Tania Babina

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ACADEMIC POSITIONS

Assistant Professor, Columbia Business School, Columbia University *July 2016*
Division of Finance

EDUCATION

University of North Carolina, Chapel Hill *2011 to 2016*
Ph.D. in Finance, Kenan-Flagler Business School

M.Sc. Finance, the University of Alabama *2008*
B.A. Economics, National Technical University KhPI, Ukraine, Summa Cum Laude *2005*

RESEARCH INTERESTS

Empirical Corporate Finance, Entrepreneurship, Innovation, Labor and Finance

PUBLISHED PAPERS (* means presented by co-author)

Destructive Creation at Work: How Financial Distress Spurs Entrepreneurship, ***forthcoming at the Review of Financial Studies***

- AFA 2018; Tel Aviv Finance Conference 2017; WFA 2017; Economics of Entrepreneurship and Innovation Conference 2017; Mitsui Labor and Finance Symposium 2017; Finance, Organizations & Markets Conference (FOM); Columbia Macro Lunch; EFA (Oslo), Annual Meetings of the Society of Labor Economics (Seattle); Labor and Finance Group meeting (Austin); selected for presentation at the Colorado Finance Summit/PhD session; Carnegie-Mellon University; Berkeley; Columbia; Cornell; Federal Reserve Board, Georgetown; Ohio State; University of Colorado; University of Maryland; University of Minnesota; University of North Carolina; University of Texas–Dallas; University of Toronto

Using U.S. Census firm-worker data, I document that firms' financial distress has an economically important effect on employee departures to entrepreneurship. The impact is amplified in the high-tech and service sectors, where employees are key assets. In states with enforceable noncompete contracts, the effect is mitigated. Compared to typical entrepreneurs, distress-driven entrepreneurs are high-wage workers who found better firms, as measured by jobs, pay, and survival. Startup jobs compensate for 33% of job losses at the constrained incumbents. Overall, the financial inability of incumbent firms to pursue productive opportunities increases the reallocation of economic activity into new firms.

Heterogeneous Taxes and Limited Risk Sharing: Evidence from Municipal Bonds, ***forthcoming at the Review of Financial Studies***, with Pab Jotikasthira (SMU), Chris Lundblad (UNC), Tarun Ramadorai (Imperial College)

- EFA 2017*; AFA 2016*; Fourth Annual Municipal Finance Conference*; Adam Smith Workshops in Asset Pricing and Corporate Finance*; SFS Finance Cavalcade*
- James A. Lebenthal Memorial Prize for Best Paper at the Fourth Annual Municipal Finance Conference

We evaluate the impacts of tax policy on asset returns using the U.S. municipal bond market. In theory, tax-induced ownership segmentation limits risk-sharing, creating downward-sloping regions of the aggregate demand curve for the asset. In the data, cross-state variation in tax privilege policies predicts differences in in-state ownership of local municipal bonds; the policies create incentives for concentrated local ownership. High tax privilege states have muni bond yields that are more sensitive to variations in supply and local idiosyncratic risk. The effects are stronger when local investors face correlated background risk and/or diminishing marginal non-pecuniary benefits from holding local assets.

WORKING PAPERS (* means presented by co-author)

IPOs, Human Capital, and Labor Reallocation, with Paige Ouimet (UNC), Rebecca Zarutskie (Board)

- Texas Finance Festival; Columbia; SEC; Tuck Private Equity and Entrepreneurship Research Conference 2017; Cavalcade 2017; HBS-Entrepreneurship; Changing Role of Stock Markets in Capital Formation - NYU 2017*; AFA 2017; Annual Meetings of the Society of Labor Economics (Seattle)*; NBER Entrepreneurship Working Group; Darden & Cambridge Judge Entrepreneurship and Innovation Research Conference*

We examine the human capital of IPO-filing firms and how going public affects their labor force. IPO-filing firms have high average wages and limited industrial diversification. Moreover, we document that a successful IPO increases departures of high-skilled employees to startups and diversification though employment growth in non-core industries. While IPOs do not significantly affect earnings growth of pre-IPO workers, post-IPO hires receive larger earnings increases upon joining. These results are most consistent with agency mechanisms associated with the transition to public ownership. Overall, going public has significant implications for the firms' overall labor force, the firm, and labor reallocation.

