

Yelena Larkin

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EDUCATION

2006 – 2012	Doctoral Program in Finance, the Johnson School of Management, Cornell University
2002 – 2004	M.A. magna cum laude, integrated MA program in financial economics and MBA in finance for outstanding students, Hebrew University of Jerusalem, Israel
1999 – 2002	B.A. magna cum laude, Psychology and Economics Hebrew University of Jerusalem

ACADEMIC POSITIONS HELD

2015 – current	Assistant Professor of Finance, York University, Schulich School of Business
2012 – 2015	Assistant Professor of Finance, Penn State University, Smeal College of Business
2011 – 2012	Lecturer, Penn State University, Smeal College of Business

NON-ACADEMIC EMPLOYMENT

2005 – 2006	The World Bank, Pension Investment Department, Hedge Fund Team, Washington DC, US <i>Investment Analyst</i>
2004 – 2005	Emda Mutual Funds Management, Bank Hamizrahi group, Tel-Aviv, Israel <i>Investment Analyst</i>
2001 – 2004	Bank of Israel, Foreign Exchange Control Department, Research Unit <i>Research Analyst</i>

TEACHING EXPERIENCE

2016 – current	Schulich School of Business, York University, course “Managerial Finance” <i>Instructor</i>
2012 – 2015	Smeal College of Business, Penn State University, course “Financial Management of the Business Enterprise” <i>Instructor</i>
2010	Johnson Graduate School of Management, Cornell University, course “Managerial Finance for non-Johnson students” <i>Instructor</i>
2005	Department of Economics, Hebrew University, course “Introduction to Finance”

REASEARCH INTERESTS

Product markets
Financial and investment policy
Investor behavior

PUBLICATIONS

Larkin, Y., 2013, “Brand Perception, Cash Flow Stability, and Financial Policy”, *Journal of Financial Economics* 110: 232-253.

(Link to the paper: <http://www.sciencedirect.com/science/article/pii/S0304405X13001608>)

- WFA PhD Candidate award for outstanding research 2012
- SSRN’s Top Ten Download List for ERN: Firm Behavior; Transaction Costs; Property Rights (December 2010)

Presented at: Cornell University, SUNY-Binghamton University, 2011 Annual Conference on Corporate Finance at Washington University in St. Louis, Syracuse University, Cornerstone Group, Case Western Reserve University, University of Virginia, University of Missouri, Stockholm School of Economics, Norwegian School of Management (BI), Copenhagen Business School, University of Illinois, Penn State University, Southern Methodist University, University of Toronto, Virginia Tech University, 2012 WFA Annual Meeting, 2012 Caesarea Centre Annual Academic Conference (Israel)

WORKING PAPERS

1. “*Inefficient mergers*”, joint with Evgeny Lyanders (Boston University and IDC)
Under review, Journal of Financial Economics

Although complementarity between products or technologies of bidders and targets is considered a key driver of M&A deals, many observed mergers are inefficient: Complementarity gains in actual mergers are lower than the gains that could have been obtained were the targets acquired by different bidders. In this paper we propose a possible reason for the existence of inefficient mergers, which is based on information frictions. Our model identifies three factors that are associated with expected inefficiency of a merger involving a given target: its obsolescence risk, the likelihood of the target's discovery by potential acquirers, and the extent of competitive interaction among potential bidders. We test the model's predictions using two types of merger complementarities: product similarity and technological overlap. Both sets of tests indicate that the degree of inefficiency in observed M&As is systematically related to targets' and bidders' characteristics in ways consistent with the model's predictions.

Presented at: Boston University, Penn State University, 2014 Rothschild Caesarea Center Summer Conference, Queens University, 2014 Conference on Finance, Organizations and Markets (USC), York University, Northeastern University, Peking University, Tsinghua University, Cheung Kong Graduate School of Business, 2015 NFA conference

2. “*Do Investors Value Smooth Dividends Differently?*” (joint with Mark Leary (Washington University) and Roni Michaely (Cornell University and IDC), Revise and Resubmit (2nd round), Management Science

It is almost an article of faith that managers have a preference for smooth dividends. Yet, it is not clear if this reflects investors' preferences. In this paper, we study whether investors indeed value dividend smoothing stocks differently by exploring the implications of dividend smoothing for firms' stock prices and cost of capital. Using over 80 years of data, we find no robust relationship between the smoothness of a firm's dividends and the expected return or market value of its stock. Similarly, we find no association between the path of dividend changes and changes in firms' value. The asymmetric reaction to dividend increases and decreases is largely attributable to the first time the firm cuts its dividend. Finally, we find that retail investors are less likely to hold dividend smoothing stocks, while institutional investors, and especially mutual funds, are more likely. This evidence for a smoothing clientele offers a potential explanation for the prevalent use of dividend smoothing.

