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Department of Economics

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ACADEMIC APPOINTMENTS

Assistant Professor of Finance, University of Chicago Booth School of Business, July 2018 -

EDUCATION

Ph.D. in Economics, Stanford University, Expected Completion: June 2018

M.Sc. in Economic and Social Sciences, Università Bocconi (Italy), 2009-2011 (*Summa cum Laude*)

B.A. in Economics, Università di Siena (Italy), 2006-2009 (*Summa cum Laude*)

Visiting Student in Economics and Management, Oxford University (U.K.), 2008-2009 (*1st class*)

REFERENCES

Prof. Nick Bloom
Economics Department, Stanford University
(650) 455-7179
nbloom@stanford.edu

Prof. Shai Bernstein
Finance Area, Stanford Graduate School of Business
(650) 725-7266
shaib@stanford.edu

Prof. Pascaline Dupas
Economics Department, Stanford University
(650) 725-1870
pdupas@stanford.edu

Prof. Josh Rauh
Finance Area, Stanford Graduate School of Business
(650) 723-9898
rauh@stanford.edu

Prof. Amit Seru
Finance Area, Stanford Graduate School of Business
(650) 736-0223
aseru@stanford.edu

RESEARCH AND TEACHING FIELDS

Primary fields: Corporate Finance. Development Economics

Secondary fields: Entrepreneurship, Political Economy

WORKING PAPERS

Corruption and Firms: Evidence from Randomized Audits in Brazil (with Mounu Prem) [**Job Market Paper**]

[Awarded grants from Stanford Institute for Innovation in Developing Countries, Center for Economic Policy Research PEDL, Stanford Center for International Development, Stanford IRiSS, JPAL]
[Best Paper Award at USC Marshall Finance PhD Conference (co-winner)]

Abstract: We exploit spatial variation in randomized anti-corruption audits related to government procurement contracts in Brazil to assess how corruption affects resource allocation, firm performance, and local economic activity. After an anti-corruption crackdown, regions experience more entrepreneurship, improved access to finance, and higher levels of economic activity. This is inconsistent with corruption acting as “grease in the wheel.” We find that two channels explain these facts: allocation of resources to less efficient firms, and distortions in government dependent firms. Using firms involved in corrupt business with the municipality, i.e. “corrupt firms,” we find that the second channel is more important. Difference in difference estimation suggests that, after audits, the performance of corrupt firms improves relative to a similar set of unaffected firms. Corrupt firms invest more, increase borrowing and leverage, reallocate labor inside the firm, restructure the organizational design by increasing hierarchical layers, rely less on government contracts, and grow faster. Our findings provide novel micro-evidence on why corruption acts as an institutional failure that is detrimental to firm performance and economic growth.

Asset Allocation in Bankruptcy (with Shai Bernstein and Benjamin Iverson) [**Forthcoming at the Journal of Finance**]

Abstract: This paper investigates the consequences of liquidation and reorganization on the allocation and subsequent utilization of assets in bankruptcy. We identify 129,000 bankrupt establishments and construct a novel dataset that tracks the occupancy and employment at real estate assets over time. Using the random assignment of judges to bankruptcy cases as a natural experiment that forces some firms into liquidation, we find that even after accounting for reallocation, the long-run utilization of assets of liquidated firms is lower relative to assets of reorganized firms. These effects are concentrated in thin markets with few potential users and in areas with low access to finance. These findings suggest that when search frictions are large, liquidation can lead to an inefficient allocation of assets in bankruptcy.

Bankruptcy Spillovers (with Shai Bernstein, Xavier Giroud, and Benjamin Iverson) [**Forthcoming at the Journal of Financial Economics**]

Abstract: How do different bankruptcy approaches affect the local economy? Using U.S. Census microdata, we explore the spillover effects of reorganization and liquidation on geographically proximate firms. We exploit the random assignment of bankruptcy judges as a source of exogenous variation in the probability of liquidation. We find that employment declines substantially in the immediate neighborhood of the liquidated establishments, relative to reorganized establishments. The spillover effects are highly localized and concentrate in non-tradable and service sectors, consistent with a reduction in local consumer traffic and a decline in knowledge spillovers between firms. The evidence highlights the externalities that bankruptcy design can impose on non-bankrupt firms.

