

CHANGMIN LEE

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Education:

Ph.D., Economics, Indiana University, June 2008 (expected)
M.A., Economics, Boston University, 2003
B.A., Economics, Seoul National University, Seoul, Korea, 1999

Dissertation:

Thesis Title: *Three Essays on Boards of Directors*
Job Market Paper: "*The Market for Corporate Directors*"
Dissertation Chair: Eric Rasmusen, Department of Business Economics and Public Policy,
Kelley School of Business, Indiana University

Fields of Specialization:

Primary: Industrial Organization, Financial Economics, Applied Microeconomics
Secondary: Political Economics, Public Economics

Research Interests: Corporate Governance, Boards of Directors, Executive Compensation, Professional Labor Market, Family Firm, Production and Organization

Working Papers:

"The Market for Corporate Directors" (**Job Market Paper, submitted**)
"What happens to retired CEOs now? A Re-Examination of Brickley et al's "What happens to retired CEO's?" (submitted)
"Public Pensions and Capital Accumulation: The Case of Brazil" (with Gerhard Glomm, Jürgen Jung and Chung Tran), CESifo Working Paper Series CESifo Working Paper No., CESifo GmbH (submitted)

Work in Progress:

"The Unbalanced Matching in a Director Market"
"The Cost of Inherited Control in a Competitive CEO Market"
"Compensation Structures in the Executive Teams" (with Woonam Seok)
"The Efficient Allocation of Board Members"
"Board Quality, CEO Compensation, and Executive Team Compensation" (with Woonam Seok)
"The Media as Agenda Setter in an Electoral Competition Model" (with Jürgen Jung, Ok Tae Kim, and Chung Tran)

Teaching Experience: I have taught 5 sections as a principal instructor and 6 sections as a teaching assistant over the past 4 years: A movie of me teaching is available at <http://mypage.iu.edu/~cl3/>

Associate Instructor (with full responsibility)

E201 Introduction to Microeconomics, Indiana University, Bloomington : Fall 2006, Summer 2007
E201 Introduction to Microeconomics, Indiana-Purdue University, Indianapolis : Fall 2007
E202 Introduction to Macroeconomics, Indiana University, Bloomington : Summer 2005

Teaching Assistant

E201 Introduction to Microeconomics, Indiana University, Bloomington

: Fall 2004, Fall 2005, Summer 2006

E370 Statistical Analysis for Business and Economics, Indiana University, Bloomington

: Spring 2005, Spring 2006, Spring 2007

Teaching Interests:

Undergraduate: Introduction to Microeconomics, Introduction to Macroeconomics, Statistics

Graduate: Microeconomics, IO, Game Theory, Public Economics, Corporate Finance

Conference, Workshop and Seminar:

April 2008	2008 Eastern Finance Association Annual Meeting, St. Pete Beach, Florida (Scheduled Presentation)
March 2008	Royal Economic Society 2008 Conference, University of Warwick, U.K. (Scheduled Presentation)
Feb 2008	2008 Midwest Finance Association Annual Meeting, San Antonio, Texas (Scheduled Presentation)
30 Jan 2008	European Winter Finance Conference 2008, Klosters, Switzerland (Scheduled Presentation)
19 Jan 2008	Royal Economic Society 3 rd PhD Presentation Meeting, University College London, London (Scheduled Presentation)
20 Dec 2007	2007 Paris Finance International Meeting, French Finance Association (AFFI) and EUROFIDAI, Paris, France (Presentation)
16 Nov 2007	2007 Southern Finance Association Annual Meetings, Charleston, SC (Discussant)
20 Sep 2007	The Fourth Annual Corporate Reporting & Governance Conference, Irvine, CA (Presentation)

CITIZENSHIP: Korean, F-1 visa

COMPUTER SKILLS: MATLAB, STATA, Scientific WorkPlace, MS Office, Mathematica

Thesis Committee and References:

Professor Eric Rasmusen (Committee Chair)

Dalton Professor
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On sabbatical during 2007-08 academic year at
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Professor Richard Shockley

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Dissertation Abstract:

*“The Market for Corporate Directors”, (**Job Market Paper**)*

This paper develops a matching model in the market for directors to explain equilibrium board quality. In my model, (1) the boards of directors have the role of monitoring and advising, (2) the impact of a CEO's quality increases with the size of a firm under his control, (3) the CEO and the boards could be either complements or substitutes, in the production function, and (4) the boards enjoy money value and reputation value. When the reputation depends on market value of firms, potential directors like to work at firms with talented CEOs if they can enjoy enough reputational gain on boards owing to talented CEOs. In contrast, when potential directors want value-added for reputation, they would be at firms with low-ability CEOs if the CEO and the boards are substitute. My empirical estimates suggest that talented ongoing CEOs and former CEOs work as outside directors of firms with high market capitalization and with high sales, though not with high assets. The quality of boards is higher where CEO pay is higher, but whether they like to work at firms with talented CEOs or not is ambiguous due to the endogeneity. I also find that the firms with high sales pay more to outside directors. A 1% increase in sales makes board compensation increase by 0.66%. Finally, board pay is 0.13% higher where CEO pay is 1% higher. We can infer that the CEO and the boards are complements in the production function.

“What happens to retired CEOs now? A Re-Examination of Brickley et al's "What happens to retired CEOs?"”

I analyze directorships held by CEOs who retired during 1989-1993 and during 1998-2002. My results suggest that retired CEOs became more popular on boards. Also, although pre-retirement accounting performance helps explain the number of outside directorships a retired CEO held in the 1989-1993 sample as Brickley, Linck, and Coles (1999) found, it does not in the 1998-2002 sample. Third, a company's stock performance during a CEO's tenure affects whether he became an inside director of that company after retirement. A 25% change in stock price performance increased the probability by 11% in the 1989-1993 sample, and 51% in the 1998-2002 sample. Finally, if a retired CEO worked in a regulated industry, his probability of serving at least one outside directorship fell by 34% in the 1989-1993 sample, and 24% in the 1998-2002 sample.

“The Unbalanced Matching in a Director Market” (In progress)

I construct an intertemporal searching model ("take it or leave it offer") in a frictional directorship market to explain the unbalanced matching between the director and the firm. In this model, the potential candidates for outside directors and firms have heterogeneous (also, well ordered) quality levels. Also, both parties have strictly ordered preferences over the quality of counterpart from high levels to low levels. A candidate considers his quality ranking to compare the value of accepting a favorite offer at present to the value of waiting for successful matching with a better offer in the future. My model suggests that the highly qualified candidates would be likely to be matched with bad (not too bad) firms. The best candidate could go to the 150th ranked firm over 250 firms under the uniform distribution for the quality of a firm, and the 140th ranked firm under the extreme value distribution.