

SANGHO LEE

(Updated November 1, 2016)

Department of Finance
J. Mack Robinson College of Business
Georgia State University
35 Broad St NW, Suite 1242
Atlanta, GA 30303

Mobile: (470) 755-6127
Email: slee171@gsu.edu
Website: www.sangholeefinance.com

RESEARCH INTEREST

Corporate Finance, Product Markets, Networks, Corporate Governance, Investments

EDUCATION

Ph.D. in Finance, Georgia State University, Atlanta, Expected May 2017
M.S. in Business Administration (with concentration in Finance), Seoul National University, 2011
B.A. in Economics, *summa cum laude*, Seoul National University, 2009

WORKING PAPERS

“Alliance Networks, Corporate Investment, and Firm Valuation” (Job Market Paper)

This paper examines the impact of corporate alliances on corporate investment decisions in a network setting. Well-connected firms are centrally located in alliance networks. I hypothesize that more centrally located firms are exposed to greater information flows through the networks and, therefore, possess informational advantages. The informational advantages of central firms allow them to rely less on the information in their stock prices for making investment decisions. Supporting this hypothesis, firms with a higher centrality exhibit lower investment-to-price sensitivity. This finding is robust to a variety of network centrality measures and endogeneity in alliance formations. Notably, the effect of centrality is not the same across alliance types. More integrated forms of alliances including joint ventures, technology transfer, R&D agreements, and manufacturing agreements seem to exert a stronger influence on the investment-to-price sensitivity. In fact, only the centrality based on these alliances shows a positive impact on both market valuations and announcement effects, suggesting that these alliance networks likely convey value-enhancing information. Overall, my results show that alliance networks are conduits of information that impact corporate investment decisions.

- 14th Paris December Finance Meeting, Paris, France, 2016 (Scheduled)
- Northern Finance Association Annual Meeting, Québec, Canada, 2016
- Financial Management Association Annual Meeting, Las Vegas, 2016
 - Semi-finalist for the “Best Paper Award in Corporate Finance”
 - Also presented in the Doctoral Student Consortium
- European Financial Management Association Annual Meeting, Basel, Switzerland, 2016
 - Finalist for the “Larry Lang Corporate Finance Best Paper Award”
- Seminar Series, Georgia State University, 2016

“On the Alignment of Stakeholder Orientation between the Board and Managers” with Omesh Kini and Mo Shen

Adams and Ferreira (2007) suggest that well-aligned stakeholder orientation between the board and managers may be optimal because managers are then more likely to provide information to the board, thereby allowing the board to provide better advice to managers. We test this and related implications using a panel of stakeholder orientation of board and managers based on indices that capture the degree of stakeholder orientation. We find that the focal firm’s stakeholder orientation index (henceforth called *SO index*) is strongly associated with the *SO index* of other firms that board members have a board seat. In addition, the higher the boards’ *SO index* relative to the focal firm’s *SO index*, the larger is the subsequent change in *SO index* observed for the focal firm. This evidence suggests that board members influence the focal firm’s stakeholder orientation. In the director selection process, directors are more likely to be hired if their stakeholder orientation is aligned with that of the focal firm. Additionally, directors expected to increase the alignment of stakeholder orientation between the board and managers are more likely to be chosen, and are accompanied with higher announcement effects. Finally, consistent with Adams and Ferreira (2007), we find evidence suggesting that a larger discrepancy in stakeholder orientation between the board and managers negatively affects firm value.

“Aggregate Earnings Management and Stock Market Crashes” with Jingling Guan

This paper explores the link between financial reporting practices and stock market stability by testing whether aggregate earnings management predicts stock market crashes. We show that aggregate accruals are positively related to the probability of future market crashes and the degree of tail risk in the market. Such positive correlation is stronger between discretionary accruals and crashes, but becomes weaker after the passage of the Sarbanes-Oxley Act. A trading strategy following our predictive model can avoid market crashes and generate significantly larger value than the S&P 500 portfolio. The predictive power of accruals is persistent over time as well. Overall, our results suggest that systematic earnings management can predict market crashes.

WORK IN PROGRESS

“Information Flows, Stock Return Co-movement, and Interlocking Directorates” with Omesh Kini

We provide a comprehensive analysis of interlocked directors in the U.S. economy. Board interlocks are a widespread phenomenon with interlocked directors creating interfirm connections for 73% of U.S. firms during our sample period between 1990 and 2012. A majority of these connections last three years or longer, suggesting that information flows through interlocked directors have sufficient time to influence policies for connected firms. Board interlocks are more likely to occur when two firms have higher stock return correlations, which encompass similarity arising from geographic proximity, size, technological closeness, input and output similarity, common institutional ownership, and common analysts, etc. Consistent with the hypothesis that interlocked directors are conduits of information between connected firms, we document higher co-movement in stock returns after the initiation of interlocks. This effect is stronger for new interlocks resulting from non-financial, manufacturing, and inside directors.

