to labour market constraints. Interpreting relaxation of occupational licensing as an increase (and tightening as a decrease) to the local labour pool, I aim to causally identify the impact of labour market constraints on the formation of new business, focusing on various aspects including the rate, geographic dispersion, and types of businesses being founded. In line with my prior, I expect this effect to be heterogenous, across industries (some being more reliant than others on the type of human capital likely to be affected by occupational licensing) and across geographies (the difference in rate amongst urban, semi-rural and rural areas would be particularly interesting to note from the perspective of labour market constraints being a determinant of agglomeration).

Furthermore, I am interested to see whether labour market constraints (as measured through occupational licensing, or other shocks to occupational mobility), and financial market constraints act as complements or substitutes, i.e. whether one matters more or less in the presence of the other. In my view, this would provide a way of adjudicating the relative importance of financial and human capital for new business formation, and the success of entrepreneurial firms.

Thus, through the training and mentorship from the exceptional faculty, and the immersive and intensive exposure to classical and latest developments in entreprenurship-related research I aspire to graduate from the camp with the necessary foundations to both refine and sharpen my existing research ideas and draw novel links between disciplines and areas to come up with potential future ideas to pursue in the field of entrepreneurship research. In my case, there is an additional benefit of attending this camp relatively early in my research training (second-year summer) as this gives me a chance to internalize the benefits during my doctoral career. Many of the research questions in the area of entrepreneurship research by virtue of their nature require the use of administrative datasets. Certainly, the idea that I have proposed in the preceding paragraph would require access to Census and BLS datasets in order to implement the empirical analysis. Access to these datasets requires long lead times in order to complete the necessary applications, approvals and clearances, and thus in order to incorporate them into my doctoral research I would have to commence this process fairly soon. I believe that attending the camp will allow me to refine these ideas, gain deep and thorough exposure to the literature, learn from discussions with both the faculty and excellent peers with similar interests, and thus capitalize on these benefits allowing me to make strong applications based on credible ideas to access these administrative datasets.

Given my strong background and training based on my undergraduate and masters studies at Oxford, and doctoral training at Cornell under my advisor Prof. Murillo Campello I am well-positioned to be able to quickly absorb the materials presented at the camp. In addition, my willingness to actively participate and contribute to the group discussions will enable me to forge valuable connections with fellow attendees which in turn will allow me to seek feedback on my ideas, learn from the latest work of my peers, and build up my academic network. In sum, if selected for this exceptional opportunity, I hope to join the ranks of the tremendously successful alumni of the camp who leveraged this experience to build up their research careers.

[2]Morris M. Kleiner & Alan B. Krueger, 2013. "Analyzing the Extent and Influence of Occupational Licensing on the Labor Market," Journal of Labor Economics 31(S1), pp. S173 - S202.



JOHNSON
Cornell University

Murillo Campello
Lewis Durland Professor of Finance
Cornell University & N.B.E.R.
114 East Avenue
369 Sage Hall
Ithaca, NY 14853

March 8, 2016
Thomas Hellmann
Saïd Business School
University of Oxford
Park End Street Oxford OX1 1HP UK

Dear Professor Hellmann,

I am writing to recommend Gaurav Kankanhalli for acceptance into the 2016 NBER Entrepreneurship Research Bootcamp. I believe I am in a good position to support the case that Gaurav should be accepted to the program. I have known him for nearly two years, as his Ph.D. advisor and also as the coordinator of the Finance Doctoral program at Cornell, where Gaurav is currently enrolled as a second year student. In addition, Gaurav has been both my Research Assistant and my Teaching Assistant for the last year. Let me say from the outset that I cannot measure the amount of confidence I have in seeing Gaurav doing well in the NBER program as well as a future leading researcher.

Gaurav has shown a strong and early interest in high-level research. His first-year paper studies whether default risk spillovers generate intra-industry return predictability. He finds that stocks that are connected (by "beta-distance" and common institutional ownership) to the most distressed stocks in their industry earn significantly higher returns controlling for a battery of factors known to affect returns, general cross-predictability of connected stocks, and fixed effects. He also identifies a potential channel through asset revaluation by observing that effects are strongest in

industries with lowest levels of asset redeployability. His paper is appealing and well-executed. Not surprisingly, it has been accepted at the 2006 LBS Trans-Atlantic Doctoral Conference, where he will be presenting it in May.

Despite being a second year student, I believe Gaurav has sufficient technical background to attend the NBER program. I based this assessment not only on my personal interactions with him, but also on is prior studies at Oxford and current grades at Cornell. I believe that being in the second year of his studies here ate Cornell represents a benefit, as he will be able to incorporate insights from entrepreneurial finance early in his research career.

In all, I believe it would be a great opportunity for Gaurav Kankanhalli to attend the NBER Entrepreneurship Research Bootcamp this year, and I believe he will pursue a research path in the area of entrepreneurial finance and innovation as a result of it. If you have any further questions, please feel free to give me a call at (607) 255-1282, or contact me at "campello@cornell.edu".

Sincerely,