Marginal Entrepreneurs (with Shai Bernstein, Davide Malacrino, and Tim McQuade)

[Awarded grants from Stanford Institute for Innovation in Developing Countries]

Abstract: Firm entry plays an important role in the amplification and propagation of aggregate economic shocks. In this paper, we study the characteristics of the actual individuals who drive firm entry response to aggregate shocks, the marginal entrepreneurs. We use employer-employee matched data from Brazil and develop an empirical strategy that links fluctuations in global commodity prices to municipality level agricultural endowments to identify local demand shocks. We find that increases in global commodity prices lead to a significant new firm creation and this effect is almost entirely driven by young individuals. Within the young, we further document that the most responsive individuals are those who are more educated and who work in occupations that require generalist, managerial skills. In contrast, we find no such response among older skilled and educated individuals. Municipalities with better access to finance and higher concentrations of skilled individuals see a stronger entrepreneurial response by the young. These findings shed light on the potential ramifications of aging populations on the entrepreneurial responsiveness of economies to aggregate shocks.

Patronage in the Allocation of Public Sector Jobs (with Edoardo Teso and Mounu Prem)

[Awarded grants from Harvard IQSS, Harvard Pershing Square Venture Fund]

Abstract: This paper studies patronage - the use of public sector jobs to reward political supporters of the party in power - in Brazilian local governments. We exploit longitudinal data on the universe of Brazilian public sector employees over the 1997-2014 period, matched with information on more than 2,000,000 political supporters of Brazilian local parties. Using a regression discontinuity design that generates exogenous variation in individuals' connection to the party in power, we first document the presence of significant political favoritism in the allocation of jobs throughout the entire Brazilian public sector hierarchy: being a political supporter of the party in power increases the probability of having a public sector job by 10.5 percentage points (a 47% increase). Leveraging detailed information on supporters' and jobs' characteristics, we then show that patronage is the leading explanation behind this favoritism: jobs in the public sector are used as reward for political supporters. We find that patronage has significant real consequences for selection to public employment, as the amount of support provided to the party in power substitutes qualifications as determinant of hiring decisions. Finally, consistent with this negative impact on the quality of the selected public workers, we present evidence suggesting that patronage practices are associated with a worse provision of public services.

WORK IN PROGRESS

Corporate Reputation, Firm Value, and Business Networks: Evidence from A Randomized Anti-corruption Campaign in Uganda (with Francesco Loiacono and Mounu Prem)

[Awarded grants from International Growth Centre, Center for Economic Policy Research PEDL, Stanford Center for International Development, JPAL]

Political Uncertainty, Entrepreneurship, and Labor Reallocation Within Firms

[Awarded grants from Center for Economic Policy Research PEDL]

[Awarded Kauffman Foundation Dissertation Fellowship in Entrepreneurship]

Corporate Misconduct, Firm Growth, and Labor Reallocation (with Mounu Prem)

TEACHING EXPERIENCE

2017 Winter Teaching Assistant for Prof. Nick Bloom, Stanford University, Econ 149, Undergraduate Management Practices and the Modern Firm

2016 Spring Teaching Assistant for Prof. Shai Bernstein, Stanford GSB, Finance 373, MBA Entrepreneurial Finance

2016 Winter Teaching Assistant for Prof. Shai Bernstein, Stanford GSB, Finance 630, PhD Empirical Corporate Finance

2015 Spring Teaching Assistant for Prof. Shai Bernstein, Stanford GSB, Finance 373, MBA Entrepreneurial Finance

2015 Winter Teaching Assistant for Prof. Shai Bernstein, Stanford GSB, Finance 630, PhD Empirical Corporate Finance

FELLOWSHIPS, HONORS AND AWARDS

2017-2018 Leonard W. Ely and Shirley R. Ely Graduate Student Fellowship, SIEPR

2017 Best Paper Award at USC Marshall PhD Conference in Finance (co-winner)

2017 Outstanding Teaching Assistant Award, Stanford Department of Economics

2016-2017 Graduate Fellowship, Stanford Center for Ethics in Society

2016 Summer Research Fellowship, Olin Program in Law and Economics, Stanford Law School

2015-2016 Kauffman Dissertation Fellowship in Entrepreneurship, Ewing Marion Kauffman Foundation

