Rouzhi Wang

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EDUCATION

Rutgers Business School 2017-present
Ph.D. candidate in finance
- Advisor: Darius Palia

School of Management, Xiamen University 2016-present
Master student in financial management
- Advisor: Chaopeng Wu

School of Management, Xiamen University 2012-2016
Bachelor of Financial Management

RESEARCH

Research Interests
CEO Compensation, Financial Institutions, Corporate Governance

Published Paper
Politician as Venture Capitalist: Politically Connected VCs and IPO Activity in China, with Chaopeng Wu, *Journal of Corporate Finance*, October 2020

This study examines the impact of venture capitalists' (VC) political connections on their portfolio companies. Specifically, we use a manually-collected dataset of VCs' political connection to investigate the potential benefits and costs that politically-connected VCs bring to their portfolio companies. On the benefit side, we find that companies backed by politically-connected VCs are more likely to obtain IPO approval from the Chinese Securities Regulatory Commission (CSRC, China's counterpart to the SEC in the US). On the other hand, these VCs are more likely to acquire equity in the company at a significant discount and to invest shortly before the IPO application. In addition, we find that politically-connected VC-backed companies do not experience greater improvements in financial performance, corporate governance, or innovation output subsequent to receiving venture financing. Our results further show that companies backed by VCs with political connections are less mature and experience more underpricing at their IPO than non-politically-connected VC-backed companies. Finally, we find that, compared to non-politically-connected VCs, politically-connected VCs exit earlier after a company's IPO and that their portfolio companies experience greater post-IPO underperformance and performance volatility.

Work-in-Progress

Excess Compensation, Corporate Governance and Stock Return, with Darius Palia and Guofu Zhou

This study tries to bring new insight into the field concerning the relationship between CEO compensation and firm future stock returns. We try to build a new prediction model relating CEO compensation and other corporate governance measures to firm future stock returns, use big data, and apply various non-linear methods including machine learning, mean combination, scaled PCA, and PLS to incorporate more information into prediction. Different from previous studies, we find that in the short-term, stock returns are positively related to CEO pay levels, which support the stock market underreaction hypothesis. However, in the long-term, this relationship flips, which supports the managerial rent extraction hypothesis.

CEO Pay-Risk Sensitivity, with Darius Palia

Current studies debate on three competing hypotheses on the relationship between CEO pay and firm risk (represented as "vega"), each suggests that CEO pay increases with firm risk (vega>0), decreases with firm risk (vega<0), and is unrelated to firm risk (vega=0). In this study, we re-examine this relationship, and try to find the source of vega. Further, we try to see if this relationship changes over the CEOs' career cycle.

Monetary Policy and Security Lending, with Steffen Hitzemann, Darius Palia and Stanislav Sokolinksi

This study proves that monetary policy is one determinant of security lending fees. In the security lending market, the borrowers and lenders share the investment return on the cash collateral that borrowers deposit for security lending. The return to borrowers is a rebate, and the return to lenders is included in the security lending fee. We find that the effective fed funds rate (EFFR) equals rebate plus security lending fee, and changes in EFFR can affect both the price and quantity in the security lending market. On average, 80% of the EFFR change is reflected in the rebate, and 20% goes to fees. However, this rebate-fee-split changes when lenders have more bargaining power. A greater proportion of EFFR changes goes to the lender for hard-to-borrow stocks. Further, we find that lenders lose less when the target rate drops than when the target rate bumps up, especially for hard-to-borrow stocks. Indicating that lenders have more bargaining power in the security lending market.

Conference Presentations

Presented at Journal of Corporate Finance Special Issue Conference	2018
China Journal of Accounting Studies Seminar	2017

TEACHING

Instructor

Financial Management for Finance Majors (undergraduate level)	2021
Investments (undergraduate level)	2020
Finance (undergraduate level)	2019
Corporate Finance (undergraduate level)	2018, 2020

- Winner of the 2019 Fisher Long Whitcomb Ph.D. Teaching Award

Teaching Assistant

Financial Institutions and Markets (MBA & undergraduate courses, for Darius Palia)	2018-2020
Financial Management (MBA & undergraduate courses, for Tavy Ronen)	2018-2021
Introduction to Finance (undergraduate courses, for Tavy Ronen)	2018-2021
Finance for Fashion (MSBF & undergraduate courses, for Tavy Ronen)	2020-2021

HONORS

The State Scholarship Fund from China Scholarship Council	2017-2021
The University Merit Graduate Scholars Award, Rutgers University	2017-2020
Fisher Long Whitcomb Ph.D. Teaching Award	2019
CMA Scholarship, Institute of Management Accountants	2016
Merit Graduates, Xiamen University	2016

OTHER

Programming

Stata, SAS, Python and SQL

Language

English (fluent), Chinese (native)