

# LI ZHANG

## Desautels Faculty of Management, McGill University

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### EDUCATION

<b>Ph.D. in Finance</b> McGill University, Montreal, QC, Canada Co-chairs: Prof. Adolfo de Motta and Prof. Susan Christoffersen Dissertation Title: Essays on Empirical Corporate Finance	expected in June 2010
<b>Master of Business Administration, Finance</b> McMaster University, Hamilton, ON, Canada	2003
<b>Bachelor of Arts, English</b>	1999
<b>Bachelor of Economics, International Trade &amp; Economics</b> Xi'an Jiaotong University, Xi'an, Shaanxi, China	1999

### RESEARCH AND TEACHING INTERESTS

Empirical Corporate Finance, Corporate Governance, and Financial Institutions and Markets

### RESEARCH EXPERIENCE

#### Working Papers

“Investment horizon and stock performance subsequent to seasoned equity offerings” (**Job market paper**)

In this paper, I investigate the relation between the pre-issue demand of institutional investors and stock performance subsequent to seasoned equity offerings (SEOs). I classify institutional investors according to their investment horizon and document that short-run stock performance after SEOs is positively related to the pre-issue demand from short-term investors; and likewise, that long-run stock performance after SEOs is positively related to the pre-issue demand from long-term investors. These findings support the notion that institutional investors spend resources to acquire and trade on information that corresponds to their investment horizon. I also document that the information advantage of institutional investors is more pronounced in cold issue markets than in hot issue markets, which is consistent with the idea that firms time their equity issues in periods of reduced information asymmetry. In addition, I find that issuing firms offer seasoned equity

at a greater discount in response to the low pre-issue demand from short-term investors.

“CEO career concerns and corporate policy” (Scheduled for presentation at the Financial Management Association 2009, Reno meeting)

This paper examines the effects of CEO career concern incentives on firm policy. We document that a CEO’s probability of being fired is positively related to equity risk, idiosyncratic risk and R&D investments. This is consistent with the idea that CEOs with a very high likelihood of being fired tend to take more risks so that good outcomes can prevent their firing (e.g. Zwiebel (1995)). We also document evidence that when a CEO has a high likelihood of being fired, her firm tends to have a higher leverage ratio and lower diversification. This is consistent with the idea that CEOs’ risk-taking incentives generated when they are facing the pressure of termination could mitigate their risk aversion and induce them to implement riskier corporate policy.

### **Work in Progress**

“Operating underperformance following stock repurchases: Deterioration of profitability or earnings management”

In this paper, I conjecture that managers could exert their discretion to expropriate value from investors whose shares are repurchased, in order to boost the value of the remaining shareholders. To test this prediction, I examine earnings management and insider trading activities following stock repurchase announcements.

“Dividend initiation and institutional preferences”

This paper examines the relation between the preferences of institutional investors and firms’ dividend initiations. I further investigate whether the changing preferences of institutional investors cause the reduction in the number of dividend payers observed in the last two decades.

## **WORK EXPERIENCE**

### **Faculty Lecturer**

FINE 342 – Finance 2 (undergraduate), McGill University 2008

### **Teaching Assistant**

FINE 443 – Applied Corporate Finance (undergraduate), McGill University 2007

FINE 443 – Applied Corporate Finance (undergraduate), McGill University 2006

FINE 707 – Corporate Finance (PhD), McGill University 2005

### **Financial Analyst**

Industrial and Commercial Bank of China, Xi’an branch Summer 2002

**Management Assistant**

Xi'an Jiaoda Group, Xi'an, China

1999-2001

**CONFERENCE EXPERIENCE**

**“CEO career concerns and corporate policy”**

Financial Management Association, Reno, Nevada, 2009

Annual American Business Research Conference, New York, 2009

**Discussant**

Financial Management Association, Reno, Nevada, 2009

Doctoral Student Consortium, Financial Management Association, Reno, Nevada, 2009

**ACHIEVEMENTS/HONORS**

McGill University Doctoral entrance fellowship, 2003-2004

Dean's honor list, Michael G. DeGroot School of Business, McMaster University, 2003, 2002

McMaster University's Graduate Scholarship, 2001

Baogang Scholarship, China, 1999

Xi'an Jiaotong University Student Scholarship, 1995-1999

**COMPUTER SKILLS AND ADDITIONAL INFORMATION**

Computer Software: Stata, Matlab, R, Microsoft Access and Excel

Databases: SDC, CRSP, Compustat, Thomson Reuters, Corporate Library, IRRC, I/B/E/S, and DataStream

Languages: English and Chinese (Mandarin)

Completed CFA level 2 Exam.

Sports: Yoga, hiking, badminton and swimming

**IMMIGRATION STATUS**

Chinese citizen and permanent resident of Canada

## REFERENCES

**Adolfo de Motta**

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