Innovation Investment and Labor Mobility: Employee Entrepreneurship from Corporate R&D, with Sabrina Howell (NYU)

- WFA; AEA 2019*; Texas Finance Festival*; Southern California Private Equity Conference*; Five-Star NYU; Stanford Financing of Innovation Summit; NBER-Corporate Finance; LBS Summer Symposium; UW Summer Finance Conference; Yale Junior Conference; WFA-AFFECT*; Junior Entrepreneurial Finance and Innovation Workshop; Duke*; Columbia; Junior Entrepreneurial Finance and Innovation Workshop 2017*; Center for Economic Studies - Census Bureau; CEAR*; Northwestern*

This paper studies how corporate research and development (R&D) investment affects labor mobility. We use employer-employee matched data in ordinary least squares and instrumental variables analyses to assess four hypotheses. R&D has no effect on worker retention, exit from employment, or mobility to incumbent firms. Instead, it increases employee departures to entrepreneurship, leading employees to join the founding teams of startups that are venture capital-backed, high tech, high wage, and in different sectors than the parent firm. These high-growth, high-risk startups emerging from R&D benefit from a focused, standalone incentive structure and have poor complementarities to the parent firm's assets.

Pay, Employment, and Dynamics of Young Firms, with Chris Moser (Columbia), Wenting Ma (UNC-Econ), Paige Ouimet (UNC), Rebecca Zarutskie (Board)

- AFA 2019; FIRS*; Society of Labor Economists (SOLE)*; Mitsui Labor and Finance Symposium; Junior Entrepreneurial Finance and Innovation Workshop; UNC Kenan Institute Frontiers of Entrepreneurship; Dartmouth*; HEC*

Why do young firms pay less? Using confidential microdata from the US Census Bureau, we find lower earnings among workers at young firms. However, we argue that such measurement is likely subject to worker and firm selection. Exploiting the two-sided panel nature of the data to control for relevant dimensions of worker and firm heterogeneity, we uncover a positive and significant young-firm pay premium. Furthermore, we show that worker selection at firm birth is related to future firm dynamics, including survival and growth. We tie our empirical findings to a simple model of pay, employment, and dynamics of young firms.

Crisis Innovation, with Asaf Bernstein (Colorado) and Filippo Mezzanotti (Northwestern)

· University of Virginia; WFA (AFFECT); Labor and Finance conference in Chicago; Michigan State University ; Conference; Minnesota junior conference; HEC Entrepreneurship Conference*; UT Dallas Conference*; University of Auburn*; University of Colorado*; the Third Junior Entrepreneurial Finance and Innovation Workshop*

In a differences-in-differences design we provide the first systematic evidence that distress from the Great Depression drove the single largest shift in innovative organization in U.S. history – from predominantly outside to inside the firm. Parallel trends prior to the shock, evidence of a drop within every major technology class, and consistent results using distress driven by commodity shocks all suggest a causal effect of local distress. Despite this decline in patenting, innovation is quite resilient, with inventors moving into firms and the average quality of surviving patents rising so much there is no observable change in aggregate future citations.

Friends during Hard Times: Evidence from the Great Depression, with Diego Garcia (Colorado), Geoff Tate (Maryland)

· AEA 2018; Olin's 14th Annual Conference on Corporate Finance 2017; EFA 2017; LBS Summer Finance Symposium 2017*; FIRS 2017*; 2017 Financial Institutions, Regulation & Corporate Governance (FIRCG) Conference*; 2017 Spring Finance Conference at the UT-Dallas*

