

Research Statement

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My research focuses on the effect of executive-specific features and board diversity on firm performance and financial decisions in emerging markets. Bertrand and Schoar (2003) document that managers exhibit different styles, as reflected in corporate policies. Bloom and Van Reenen (2007) find that management practices strongly associate with persistent differences in firms' productivity and vary substantially across firms and nations. My research links these two strands of literature and tries to answer how executives' characteristics affect management practices, firm performance, and corporate policies in emerging markets, which are less explored. To address the endogenous executive-firm matches and reverse causality problem, I construct novel instruments to identify causal effects.

In my job market paper, "Board Gender Diversity and Firm Performance: Evidence from Supply-Side Shocks in China" with Yangming Bao, we focus on an essential characteristic of directors: gender. We utilize unique historical events to construct novel instruments for the percentage of female directors. The events, the resumption of the national college exam together with the Famine, exogenously changed the relative supply of female directors. The influenced cohorts represent the majority of the directors in the Chinese listed firms in the last two decades. Our results suggest that, in developing countries with weak corporate governance like China, female directors improve the firm performance by their diligent monitoring and internal controlling. Also, our results support the critical mass theory, which advocates that only one female director is just a "token."

My second paper with Thorsten Schank explores another managerial characteristic: foreign experience. By employing the same Chinese data, our results are consistent with Giannetti et al. (2015), that directors with international experience improve firm performance. However, the effect of top managers with overseas expertise varies. Directors could transmit their knowledge about management practices and corporate governance to the boardroom. On the other hand, returnee CEOs face more obstacles (Duan and Hou, 2017), and returnee top managers only with specific expertise are beneficial to the firms.

Besides executive-firm matches, my secondary interest also lies in other matchings such as marriage. I explore distortions and inequalities of matchings due to different

preferences, especially the gender difference in behaviors. My third paper, "The More the Merrier? The Effect of Fertility Preference on Marriage Outcomes", reveals that people's marriage choices and behavior depend on not only the "bliss point" of fertility level but also the strength of preferences. I employ an innovative econometric method to model the searching process and marriage choices, which incorporates the DiD approach into a sub-hazard model with competing risks. Utilizing a population policy in China which made "only-children" (no siblings) more attractive, the results indicate that people change their marriage choices to meet their fertility preference. I also observe gender difference in marriage behaviors. "Only-children" men searched longer in the marriage market, invested more in housing, and transfer more to their spouses. Moreover, sorting on the only-children (no siblings) may exacerbate inequality of wealth and investment on children.

Future Research

In the immediate future, I plan to extend my job market paper by investigating private and mid-size firms, and the effect of board gender diversity on not only firm performance, but also the gender wage gap. I also plan to explore more than just executive characteristics but move a step further: social networks and interactions. My current research has implied that the same feature of executives could have different effects on firm performance under different environments and specific tasks. The interactions among executives could either have positive spillover effects or adverse effects such as conspiracy. The China Securities Regulatory Commission (CSRC) mandated at least one-third of directors being independent by 2003. Most firms reached this target, and many replaced their executive directors in the management board with independent directors. However, are these independent directors truly independent (Hwang and Kim, 2009)? Do they perform their duties? By answering these questions, I hope to contribute further to the development of corporate governance in developing countries.

References

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