2015-2016 PhD Fellowship in Innovation and Entrepreneurship in Developing Economies, SEED

2014-2015 Graduate Student Fellowship in International Development, SCID

2014 Shultz Graduate Fellowship in Economic Policy, SIEPR

2014-2015 Giorgio Mortara Fellowship, Bank of Italy

2013 Summer India Program, SIEPR

2012-2014 Graduate Fellowship, Stanford University Department of Economics

2009-2011 Full Graduate Merit Award, Bocconi University

RESEARCH GRANTS

(* indicates Principal Investigator)

2017 JPAL-MIT Governance Initiative Development Grant (\$5,000)

2017 Stanford Center for International Development, Ronald McKinnon Memorial Fellowship (\$5,000) *

2016 International Growth Centre, Firm Capabilities Research Grant (\$140,000) *

2016 Harvard IQSS, Graduate Research Grant (\$1,000)

2016 Stanford Center for International Development, Graduate Student Research Grant (\$10,000) *

2016 Stanford Institute for Innovation in Developing Countries, Discovery Award (\$35,000)

2016 Stanford University, Graduate Research Opportunity Award (\$4,000) *

- 2016 International Growth Centre, Pilot Research Grant (\$25,000) *
- 2016 Harvard University, Pershing Square Venture Fund (\$4,000)
- 2015 JPAL-MIT, Governance Initiative Development Grant (\$4,000) *
- 2015 Center for Economic Policy Research, PEDL Exploratory Research Grant (\$15,000) *
- 2015 JPAL-MIT, Governance Initiative Development Grant (\$5,000) *
- 2014 Stanford Institute for Innovation in Developing Countries, PhD I-Award (\$7,000)
- 2014 Stanford IRiSS, Computational Social Science Fellowship (\$10,000) *
- 2014 Center for Economic Policy Research, PEDL Exploratory Research Grant (\$58,000) *
- 2014 Stanford Institute for Innovation in Developing Countries, PhD I-Award (\$22,000) *
- 2014 Center for Economic Policy Research, PEDL Exploratory Research Grant (\$55,000)

REFEREEING ACTIVITIES

Economic Development and Cultural Change, Games and Economic Behavior, Journal of Development Economics, Journal of Economic Literature, Journal of the European Economic Association, Quarterly Journal of Economics, Review of Economics and Statistics.

PRESENTATIONS

- 2018 Harvard Business School, Columbia Business School, MIT Sloan, Northwestern Kellogg, Yale SOM, Chicago Booth, UPenn Wharton, Northwestern Development Rookiefest (scheduled), LACEA PEG (scheduled), Copenhagen Business School (scheduled)
- 2017 CGU Rio de Janeiro, DEVPEC, EEA-ESEM Lisbon, Einaudi Institute for Economics and Finance (EIEF), EMCON Chicago, NEUDC Tufts, PEDL-IGC LSE, SFU, SFSU, Stanford Development Workshop, Stanford GSB Finance PhD Workshop, TADC London Business School, USC Marshall PhD Conference in Finance
- 2016 LACEA-LAMES Annual Meetings Medellin, NEUDC MIT, Uganda Revenue Authority
- 2013-2015 Institute for Financial and Management Research Chennai, PEDL Workshop Warwick University, Stanford Institute for Economic and Policy Research

RELEVANT EXPERIENCE

- 2014- Research Consultant for Uganda Public Procurement and Disposal of Public Assets Authority
- 2013-2014 Research Assistant to Professor Timothy Bresnahan, Stanford Department of Economics
- 2013 Summer Research Intern at IFMR Rural Finance, Chennai (India)
- 2011-2012 Research Assistant to Professor Eliana La Ferrara at IGIER, Bocconi University
- 2010 Summer Field Research Assistant to Professor Katja Kaufmann (Bocconi University), Karonga (Malawi)

OTHER

2015 & 2016 DEVPEC Conference, Stanford & Berkeley, Founder and Organizer
2016- Mara Foundation, Mentor
2012- Stanford Italian Society, Founder and Vice-President
2014 NBER Entrepreneurship Research Boot Camp
2014 Strategy Research Initiative PhD Boot Camp
2009-2013 International Student Initiative for Economic Development, Founder and Director
2009 Grameen Bank Summer Intern, Dhaka (Bangladesh)