

JULIAN ATANASSOV

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Contact Information

Lundquist College of Business
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Research interests

Corporate Finance: Corporate governance; Capital Structure; International Corporate Finance

Academic experience

- *Assistant Professor*, Lundquist College of Business, University of Oregon (August 2006 – present) – teaching undergraduate, MBA, and Ph.D. level courses
- *Instructor, Financial Management* (FIN 300), Ross School of Business, University of Michigan (Fall 2002)
- *Teaching assistant, Corporate Financial Policy* (FIN 621), Ross School of Business, University of Michigan (Fall 2003, Fall 2004, and Fall 2005)
- *Research Assistant*, Ross School of Business, University of Michigan (2000 – 2006)
- *Lecturer*, Sofia University, Sofia, Bulgaria (October 1998 – August 1999)

Education

- *Ph.D. in Finance*, Stephen M. Ross School of Business, University of Michigan, Ann Arbor, MI (September 2000 – June 2006)
- *M.A. in Economics*, University of Delaware, Newark, DE (September 1999 – August 2000)
- *M.A. (Econ) in International Political Economy*, University of Manchester, Manchester, UK (September 1997 – September 1998)
- *BA, MA in Economics*, Sofia University, Sofia, Bulgaria (October 1992 - July 1997)

Publications

“Labor and Corporate Governance: International Evidence from Restructuring Decisions” (with E. Han Kim, forthcoming, *Journal of Finance*)

Our results highlight the importance of interaction among management, labor, and investors in shaping corporate governance. We find that strong union laws protect not only workers but also underperforming managers. Weak investor protection combined with strong union laws are conducive to worker-management alliances, wherein poorly performing firms sell assets to prevent large scale layoffs, garnering worker support to retain management. Asset sales in weak investor protection countries lead to further deteriorating performance, whereas in strong investor protection countries they improve performance and lead to more layoffs. Strong union laws are less effective in preventing layoffs when financial leverage is high.

Working papers

- **“Stakeholders and Corporate Governance: Implications for Capital Structure, Innovation, and Firm Value”**

How do opportunistic managers balance the interests of shareholders and other stakeholders? Three theoretical views suggest that managers care about non-shareholding stakeholders (1) to enhance their private benefits, or (2) to use stakeholders as allies against powerful shareholders, or (3) to improve stakeholder incentives and thus to increase productivity and firm value. I test these theories by using data on corporate stakeholder-friendly policies, such as giving to charities, helping minorities, employees, customers, and the environment. I also use a triple difference methodology and an exogenous variation in state

legislation: Constituency Laws that enhance the strength of stakeholders, and Business Combination laws that decrease the strength of shareholders. I find that the greatest increase in the number of stakeholder-friendly policies occurs when shareholders are weak and stakeholders are strong. To counter the greater strength of stakeholders, managers increase financial leverage by. When shareholders are weak, stronger stakeholders lead managers to overinvest in stakeholder friendly policies that reduce innovation and firm value. When shareholders are strong however, greater stakeholder strength leads to higher firm value. These findings have implications for the theory and purpose of the firm.

- **“Quiet life or managerial myopia: Is the threat of hostile takeovers beneficial for technological innovation”** (under review)

I examine how strong corporate governance proxied by the threat of hostile takeovers affects corporate innovation. Two contrasting arguments are advanced to assess the merits of hostile takeovers. The "quiet life" view claims that, absent a takeover threat, managers are less focused and slower to respond to technological shocks. The "managerial myopia" view argues that the threat of takeovers reduces the managerial incentives to pursue projects that require long term commitment of physical and human capital. Using the enactment of state antitakeover laws as an exogenous decrease in the threat of hostile takeovers, patents and patent citations to measure innovative output, and a panel of 10,110 US firms over the 1976-2000 period, I find stronger support for the quiet life view. Firms incorporated in states that enact antitakeover laws innovate less than firms in states that do not enact these laws. Patent citations are associated with higher shareholder value, and therefore the innovation decline represents one possible channel through which antitakeover laws reduce firm value. The negative effect of antitakeover laws is mitigated but not completely eliminated by the presence of alternative governance mechanisms such as large shareholders, pension fund ownership, high financial leverage, and the presence of financial constraints.

- **“Finance and innovation: The case of publicly traded firms”** (with Vikram Nanda and Amit Seru, under review)

We hypothesize that established firms with innovative projects and technologies will make relatively greater use of arm's length financing (such as public debt and equity); whereas less innovative firms will tend to use relationship based borrowing (such as bank borrowing). The hypothesis is developed using a simple model in which firms with more innovative projects give greater discretion to managers by relying on arm's length financing. When a firm has less innovative projects that are easier for a relationship lender to evaluate, the manager is given less discretion and bank borrowing is more prevalent. Using a large panel of US companies from 1974-2000, we find that consistent with our predictions, firms that rely more on arm's length financing receive a larger number of patents and these patents are more significant in terms of influencing subsequent patents. The economic magnitude of the results is large: a one standard deviation increase in the arm's length financing variables of a typical innovating firm is associated with a substantial increase in its innovative output which, in turn, leads to more than 6% increase in its future value. We confirm our results by demonstrating that firms that issue public debt for the first time and firms that issue equity through an SEO exhibit a significant increase in innovative activity two years after the issue. Our results are robust to conditioning on financial constraints faced by the firm, firm size, R&D expenditure, market to book, firm maturity, unobserved time-invariant firm characteristics, the choice of a firm's decision to go to the public debt market and a variety of model specifications and variable definitions.

Invited presentations at academic conferences

- **“Stakeholders and Corporate Governance: Implications for Capital Structure, Innovation, and Firm Value”**
 - Pacific Northwest Finance Conference, University of Washington, Seattle, Nov., 2008
- **“Quiet life or managerial myopia: Is the threat of hostile takeovers beneficial for technological innovation”**
 - ASSA annual meetings, San Francisco, January 2009
 - Western Finance Association annual meetings, Hawaii, June 2008
 - European Finance Association annual meetings, Slovenia, August 2007
- **“Finance and innovation: The case of publicly traded firms”**
 - ASSA annual meetings, Chicago, January 2007
 - Pacific Northwest Finance Conference, University of Washington, Seattle, Oct., 2006
 - European Finance Association annual meetings, Switzerland, August 2006

Work in progress

- “Dividend policies and the power of non-shareholding stakeholders”
- “Do investors behave in Rome as the Romans? A cross country analysis of investor protection and the voting behavior of US institutional investors” (with E. Han Kim)
- “Corporate hierarchy, innovation, and firm value: Evidence from the centralization of R&D departments” (with Amit Seru)
- “What determines the quality of accounting and disclosure standards around the world? A cross-country study”

Honors and awards

- *Allan Gilmour Fellowship in Finance as an outstanding student in the Finance Department*, Stephen M. Ross School of Business, University of Michigan (January, 2005)
- *Charles H. Gessner Fellowship* for an outstanding student from a developing nation, Stephen M. Ross School of Business, University of Michigan (January, 2005)
- *Two Mitsui Life Grants for research in Emerging Market Countries*, Stephen M. Ross School of Business, University of Michigan (May 2003, October 2004)
- *Two William Davidson Institute (WDI) Travel Grants for research in Emerging Market Countries*, Stephen M. Ross School of Business, University of Michigan (April 2003, April 2005)
- *Mitsui Life Fellowship for the best incoming student in the Finance Department*, Stephen M. Ross School of Business, University of Michigan (2000-2001)

Interests and Hobbies

Global political and economic trends, travel, bridge, chess, soccer, dancing, movies