

## Mitchell S. Towner

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Eller School of Management, University of Arizona, McClelland Hall 315K

### Academic Positions

**University of Arizona** 2015-Present  
Assistant Professor of Finance

### Education

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

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

### Published Papers

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

- Forthcoming, *Management Science*
- Washington University 11<sup>th</sup> 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.

### Working Papers

“Quasi-Insider Shareholder Activism: Corporate Governance at the Periphery 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, 2018 Conference on Empirical Legal Studies, 2019 Drexel Academic Conference on Corporate Governance (Scheduled)

We document the role of investors at the periphery of control - “quasi-insiders” - in corporate governance. These agents, who include founders, former CEOs, and other former officers, launch activist campaigns in smaller and worse-performing firms than traditional hedge fund activists, and use aggressive tactics to seek greater control. While they are less likely to achieve the stated objectives of their campaigns, their campaigns are associated with positive abnormal returns larger than those in hedge fund campaigns and subsequent improvements in operating performance. The presence of a

quasi-insider as a blockholder is associated with a significant increase in CEO turnover-performance sensitivity. Overall, our results suggest that quasi-insiders play a meaningful role in governance.

“Insider Entrenchment and Corporate Sustainability Around the World” joint with Alexander Dyck, Karl Lins, Lukas Roth, and Hannes Wagner

- Presented at University of Arizona, Université de Neuchâtel\*, Hong Kong Baptist University\*, University of Alberta\*, University of Illinois at Chicago\*, 2018 UT Smokey Mountain Finance Conference\*, 2018 SHoF-Misum Conference on Sustainable Finance\*, 2018 UN PRI Academic Network Conference, 2019 AFA, 2019 FMA Global Conference in Latin America (scheduled)

Does insider entrenchment stand in the way of firms making investments to improve corporate sustainability? Using a global sample, we find that it does. In family-controlled firms, where outsiders have limited influence due to clear-cut insider entrenchment, environmental performance is significantly lower. When insiders’ power is reduced through specific actionable governance changes, firms subsequently exhibit better environmental performance. In both widely-held and family-controlled firms, the two governance changes that produce the greatest sustainability improvements are the introduction of majority voting requirements for the board and female board representation. In widely-held firms, strengthening board independence and reducing the age and staleness of the board further increase environmental performance.

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

- Presented at University of Arizona, FIRCG

Our paper examines the dynamic and time-varying nature of mutual fund voting behavior. This analysis is motivated by the increased regulatory focus on proxy issues, and the role of mutual funds, and their potential reliance on proxy advisors, in voting outcomes and governance. These issues have become more salient as the structure of the industry has evolved towards one with larger fund size and a greater proportion of assets under passive management, which can influence the ability and incentive of investors to become informed on key topics. We find that funds are increasingly likely to vote with management and less likely to vote in line with Institutional Shareholder Services (ISS) recommendations. These results are stronger for large mutual fund families and for index funds. We also find evidence suggesting that voting by larger funds leads both ISS recommendations and other fund’s votes.

“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: Investment Analysis FIN 521 (Masters) 2016-present

## **Professional Offices and Committees**

Program Committee Member, Western Finance Association meetings: 2015-present

Program Committee Member, Midwestern Finance Association meetings: 2018-present

Faculty Advisory Board, Eller Center for Management Innovations in Healthcare: 2015-present

Tenure-track Recruiting Committee 2017-18

Diversity and Inclusion Committee Member for Eller College: Spring 2018-present

## **Referee Service**

Review of Financial Studies, Journal of Corporate Finance

## **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

## List of Collaborators

Aazam Virani, *University of Arizona*  
Jeremy Douthit, *University of Arizona*  
Jonathan Cohn, *University of Texas*  
Stuart Gillan, *University of Georgia*  
Audra Boone, *Texas Christian University*  
Alexander Dyck, *University of Toronto*  
Karl Lins, *University of Utah*  
Hannes Wagner, *Bocconi University*  
Lukas Roth, *University of Alberta*

## References

Laura Starks (Co-chair)  
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