

Fangzhou (Ark) Shi

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RESEARCH INTERESTS Corporate Finance, Corporate Governance, Business Group, Family Firm

EDUCATION **Columbia University, Columbia Business School**, New York, NY, USA
Ph.D. Candidate, Finance & Economics, expected in May 2015
M.Phil, Finance and Economics, May 2011
Purdue University, Krannert School of Management, West Lafayette, IN, USA
M.S., Economics (Ph.D. program), May 2008
Peking University, Beijing, China
B.A., Finance & Banking, **Guanghua School of Management**, with distinction, July 2006
B.S., Applied Math., **School of Mathematical Sciences**, with distinction, July 2006

WORKING PAPERS

- **Business Group Affiliation Improves New Firms' Profitability** (Job Market Paper), accepted at the 2015 SFS Cavalcade.

Abstract: I investigate the causal link between business group affiliation and new firms' profitability. To overcome selection issues related to group affiliation, I focus on ownership changes at least two levels away in the ownership chain that lead to a change in group affiliation. I provide evidence suggesting that these unintentional changes are likely exogenous. I find that business group affiliation leads to a 12% increase in new firms' profitability during the first six years. I further present evidence consistent with two channels. First, new firms quickly increase revenues and expand market shares after joining business groups, possibly leveraging on groups' marketing networks. Second, group affiliation triggers a higher ratio of top manager turnover and leads to more experienced top managers and more productive employees. It is possible that business groups provide a talent pool of managers and better monitor new firms' labor force. Results suggest that business groups parallel the role of venture capital firms in sponsoring new firms in economies with concentrated equity ownership.

- **Competition and Private Benefits of Control**, with Maria Guadalupe and Francisco Perez-Gonzalez, revise and resubmit at the *Review of Financial Studies*

Abstract: This paper investigates the impact of input and product market competition on private benefits of control (PBC), as measured by the voting premia between shares with differential voting rights. The main findings are three. First, increases in the intensity of competition lead to lower estimates of PBC. Second, competition significantly reduces the dispersion in the voting premia, affecting especially the top of the PBC distribution. Third, competition effects are particularly prominent in weak-rule-of-law countries, in manufacturing industries and in less-profitable firms. Overall, the results show that competition leads to a meaningful reduction in the level and dispersion of PBC.

WORK IN PROGRESS

- **Insider Trading Profits and Executive Compensation**, with Tao Li

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| RESEARCH EXPERIENCE | <ul style="list-style-type: none"> • Research Assistant, <i>Columbia Business School</i>, 2009 to 2012 cross-border M&A, credit supply, MBS performance • Research Assistant, <i>Purdue University</i>, 2007 international trade |
| RESEARCH GRANT | <ul style="list-style-type: none"> • Co-Investigator, <i>The Impact of Information Disclosure on Top Managers' Incentives</i>, Young Scholar Social Science Foundation of Ministry of Education of China, 2011-2015, RMB 70,000 • Co-Investigator, <i>Effective Way to Rebuild Trust in Business - Experiment and Quasi-experiment Based Analysis</i>, National Science Foundation for Young Scholars of China (Grant No. 71303055) of China, 2013-2015, RMB 220,000 |
| TEACHING EXPERIENCE | <ul style="list-style-type: none"> • Teaching Assistant at <i>Columbia Business School</i> Emerging Financial Market (MBA), designed and taught review sessions, 2011-2014 Banking Fundamentals: Value and Risk (MBA), designed and taught review sessions, 2011-2014 Advanced Corporate Finance (EMBA, MBA, Undergraduate), designed and taught review sessions, 2011-2012 • Recitation Lecturer at <i>Purdue University</i> Introduction to Economics (Undergraduate), 2008 |
| PRESENTATIONS | <ul style="list-style-type: none"> • Finance Faculty Lunch Seminar, Columbia Business School, 2014 • Finance Ph.D. Seminars, Columbia Business School, 2010-2014 |
| SERVICE | <ul style="list-style-type: none"> • Discussant, Financial Management Association Annual Conference, Denver 2011 • Discussant, Midwest Finance Association Conference, Chicago 2011 |
| OTHER PUBLICATION | <ul style="list-style-type: none"> • The environmental management strategy of ABB (China), Management Case Center of Peking University, 2004 |
| AWARDS AND HONORS | <ul style="list-style-type: none"> • Columbia Business School Doctoral Fellowship, 2008 to 2012 • President's Undergraduate Fellowship and best paper prize of Peking University, 2006 • Mingde Scholarship for Honored Undergraduates, 2002 to 2005 • Ranked 1st among 128,931 students in the National College Entrance Examination of Shaanxi Province, 2002 |
| PROFESSIONAL SKILLS | <ul style="list-style-type: none"> • Programming: MATLAB, SAS, STATA, SPSS, EVIEWS, LATEX, OX, C, R, VBA, SQL, Factset, Bloomberg, Python • Certificate: CFA Program - Level III Candidate, FRM Program - Passed Level I & II • Languages: English (Fluent), Mandarin (Native) |

REFERENCES

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