Marco Elia

CONTACT INFORMATION

Drexel University
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EDUCATION

Drexel University, Philadelphia, PA (USA)

Ph.D. Business Administration, Finance — 2013 – (expected 2018)
Dissertation Committee: Naveen D. Daniel (Chair), Ralph A. Walkling, Kose John, Daniel Dorn, and Gregory Nini

University of Torino, Torino (Italy)

Doctorate (Dottorato di Ricerca), Business Administration — 2003-2006
M.S., Business Administration — 1998-2003
B.S., Business Administration — 1998-2003

RESEARCH

Interests: Empirical Corporate Finance, Hedge Fund Activism, Behavioral Finance

Job Market Paper:

"What Causes Passive Hedge Funds to Become Activists?"

About 20% of the total activist hedge funds' positions are initiated as passive holdings, that is without the intention of changing or influencing the control of the target firms. At some point, however, the hedge funds change their filing status and switch to activism. My paper investigates what triggers this switch. I hypothesize and find that hedge funds see the purchase price of their passive positions as a reference point. When hedge funds are suffering losses on these positions, they are more likely to switch to become activists, even after controlling for the firms' underperformance. This study presents new evidence about what causes hedge fund activism.

Presentations:

American Finance Association (AFA) — (Scheduled) 2018
PhD Poster Session
Financial Management Association (FMA) — 2017
Doctoral Consortium & Special PhD Student Paper Presentation
European Finance Association (EFA) — 2017
Doctoral Tutorial
Financial Management Association (FMA) — 2017
European Conference
Drexel University — 2016
Brown Bag Seminar

Work in Progress:

"Coordination by Activist Hedge Funds" (with Naveen D. Daniel)

If the conditional probability of an institution (say, T. Rowe Price) being a blockholder in firms targeted by an activist (say, Starboard) is more than twice the unconditional probability of the same institution being a blockholder across all firms targeted by other activists, then we label the institution (T. Rowe Price) as coordinating with the activist (Starboard). Using this procedure, we identify all institutions that coordinate with every hedge fund activist. Our contribution is to document that such coordination is pervasive and is mutually beneficial. In nearly two-thirds of the campaigns, there is coordination between the activist and institutional investors. Coordination is more likely in large firms where the activists would not have sufficient capital to build a large stake. Activist hedge funds that coordinate with other institutional shareholders are more successful in their activism as reflected in higher abnormal returns over the duration of the campaigns. We attribute causation by instrumenting for coordination with the geographic proximity between the activist and the institutional investors.

"Time-Constrained Activism" (with Naveen D. Daniel)

The average announcement return to hedge fund activism is around 5%. Thus, activists that want to inflate their reported returns have incentives to engage in time-constrained activism. This is defined as initiating positions in targets before the end of the reporting period without fully completing their research. Consistent with this, we find that (i) activists are more likely to start their campaigns just before the end of the quarter rather than just after the quarter; (ii) activists reveal their positions earlier than what is required by the regulation; (iii) abnormal returns over the duration of the campaign appear to be lower for those initiated just before the end of the quarter.

TEACHING EXPERIENCE

Drexel University, Philadelphia, PA

Instructor, FIN 302: Intermediate Corporate Finance (Undergraduate)
Spring 2016: 1 section, Student Evaluations: 3.71 / 4.00
Winter 2016: 2 sections, Student Evaluations: 3.68 / 4.00 and 3.41 / 4.00

Teaching Assistant:
Prof. Naveen Daniel (2014-present): Risk Management (Graduate); Advanced Financial Management (Graduate)
Prof. Eliezer Fich (2013-2014): Introduction to Finance (Undergraduate); Corporate Financial Management (Graduate)

University of Torino, Torino (Italy)

Instructor:
Derivatives (2012, 2013; Executive Education)
The New Capital Accord (Basel II) (2008, 2009; Executive Education)
Trading Strategies (2010, 2011; Graduate)
Financial Markets and Institutions (2008-2011; Graduate)
Foreign Exchange Trading (2012, 2013; Undergraduate)

International Training Center (ITC-ILO) of the United Nations, Torino (Italy)

Instructor:
Risk Management (2012, 2013; Graduate)
Microfinance (2009, 2010; Graduate)

OTHER ACTIVITIES

Consultant for Intesa-Sanpaolo Bank, Unicredit Bank, and CRT Foundation (2010-2012)

AWARDS AND GRANTS

European Finance Association (EFA) Doctoral Tutorial Travel Grant, 2017 Annual Meeting
American Finance Association (AFA) Doctoral Student Travel Grant, 2017 Annual Meeting
International Travel Award (ITA), Drexel University, 2017
Franca and Diego de Castro Foundation Graduate Fellowship, 2013 - 2015
Progetto Alfieri Scholarship, CRT Foundation, 2007
Dissertation Scholarship, School of Management and Economics, University of Torino, 2003

DISCUSSIONS

European Finance Association (EFA) Doctoral Tutorial (Student discussant), 2017
Financial Management Association European Conference, 2017

PROFESSIONAL ASSOCIATIONS

Member of the European Finance Association, 2017 – present
Member of the Financial Management Association, 2016 – present
Member of the American Finance Association, 2015 - present

PROGRAMMING SKILLS

SAS, Stata, Python

REFERENCES

Dr. Naveen D. Daniel (Chair)
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Dr. Ralph A. Walkling
Stratakis Chair in Corporate Governance
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