We test whether network connections to other firms through executives and directors increase value by exploiting differences in survival rates in response to a common negative shock. We analyze a novel dataset of over 3500 public and private firms from 1928. We find that firms that had more connections on the eve of the 1929 financial market crash have higher 10-year survival rates during the Great Depression. Consistent with a financing channel, we find that the results are particularly strong for small firms, private firms, cash-poor firms, and firms located in counties with high bank suspension rates during the crisis. Moreover, connections to cash-rich firms are stronger predictors of survival, overall and among financially constrained firms. Because of the greater segmentation of markets in the 1920s and 1930s than in modern data samples, we can mitigate the potential endogeneity of network connections at the time of the shock by exploiting variation in the local demand for directors' services. We also find evidence that the information that flows through network links increases the odds that a firm will be acquired.

DISCUSSIONS

2020

· Baghai, Silva: *The Impact of Going Public on the Firm's Human Capital*, AFA

2019

· Borgschulte, Guenzel, Liu, Malmendier: *CEO Stress and Life Expectancy: The Role of Corporate Governance and Financial Distress*, FOM
· Liu, Mao, Tian: *The Role of Human Capital: Evidence from Corporate Innovation?*, AFA
· Ewens, Townsend: *Are Early Stage Investors Biased Against Women?*, AFA

2018

· Ewens, Gorbenko, Korteweg: *Venture Capital Contracts*, LBS Private Equity Conference
· Lindsey, Stein: *Angels, Entrepreneurship, and Employment Dynamics: Evidence from Investor Accreditation Rules*, Cavalcade
· Brown, Martinsson, Thomann: *Environmental Policy and Technical Change: Pollution Taxes, Access to Finance, and Firm Absorptive Capacity*, HoF-MFS conference on Sustainable Finance
· Choi, Lou, Mukherjee: *The Effect of Superstar Firms on College Major Choice*, Miami Behavioral Finance Conference

2017

· Nanda, Samila, Sorenson: *The Persistent Effect of Initial Success: Evidence from Venture Capital*, Tuck Private Equity and Entrepreneurship Research Conference

· Barbosa, Bilan, Celerier: *Credit Supply Shocks and Human Capital: Evidence from a Change in Accounting Norms*, EFA
· Xu: *Skilled Labor Supply and Corporate Investment: Evidence from the H-1B Visa Program*, SFS Cavalcade
· Burton, Dahl, Canales, Huesch, Sorenson: *Startup Employees*, KIFERC

2016
· Lin, Schmid, Sun: *Conflict or Collusion? How Employees in the Boardroom Affect Management Compensation*, EFA
· Rettl, Stomper, Zechner: *The Stability of Dividends and Wages: Effects of Competitor Inflexibility*, SFS Cavalcade

REFEREE

Journal of Finance; Review of Financial Studies; Journal of Banking and Finance; Management Science; Journal of Labor Economics; Journal of Empirical Finance

CONFERENCE COMMETTEE

EFA; Colorado Finance Summit; Junior Entrepreneurial Finance and Innovation Workshop; Rising Five-Star Workshop

TEACHING

Entrepreneurial Finance, 2019-2020

Entrepreneurial Finance and Private Equity, 2016-2017, 2017-2018

Corporate Finance, 2015

EMPLOYMENT

Research Assistant, University of North Carolina, Chapel Hill, NC *2011 to 2016*
· *Anil Shivdasani, Christian Lundblad, Geoffrey Tate*

Balance Sheet Analyst, Regions Financial Corp, Birmingham, AL *2008 to 2009*
· *Formulated forecasts of Net Interest Income for a $140 Bln bank balance sheet*

Research Assistant, the University of Alabama, Tuscaloosa, AL *2007 to 2008*

Project Coordinator, Centre for Strategic Design, Kharkiv, Ukraine *2004 to 2005*

SKILLS ◇ CERTIFICATIONS

Computer: SAS, SQL, Stata, Perl, C++, Bloomberg, Linux
Languages: English (fluent), Russian (native), Ukrainian (basic)
Certification: Passed all three levels of the Chartered Financial Analyst (CFA) examinations

OUTSIDE ACTIVITIES

None