Mitchell S. Towner

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Academic Positions

University of Arizona 2015-Present
Assistant Professor of Finance

Education

University of Texas-Austin, Austin, TX
Ph.D. in Finance 2015

Lewis & Clark College, Portland, OR
Bachelor of Arts, Mathematics and Economics 2009

Working Papers

"Debt and Bargaining Outcomes: Evidence from U.S. Hospitals" (Job Market Paper)

- *Revise and Resubmit at Management Science*
- Washington University 11th Annual Corporate Finance PhD Poster Session Finalist for Best Paper Award in Honor of Professor Stuart I. Greenbaum
- 2015 Western Finance Association Cubist Systematic Strategies Ph.D. Candidate Award for Outstanding Research
- Presented at 11th Annual Finance Conference at WUSL Olin Business School, University of Arizona, University of Houston, University of Texas, University of Utah, Virginia Tech University, and 2015 Western Finance Association

Using the healthcare industry as a novel laboratory, I study whether a firm's use of debt enhances its bargaining power during negotiations with non-financial stakeholders. I find that reimbursement rates negotiated between a hospital and insurers for two homogeneous procedures are higher when the hospital has more debt. This relation is stronger among hospitals with less bargaining power relative to insurers ex ante. I provide direct evidence that debt improves a firm's bargaining outcomes.

"Quasi-Insider Shareholder Activism: Corporate Governance at the Peripery of Control" joint with Jonathan Cohn and Aazam Virani

- Presented at 2018 AFA*, Arizona State University, Arizona Junior Finance Conference, University of New South Wales

We document the role of investors at the periphery of control within a firm – "quasi-insiders"' - in shareholder activism. These agents, including founders and former executives, launch campaigns in smaller, worse-performing firms than traditional hedge fund activists, seek greater control, and employ more aggressive tactics. While they are less likely to achieve the stated objectives of their campaigns, these campaigns are associated with positive abnormal returns comparable to those in hedge fund campaigns and subsequent improvements in operating performance. Overall, our results suggest that quasi-insiders play an important and effective role as activists in firms that are less likely to be targeted by hedge funds.

"Entrenched Insiders and Corporate Sustainability (ESG): How Much Does the "G" Matter for "E" and "S" Performance Around the World?" joint with Alexander Dyck, Karl Lins, Lukas Roth, and Hannes Wagner

We explore the impact of entrenchment on firms' environmental and social (E&S) performance by studying a large international sample of firms with detailed data on insider control mechanisms. We hypothesize that entrenched insiders choose corporate social responsibility outcomes conditional on their private benefits of control, and that their preferences may differ from those of outside shareholders. Consistent with this hypothesis, we find that entrenchment has a substantial impact on firms' E&S performance, with entrenched family control weakening both E&S performance, and government control strengthening social performance. We also show that when control is contestable governance mechanisms which increase outsiders' voice improve both E&S performance. To the extent that sustainability-oriented outsiders seek to influence firms' E&S performance, our findings have broad implications for both investors and regulators.

- Presented at University of Arizona, Université de Neuchâtel*, UT Smokey Mountain Finance Conference*, 2019 AFA (Scheduled)*, SHoF-Misum Conference on Sustainable Finance (Scheduled)*

"Evolution of Mutual Fund Voting: Consensus or Contentious?" joint with Audra Boone and Stu Gillan

- Presented at University of Arizona, FIRCG

The mutual fund industry has progressed towards one with larger funds and a greater proportion of passively managed assets. We examine how mutual fund voting behavior has evolved given these trends and the enhanced focus on governance since the financial crisis. We find that funds are increasingly likely to vote on agenda items as management recommends and less likely to vote as Institutional Shareholder Services (ISS) recommends. These results are stronger for large mutual fund families. Moreover, we find evidence suggesting that larger funds influence ISS recommendations and other fund's voting behavior.

"The Evolution of Healthcare and Corporate Finance"

I give a brief summary of the institutional details of the U.S. healthcare sector with a special emphasis on healthcare finance. In addition to its large size, U.S. healthcare has four unique features that can be used to help answer corporate finance questions: segmented markets, variation in corporate type, extensive data requirements and recent consolidation. I explain how changes over the last 100 years have led to each of these features. Next, I delve deeper into bargaining between insurance companies and hospitals, Medicare pricing, and hospital capital structure decisions during 2008-2012. Finally, I conclude with a brief discussion on how the Affordable Care Act has contributed to these factors.

*Denotes presented by coauthor

Non-Refereed Publications

"Norway's Summit On Responsible Investing" *The Journal of Investment Management* 12.01 (2014): 33-44.

Research Interests

Capital Structure, Corporate Governance, Investor Activism, Institutional Investors, Corporate Finance, Health Care

Teaching Experience

University of Texas-Austin: Business Finance FIN 357 (Undergraduates) Summer 2011
University of Arizona: Investments FIN 421 (Undergraduates) 2015-present
University of Arizona: Investments FIN 521 (Masters) 2016-present

Professional Offices and Committees

Program Committee Member, Western Finance Association meetings: 2015-present
Faculty Advisory Board, Eller Center for Management Innovations in Healthcare: 2015-present

Media Coverage

Columbia Law School's Blog on Corporations and the Capital Markets "Insider Activism" http://clsbluesky.law.columbia.edu/2017/04/27/insider-activism/

Honors and Awards

2017-18 University of Arizona Scrivner Teaching Award

2016 World Series of Poker Event #41 Monster Stack Champion

2016 Spring Eller Small Research Grant with Jeremy Douthit

2015 Fall Eller Small Research Grant with Aazam Virani

2015 Cubist Systematic Strategies Ph.D. Candidate Award for Outstanding Research

2014 Stuart I. Greenbaum Ph.D. Outstanding Paper Award at Washington University in St. Louis Conference on Corporate Finance

2009-12 4-time member of the U.S. Bridge Federation Junior Team at World Championships - Silver medalist in 2012

2003 Junior world champion in "Magic: the Gathering" card game

References

Laura Starks (Co-chair)
Charles E. and Sarah M. Seay Regents Chaired Professor of Finance
University of Texas-Austin
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Jonathan Cohn (Co-chair)
Assistant Professor of Finance
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Richard Sias
Tyler Family Endowed Chair in Finance
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