

Finance Lecture Series- An Initiative of the Financial Research and Trading Laboratory



On 13 June 2012 (11 am) Prof. Utpal Bhattacharya, Associate Professor, Finance at the Indiana University Kelley School of Business will speak on "Firm Mortality and Natal Financial Care". The talk will be held in the Financial Research and Trading Laboratory of IIM Calcutta.

Abstract of the talk

We construct a mortality table for U.S. public companies during 1985-2006. We find that the age-specific mortality rates of firms initially increase, peaking at age three, and then decrease with age, implying that the first three years of public life are critical. We find that financial intermediaries involved around the public birth of a firm-venture capitalists (VCs) and high-quality underwriters-are associated with lower firm mortality rates, sometimes for up to seven years after their IPO. VCs reduce mortality rates more through natal financial care than through selection, whereas high-quality underwriters affect firm mortality more through selection.