SSRN's Top Ten Download List for ERN: Asymmetric Information (December 2010)

Presented at: 2011 Finance Down Under Annual Conference (University of Melbourne), Penn State University, University of Virginia, University of Minnesota, 2012 FIRS Conference, 2013 WFA Meeting

3. *“Does Non-Informative Text Affect Investor Behavior”* (joint with Alyssa Anderson (Federal Reserve Board))
Reject and Resubmit, Journal of Banking and Finance

This paper demonstrates that easily processed texts affect investor trading behavior even in the absence of any informational content. We examine the trading symbols of US firms and show that stocks with clever tickers (tickers that are actual words in the English language) are more liquid, as measured by higher turnover and trading volume, as well as lower spreads. Furthermore, clever ticker stocks are traded more often by individual investors, and have larger market reactions following earnings announcements. These results suggest that ticker characteristics facilitate trading by improving the firm’s visibility among retail investors through familiarity and memorization.

Presented at: 2012 Annual Meeting of the Academy of Behavioral Finance and Economics (Best student paper award)

4. *“Are U.S. Industries Becoming More Concentrated?”*, joint with Gustavo Grullon (Rice University) and Roni Michaely (Cornell University and IDC)

More than 90% of U.S. industries have experienced an increase in concentration levels over the last two decades. Firms in industries with the largest increase in product market concentration have enjoyed higher profit margins, positive abnormal stock returns, and more profitable M&A deals, suggesting that market power is becoming an important source of value. This phenomenon has been mainly driven by the consolidation of publicly-traded firms into larger entities. The increased level of concentration due to public firms' consolidation has not been offset by a larger presence of private or foreign firms. Overall, our findings suggest that the nature of U.S. product markets has undergone a structural shift that has weakened competition.

Presented at: Penn State University, Rice University, 2015 NFA conference, IDC (Israel), Cornell Tech, NYU, 2016 AFA Meeting.

5. *“Does pollution affect the demand for stock by local investors?”*, joint with Yaniv Grinstein (Cornell University and IDC)

We examine the relation between firms’ pollution levels and the demand for their stock by local investors. Empirically, we combine data on emission of toxic chemicals in plants across US public firms during the years 1993-1996 with stock holdings of mutual funds located near these plants. We find that mutual funds’ investment in the firm is higher when total emission of the plant near the fund is higher. This result is robust after controlling for a host of variables such as plant size, plant activity, geographical area, firm and time. We examine possible channels for this result: information channel, monitoring channel, behavioral channel and hedging channel. Our results indicate that local fund holdings in polluting firms is driven by their desire to hedge against fluctuations in local wealth. We do not find support to informational advantage or desire to affect firm activities.

Presented at: Penn State University, 2014 Early Career Women Conference (WFA)

6. *“Strike while the Iron is Hot: Timing the Market on the Way to the Optimal Capital Structure”*

Current literature shows that both market timing and trade-off play a role in capital structure decisions, but provides mixed conclusions on which of those considerations is more important. This paper shows how exactly the two forces coexist, and develop a framework determining when one force is stronger than the other. Market timing benefits dominate trade-off considerations when firms are close to their target leverage, but are offset by rebalancing forces when firms are farther away. Two sets of empirical results support the validity of the framework. First, firms that are close to the target leverage are the primary market timers. Second, the higher is the relative leverage of the issuer, the better are the future stock returns, as issues are driven more by trade-off and less by market timing.

Presented at: Cornell University, 2010 FMA Annual Meeting, Penn State University

PERMANENT WORKING PAPERS

7. *“Return-Dependent Probability of Information-Based Trading”*

This paper shows that information asymmetry is state-dependent: it exhibits a U-shaped pattern and is higher during periods of extreme stock price movements than during periods of a more neutral stock performance. The results are robust to different specifications and across size groups. The convex relation between the probability of informed trading, as measured by PIN, and returns is caused by withdrawal of uninformed traders from the market during the periods of extreme stock movements. The results are consistent with the ambiguity aversion explanation. Uninformed traders refrain from trading when they anticipate changes in the underlying distribution of the asset.

