

JOHN HACKNEY

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PROFESSIONAL APPOINTMENTS

Darla Moore School of Business, University of South Carolina
 Assistant Professor of Finance 2016-present

EDUCATION

University of Washington
 PhD in Finance & Business Economics 2016
 MS in Finance & Business Economics 2014

Gonzaga University
 BA in Business Administration 2010
 Concentrations- Finance & Economics
Summa cum laude

RESEARCH INTERESTS

Corporate Finance, Law and Finance, Corporate Governance, Small Business, Banking

WORKING PAPERS

“Legal Determinants of External Finance: the Case of Small Business Credit”

Abstract: I examine how creditor protection affects aggregate small business credit volume. I use staggered increases in state-level homestead exemptions as exogenous reductions in protection for small business creditors and find that an average increase in exemptions increases the number of small business loans by commercial banks in local regions by 1.1%, and volume by 2.5%. The increase in quantity is concentrated in areas with higher risk aversion and higher wealth, and where local banks have superior screening technology. These suggest a greater role of demand-side factors in determining aggregate credit quantity, and highlight important distributional effects for policy debate.

“Financial Crises, Credit Rationing, and Government Intervention”

Abstract: In this paper I ask whether and how government intervention in credit markets can help to ease financial constraints and encourage growth for small firms during financial crises. I focus my analysis on the presence of banks who take part in the Small Business Administration (SBA) 7(a) guaranteed-lending program in a local market, and ask whether access to government-backed loans encouraged lending to small firms during the recent financial crisis when they were particularly constrained. I find that areas with a greater proportion of SBA guaranteed lenders saw a greater volume of small business loans during the crisis, and these areas experienced better real outcomes in terms of employment and establishments, especially for the smallest firms. This result is robust to controlling for a host of concurrent demand and supply characteristics, using alternative definitions of SBA market

presence, and controlling for endogeneity through instrumental variables. This paper contributes to the literature examining access to finance and growth and the role of government intervention during crises. The findings suggest that targeted government support to small firms can play a beneficial role in the recovery of local regions in the presence of private credit market frictions.

“Information Asymmetry and Organizational Structure: Evidence from Small Business Lending”

Abstract: I utilize staggered changes in state-level personal bankruptcy exemptions as exogenous shocks to the primary information frictions facing small business lenders: adverse selection and moral hazard. I find that a 10% increase in exemptions, reduces the average distance between borrowers and lender headquarters, where presumably high-level capital allocation decisions are made, by 7-8.8%. I find that this result is weaker where social and cultural factors are likely to lessen the scope for moral hazard. Additionally, I find that areas whose bank branch headquarters are more distantly located experience a reduction in credit following exemption increases, and that these areas also experience adverse small business outcomes. These results are consistent with theories of soft information and organizational structure where flatter organizations maintain an information advantage over their hierarchical peers, and suggest that information frictions play a prominent role in shaping the competitive landscape of local markets by reducing competition from outsiders.

“Short Selling, Convertible Bond Pricing, and Convertible Arbitrage” (with Tyler Henry and Jennifer Koski)

Abstract: We use the insight that short selling around convertible bond issue dates is arbitrage trading to explore the pricing consequences and determinants of arbitrage short selling. Neither pre-issue short selling nor short selling on the issue date is associated with higher issue discounts in the convertible bond market. Convertible arbitrage short selling is negatively related to issue day stock returns and positively associated with future returns, consistent with temporary price pressure from uninformed short sellers. Firm-specific characteristics related to the ease and cost of short selling similarly affect both informed and arbitrage short selling. Deal-specific characteristics, especially those related to the magnitude of hedging demand from arbitrage positions, also strongly determine short selling around convertible bond issue dates. Arbitrage short selling lasts about two days after the issue day before tapering off.

WORK IN PROGRESS

“What is Fueling the Fintech Lending Revolution? Weak Competition from Small Banks, Large Banks, or Both?” (with Allen Berger and Tetyana Balyuk)

“Managerial Scapegoating: Director Networks and Executive Turnover” (with Ran Duchin)

“Local Banking and Recovery from Natural Disasters” (with Allen Berger and Hugh Kim)

“Debtor Protection and Local Crime” (with Chao Jiang)

PRESENTATIONS

“Legal Determinants of External Finance: the Case of Small Business Credit”
University of Washington (2015)

University of South Carolina (2015)
Oregon State University (2015)
Midwest Finance Association Annual Meeting (2016)
FMA Annual Meeting (2016)

“Financial Crises, Credit Rationing, and Government Intervention”

Fixed Income and Financial Institutions Conference (2017)
Community Banking and the 21st Century Research and Policy Conference (2017)
FMA Annual Meeting (2017)
Southern Finance Association Annual Meeting (2017)

South Carolina Bankruptcy Lawyers Association Annual Meeting (2017)

Keynote Address

AWARDS

2016 Moore School Research Grant
2016 Dean A. Dudley Fellowship
2015 Evert McCabe Fellowship in Private Enterprise
2014-2015 PhD Student Teaching Award
2014-2015 AFA Travel Grant
2011 Top Scholar Awardee

MEMBERSHIPS

American Finance Association
Financial Management Association
Midwest Finance Association
Alpha Sigma Nu Jesuit Honor Society
Beta Gamma Sigma Business Administration Honor Society
Alpha Kappa Psi Professional Business Fraternity
Knights of Columbus

AD HOC REFEREE

Journal of Banking and Finance

TEACHING

Instructor	Spring 2014-Spring 2015
International Finance	
University of Washington Professional and Continuing Education Center	
<i>Spring 2014 rating: 4.5/5.0</i>	
<i>Fall 2014 rating: 4.5/5.0</i>	
<i>Spring 2015 rating: 4.9/5.0</i>	
FINA 463 (Case Studies in Corporate Finance)	Spring 2017
University of South Carolina	
<i>Spring 2017 rating: 4.6/5.0</i>	

Teaching Assistant

Winter 2014-Spring 2015

University of Washington

FIN 502 (Evening MBA Core Finance)

Winter 2014 rating: 5.0/5.0

Winter 2015 rating: 5.1/5.0

FIN 540 (Executive MBA International Finance)

Spring 2014 rating: 5.0/5.0

FIN 500 (MBA Core Finance)

Fall 2014 rating: 4.8/5.0

FIN 512 (Technology Management MBA Corporate Financial Strategy)

Spring 2015 rating: 4.5/5.0