“Encouraging Corporate Goodness: Shareholder Proposals on Corporate Social Responsibility”

Shareholder proposals on corporate social responsibility (CSR) provide a unique angle to study investor preferences on CSR. In this paper, I examine the determinants of CSR proposals and the factors that affect proposal voting outcomes. Proposal sponsors target firms that are more visible, i.e., large, old, and consumer-

oriented firms, while they care less about performance and governance that have played a crucial role in traditional activism. Investors cast favorable votes for CSR proposals in firms that operate in competitive industries or face higher activist ownership. My evidence suggests that investors view CSR as a way to bolster the firms' social reputation.

- Université Paris-Dauphine Ph.D. Workshop in Corporate Governance, Paris, France, 2014

“Financial Flexibility and Alliance Networks”

I argue that central firms in alliance networks have stronger incentives to quickly respond to new investment opportunities, as alliance networks are characterized as conduits of value-enhancing information for making investment decisions. This argument predicts that central firms prefer more flexible financial policies. Supporting this prediction, I find that alliance network centrality is associated with low leverage, high cash holdings, and more flexible payout choices that prefer share repurchases over dividends.

TEACHING EXPERIENCE

Instructor, Georgia State University	Aug. 2014 – Present
1. FI 3300, Corporation Finance (Nine sections) Overall teaching effectiveness across eight sections: 4.2 / 5.0 (Last four sections: 4.5 / 5.0)	
2. FI 4020, Financial Analysis / Introduction to Loan Structuring (Case-based writing intensive course, in progress, Fall 2016)	

ACADEMIC EXPERIENCE

Graduate Research Assistant, Georgia State University	Aug. 2011 – Aug. 2014
Graduate Teaching Assistant, Seoul National University	Mar. 2010 – Feb. 2011

PROFESSIONAL ACTIVITIES

Paper Presentations

14th Paris December Finance Meeting, Paris, France, 2016 (Scheduled)
Northern Finance Association Annual Meeting, Québec, Canada, 2016
Financial Management Association Annual Meeting, Las Vegas, NV, 2016
European Financial Management Association Annual Meeting, Basel, Switzerland, 2016
Université Paris-Dauphine Ph.D. Workshop in Corporate Governance, Paris, France, 2014

Conference Discussant

14th Paris December Finance Meeting, Paris, France, 2016 (Scheduled)
European Financial Management Association Annual Meeting, Basel, Switzerland, 2016
Midwestern Finance Association Annual Meeting, Atlanta, March 2016

Additional Conference Participation

American Financial Association Annual Meeting, San Francisco, January 2016 (Attendee)
Center for the Economics Analysis of Risk (CEAR) / Finance Workshop, Atlanta, 2012-2016 (Attendee)

Conference on Financial Economics and Accounting (CFEA), Atlanta, November 2014 (Attendee)
Financial Management Association Annual Meeting, Atlanta, October 2012 (Attendee)

HONORS AND AWARDS

Nominated for the Graduate Teaching Excellence Award, Georgia State University, 2016
American Finance Association (AFA) Student Travel Grant, 2016
Steve Smith Fellowship, Georgia State University, 2015
Center of Economic Analysis of Risk (CEAR) Scholar, Georgia State University, 2014

PROFESSIONAL AFFILIATIONS

American Finance Association
Northern Finance Association
Financial Management Association
European Financial Management Association

COMPUTER SKILLS

SAS, STATA, MATLAB, R, Microsoft Office

PROFESSIONAL EXPERIENCE

7th Infantry Division Quartermaster, Republic of Korea Army Mar. 2004 – Mar. 2006

PERSONAL

Proficient in playing classical piano

- Participated in Spring 2010 end-of-semester concert for the class “Instruments: Piano”

REFERENCES

Omesh Kini (Chair)

Distinguished University Professor
Professor of Finance and Professor of Global
Financial Markets
J. Mack Robinson College of Business
Georgia State University
Tel: (404) 413-7343
Email: okini@gsu.edu

Mark A. Chen

Associate Professor of Finance
J. Mack Robinson College of Business
Georgia State University
Tel: (404) 413-7339
Email: machen@gsu.edu

Dalida R. Kadyrzhanova

Assistant Professor of Finance
J. Mack Robinson College of Business
Georgia State University
Tel: (404) 413-7347
Email: dkadyrzhanova@gsu.edu

Sudheer Chava

Professor of Finance
Scheller College of Business
Georgia Institute of Technology
Tel: (404) 894-4371
Email: sudheer.chava@scheller.gatech.edu