- SSRN’s Top Ten Download List for ERN: Asymmetric Information (December 2010)

Presented at: 2008 FMA Annual Meeting

WORK IN PROGRESS

- *“Networks and repurchases”*, joint with Amy Dittmar (University of Michigan) and Laura Field (Penn State University)
- *“Managerial human capital”*, joint with Jason Kotter (Penn State University)
- *“Capital Governance and Externalities”*, joint with Yaniv Grinstein (Cornell University)

PROFESSIONAL SERVICES

Presentations

- 2016 AFA Annual meeting, FSU SunTrust Beach conference (scheduled)
- 2015 York University, NFA Annual meeting (two presentations)
- 2014 Penn State University (three presentations), Early Career Women Conference (part of the WFA Annual Meeting)
- 2013 WFA Annual Meeting
- 2012 Penn State University, FIRS Annual Academic Conference
- 2011 WFA Annual Meeting, Caesarea Centre 8th Annual Academic Conference (Israel), Finance Down Under: Building on the Best from the Cellars of Finance Annual Conference (University of Melbourne), Case Western Reserve University, University of Virginia (Darden), University of Missouri, Stockholm School of Economics, Norwegian School of Management (BI), Copenhagen Business School, University of Illinois, Penn State University (two presentations), Southern Methodist University, University of Toronto, Virginia Tech University
- 2010 Cornerstone Group, SUNY-Binghamton University, 7th Annual Conference on Corporate Finance at Washington University in St. Louis, Syracuse University, Cornell University, FMA Annual Meeting
- 2009 Cornell University
- 2008 FMA Annual Meeting, Cornell University

Discussions

- 2015 SFS Finance Cavalcade Conference, Fourth ITAM Finance Conference (Mexico)
- 2014 Caesarea Centre 11th Annual Academic Conference (Israel), Jerusalem Finance Conference (Israel)
- 2013 AFA Annual Meeting
- 2012 Caesarea Centre 9th Annual Academic Conference (Israel), 9th Annual Conference on Corporate Finance at Washington University in St. Louis
- 2010 FMA Annual Meeting
- 2009 Caesarea Centre 6th Annual Academic Conference (Israel), MFA Annual Meeting
- 2008 FMA Annual Meeting

Session Chair

2010 FMA Annual Meeting

Paper Selection Committee

2013 – 2015 Caesarea Centre Annual Academic Conference (Israel)

2015 – 2016 FMA Annual Meeting

Referee

Journal of Finance, Review of Financial Studies, Journal of Financial Economics, Management Science, Journal of Financial and Quantitative Analysis, Journal of Banking and Finance, European Journal of Finance, European Financial Management, Journal of Empirical Finance

MEDIA CITATIONS

Harvard Law School Forum on Corporate Governance and Financial Regulation, September 2015, “Are U.S. Industries Becoming More Concentrated?”

<http://corpgov.law.harvard.edu/2015/09/16/the-disappearance-of-public-firms/>

The Marker (daily economic newspaper, Israel), October 23, 2015, “Are U.S. Industries Becoming More Concentrated?” (in Hebrew)

U.S. News and World Report, November 16, 2015, “Why Your New iPhone Costs an Arm and a Leg”

The Wall Street Journal, January 6, 2016, “Why a Shrinking Stock Market Has Been Good to Investors”

CNBC, “*Closing Bell*” program (scheduled), “Are U.S. Industries Becoming More Concentrated?”

GRANTS AND AWARDS

2014 Discussant grant, Caesarea Centre 11th Annual Academic Conference, IDC

2013 Small Research Grant, Smeal College of Business, Penn State University

2012 Discussant grant, Caesarea Centre 9th Annual Academic Conference, IDC; Small Research Grant, Smeal College of Business, Penn State University

2011 New Faculty Research Grant, Penn State University; SAC Capital PhD Candidate Award for Outstanding Research; Travel grant, Caesarea Centre 8th Annual Academic Conference, IDC

- 2010 Travel grant, 7th Annual Conference on Corporate Finance at Washington University in St. Louis, Johnson Graduate School of Management
- 2009 Travel grant for MFA 2009 Annual Meeting, Johnson Graduate School of Management, Cornell University; Discussant grant, Caesarea Centre 6th Annual Academic Conference, IDC
- 2008 Graduate student conference grant for FMA 2008 Annual Meeting, Johnson Graduate School of Management and Cornell University
- 2007 Student travel grant for AFA 2008 Annual Meeting, AFA
- 2004 Academic excellence award, School of Business Administration, Hebrew University; Travel grant for IFREE's 10th International Graduate Student Workshop in Experimental Economics, Hebrew University and George Mason University
- 2003 School of Business Administration fellowship for outstanding students, Hebrew University; Academic excellence award, Economics Depart, Hebrew University
- 2002 Social Sciences academic excellence award, Hebrew University

ADDITIONAL INFORMATION

Citizenship: Israeli and Russian

US Permanent Resident (Green Card holder)

Languages: English (fluent), Russian (native), Hebrew (fluent), Spanish (basic)