

# Lin Zhao

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## Education

Ph.D. Business Administration - Finance, Duke University, 2026 (Expected)

M.S. Computer Science, Duke University (concurrent master's degree en route to the Ph.D.)

M.A. Economics, Duke University, 2018

B.A. Finance, Xiamen University, 2016

## Working Papers

### **"Bundling and Exclusion in the Defined Contribution Plan Market"**

(Job Market Paper)

Employers work with recordkeepers to provide defined contribution plans for their employees. Some employers, particularly small ones, end up with plans that feature both high recordkeeping fees and high-fee investment products. I show that this is a result of recordkeepers exercising their market power by optimally setting exclusion thresholds that require a minimum profit from each employer. On the one hand, the exclusion threshold allows the recordkeeper to extract a higher proportion of joint surplus as recordkeeping fees in the bargaining process; on the other hand, the exclusion can distort the employer's choice of investment menu toward more expensive options and the recordkeeper's own products. Meanwhile, as a result, small sponsors are excluded from the client pool of the major recordkeepers. I evaluate the effects of market structure shifts on both sides of the market in the existence of exclusion, and conclude that pooled employer plans, introduced in 2021 by the SECURE Act, can be an effective alternative for small sponsors to access major recordkeepers and improve plan participants' welfare.

### **"Capital Flows, Corporate Financing, and Institutional Ownership of U.S. Equity Markets"**

with Alon Brav and Dorothy Lund (2024)

We analyze the equilibrium relationship between equity flows, corporate financing decisions, and institutional ownership of U.S. public equity to better understand the sources of inflows allocated to asset managers and the dramatic growth in equity ownership of institutional asset managers over the past two decades. Contrary to current narrative, we find that ownership by the Big Three — Vanguard, State Street Global Advisors, and BlackRock— has leveled off in recent years. Evidence based on equity capital flows into the Big Three also undermines the conventional narrative of rapid and accelerating growth. We present a framework to understand how fund characteristics and corporate actions such as stock buybacks and equity issuances have combined to shape the evolution of institutional investor ownership, including that of the Big Three. Indeed, our analysis reveals that a substantial part of the growth of institutional investor ownership of U.S. capital markets can be attributed to these fund characteristics and corporate actions. Our evidence points to the origin of fund flows and why certain institutions win and lose in the contest for flows.

### **"Human Capital, Competition and Mobility in the Managerial Labor Market"**

with John Barry and Noah Lyman (2024)

We pose and estimate a model of the managerial labor market to quantify the relative importance of general and firm-specific human capital, managerial bargaining power, and labor market competition in shaping compensation and mobility. We decompose the growth in managerial compensation with respect to both tenure at the firm and overall labor market experience, finding firm-specific and general human capital to be the dominant drivers of

growth in both cases. Firm-specific skill significantly restricts executive mobility, and can help explain the low rate of external CEO hiring. Despite this, we find that firm-specific human capital enhances managers' ability to extract rents from their incumbent employers. Furthermore, we decouple the effects of managerial bargaining power and labor market competition on managers' realized share of rents and show that neglecting the role of competition biases estimates of managers' bargaining power, particularly those hired from outside the firm.

## Pre-doctoral Publications

"An Evolutionary Analysis of Financial Innovation and Regulation", with Jevons Lee and Wenbin Xu (2019) *Economic Research Journal* (经济研究)

## Research Experience

Senior Research Specialist, Princeton University, 2018 - 2019

## Teaching Experience

*Teaching Assistant, at Duke*

BA 953 Empirical Corporate Finance (PhD), 2023 - 2024

BA 952 Theoretical Corporate Finance (PhD), 2022

Finance 645W Financial Management (WEMBA), 2022 - 2024

Finance 654 Corporate Finance (MBA), 2021 - 2024

Finance 524 Foundations of Capital Markets (MMS), 2021 - 2024

Decision 516 Quantitative Business Analysis (MMS), 2021 - 2022

## Activities

Sep 2021: Princeton Initiative: Macro, Money, and Finance

Aug 2021: Mitsui Center Summer School on Structural Estimation in Corporate Finance

## Honors and Awards

M.A. Merit Scholarship, 2017

Honor Graduates, 2016

China National Scholarship, 2013, 2015

## Misc

Nationality: Chinese Citizen

Language: Chinese (native), English (fluent)

Skills: Stata, Python, Matlab, Julia, R, SQL, Java

Sports: Duke Table Tennis Team B in NCTTA Carolina Division

## References

**Alon Brav (Chair)**

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