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Curriculum Vitae Fall 2007

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Major Fields of Concentration

Macroeconomics, Corporate Finance/Governance, Contract Theory, Economic Growth

Education

<i>Degree</i>	<i>Field</i>	<i>Institution</i>	<i>Year</i>
Ph.D.	Economics	University of Minnesota (expected)	2008
M.A.	Economics	Indiana University-Bloomington	2002
B.Sc.	Mathematics	Bogaziçi University (Turkey)	2000

Dissertation

Title: "Essays on Capital Markets, Economic Organization, and Innovation"

Dissertation Advisor: Professor V. V. Chari

Expected Completion: Summer 2008

References

Professor V. V. Chari	(612) 626-7151 chari@res.mpls.frb.fed.us	Department of Economics University of Minnesota 1035 Heller Hall 271 - 19 th Avenue South Minneapolis, Minnesota 55455
Professor Larry E. Jones	(612) 624-4553 lej@econ.umn.edu	
Professor Erzo G. J. Luttmer	(612) 625-5054 luttmer@umn.edu	
Dr. Simran Sahi	(612) 625-6353 ssahi@econ.umn.edu	

Honors and Awards

- Fall 2007 *Distinguished Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota.
- Summer 2007 *Distinguished Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota.
- 2002-2003 Graduate School Fellowship, University of Minnesota, Minneapolis, Minnesota.
- 2000-2001 Graduate School Fellowship, Indiana University, Bloomington, Indiana.

Teaching Experience

- 2004 - 2007 *Instructor*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Instructor for *Principles of Microeconomics*, *Intermediate Microeconomics*, *Intermediate Macroeconomics*, and *Cost Benefit Analysis*.
- 2003 - 2004 *Teaching Assistant*, Department of Economics, University of Minnesota, Minneapolis, Minnesota. Led recitation sections for *Principles of Microeconomics*.
- 2001 - 2002 *Associate Instructor*, Department of Economics, Indiana University, Bloomington, Indiana. Led recitations for *Principles of Microeconomics*.
- 2000 - 2001 *Graduate Assistant*, Department of Economics, Indiana University, Bloomington, Indiana. Graduate Assistant for *Statistical Analysis for Business and Economics*.

Papers

- “Corporate R & D, Venture Capital, and Capital Markets”
- “Effect of Venture Capital-Backed Firm Entry on Incumbent Innovation,” in progress.
- “Does Deposit Insurance Increase Bank Risk Taking: Evidence from Korean Bank Panel,” joint with Junghee Park.

Computer Skills

MATLAB, Mathematica, STATA

Languages

Turkish (native), English (fluent)

Dissertation Abstract

Essay 1: “Corporate R & D, Venture Capital, and Capital Markets” (job market paper)

There has been an explosion of innovation backed by venture capital (VC) since late 1970's. Nonetheless, a great deal of innovation still occurs within large companies. In this paper, I investigate the factors that determine when innovation is performed by VC-backed firms and when by large companies. To this end, I develop a theoretical model in which development of new technologies and products requires the collaboration of researchers, executives, and suppliers of capital. I focus on the two-tier agency problem designed to provide simultaneously the right kinds of incentives for researchers and executives. I find that if capital markets function perfectly, it is optimal for innovation to be conducted by VC-backed firms: Specialization implicit in VC form of organization mitigates two-tier agency problems. If capital markets are sufficiently imperfect, however, it is optimal for innovation to be performed by large companies: they can use cheaper internal funds to finance innovation. I finally point to the role of policy in improving capital markets and hence innovation performance.

Essay 2: “Effect of Venture Capital-backed Firm Entry on Incumbent Innovation” (work in progress)

The literature on venture capital (VC) provides evidence that increases in VC activity in an industry are associated with significantly higher innovation rates. This work, however, does not inform us about the effect of VC-backed firm entry on innovation performance of incumbent firms in the same industry. The goal of this paper is to shed light on this question. To this end, I first plan to introduce entry into a Schumpeterian growth model with multiple sectors that differ in their R&D intensity, and generate theoretical predictions. I hypothesize that increased VC-backed firm entry threat will likely (i) spur innovation incentives in sectors with high R&D intensity -because successful incumbent innovation will help prevent entry, and (ii) reduce innovation incentives in sectors with low R&D intensity -because increased entry threat will lower incumbents’ expected rents from innovating. I then plan to take the predictions of the model to the data and examine their match with empirical patterns.

Other Papers

“Does Deposit Insurance Increase Bank Risk Taking: Evidence from Korean Bank Panel,”
joint with Junghee Park.

This paper examines the effect of the introduction of explicit deposit insurance on bank risk taking using Korean bank data from 1994 through 2004. Estimating a fixed effects panel model by instrumental variable estimation as well as OLS, we find strong evidence that explicit deposit insurance increases bank risk-taking. We also find some evidence that risk-taking increases with (i) the extent of insurance coverage; and (ii) bank size. Our results are consistent with the strand of literature that emphasizes the moral hazard effects of deposit insurance.