JOSEPH J. HENRY

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ACADEMIC EMPLOYMENT

Northeastern University — Boston, MA
Associate Teaching Professor, Finance group — 2023-Present

Rowan University — Glassboro, NJ
Assistant Professor, Department of Accounting & Finance — 2019-2023

EDUCATION

Ph.D.	Finance, The Pennsylvania State University	2019
M.S.	Finance, West Virginia University	2014
B.A.	Business Economics (Magna Cum Laude), University of California at Irvine	2011

RESEARCH

Primary Interests: Empirical corporate finance (IPOs, shareholder payouts) and FinTech

* indicates presentation by coauthor

The competitive effects of IPOs on industry rivals

Review of Financial Economics (2022)

I study the impact of initial public offerings (IPOs) on industry rival performance. Instrumenting for IPO completion with post-IPO filing NASDAQ returns, I find no impact of IPOs on average rival sales growth, return on sales (ROS), or Tobin's q after 3 years. However, post-IPO rival performance varies with rival financial constraints. Relative to peers, rivals with low cash or high leverage exhibit lower sales growth, ROS, and q values, accompanied by lower capital expenditures and employment growth. I provide causal evidence of the competitive impact of IPOs and highlight the competitive cost of financial constraints following industry IPO activity.

Piecing together the extent of retail fractional trading – with David Gempesaw and Raisa Velthuis

Global Finance Journal (2022)

We examine the introduction of fractional trading and its impact on retail security ownership. Fractional trading aims to increase investor access to securities with high prices. Over the initial months of Robinhood's fractional trading program, the number of unique owners increases approximately 53 percentage points more for stocks priced above $100 versus those priced below $50. On an intraday basis, high-price stocks exhibit incremental ownership growth specifically during periods when fractional trading is permitted. Our results show that Robinhood investors make ample use of fractional trading to acquire previously inaccessible securities, indicating a substantial reduction in price-based investing frictions and carrying implications for retail portfolio management. In addition, we show that potential market impacts of fractional trading appear negligible based on share volume data from multiple brokers with fractional trading programs.

An Analysis of Selling Concessions, Reallowance Fees, and Price Changes in the Marketing of IPOs – with Jim Brau

Journal of Entrepreneurial Finance (2022)

We model and assess the empirical evidence for two distinct marketing strategies available to investment bankers during initial public offerings (IPOs). The first is to "push" under-demanded, small IPOs onto retail investors, and we proxy for sales pressure using the reallowance fee granted to brokers. The second strategy is to use initial underpricing and upward revisions in the offer price to create the appearance of demand (a la Shiller's Impresario hypothesis). The use of both strategies by underwriters has implications for investor welfare.

Can banks save mountains? – with David Haushalter and Peter Iliev

Review of Corporate Finance Studies (2023)

Presentations: RCFS Winter Conference (2022)*, Iowa State University*

We study bank policies to limit lending to companies engaged in mountaintop removal (MTR) coal mining, a form of coal extraction that has raised many environmental concerns. Using the staggered introduction of these policies, we document that these policies did not lead to meaningful changes in average bank lending or MTR mining. However, larger banks, banks that are under media pressure, and banks operating in the affected states are more likely to reduce MTR loans. Our results are consistent with the hypothesis that banks announced these policies under pressure and to improve their green credentials.

Interrelationships in Inventory Turnover Performance Between Supplier and Customer Firms – with Peter Christensen and James Brau

Business and Economics Research Journal (2023)

Presentations: Corporate Finance New Ideas session at the FMA Annual Meeting (2021)

Using inventory turnover to measure the efficiency of corporate inventory management, we perform econometric analyses to verify whether the inventory efficiency of a firm's supply chain partners is a statistically significant driver of the firm's own inventory efficiency. We test two mutually exclusive hypotheses. First, suppliers hold inventory on behalf of customers, effectively displacing inventory up the supply chain and resulting in a negative correlation between supplier and customer inventory turnover. Alternatively, inventory efficiency is integrated along the supply chain, resulting in a positive correlation between supplier and customer inventory turnover. Our bivariate and multivariate analyses of both firm- and industry-level data support the "integration" hypothesis of higher inventory efficiency along the supply chain. Our findings highlight the importance of expanding the research and practice of working capital management beyond the firm-level.

The Breadth of IPO Marketing – with Matthew Gustafson, Emily Kim, and Kevin Pisciotta

Presentations: Hofstra Financial Regulations & Technology, Advances Since the Financial Crisis (2022); Silicon Prairie Finance Conference* (2022)

Media (under prior title "The Marketing of Initial Public Offerings"): "Ignoring the Rules Sometimes Works for Elon Musk" by Matt Levine (Bloomberg Money Stuff Newsletter), April 29, 2021.

IPO underwriters face conflicting interests between issuers and institutional investors. The underwriter's decision of how widely to market an offer plays a crucial role in how they manage these conflicting interests, as greater marketing breadth is beneficial to issuers but can be costly to underwriters' reputations with preferred clients because of increased share rationing. We introduce a novel measure of IPO marketing breadth using the number of prospectuses underwriters distribute during the roadshow to empirically examine how underwriters manage this tradeoff. We find that underwriters market more widely when expected rationing risk is low and issuer bargaining power is high. We provide evidence that marketing breadth positively predicts pre-IPO price revisions, post-IPO liquidity, and underpricing; just over half of the pricing benefits accrues to underwriters and their clients, and the rest accrues to issuers.

Retail IPO Access: An Examination of Participating Issuers and IPO Performance – with David Gempesaw and Kevin Pisciotta

Presentations: FinTech New Ideas session at the FMA Annual Meeting (2022)

Motivated by concerns for investor welfare in the financial press, we evaluate the performance and determinants of IPOs allocated to retail investors through FinTech platforms like the Robinhood investing app. Issued largely by consumer-facing companies, these "Retail IPO" stocks underperform contemporaneous IPO stocks by an average of 17 percentage points over the first 9 months, even after adjusting for issuer size, quality, valuation, and industry. Retail IPO stocks exhibit much higher fractional trade volume after the IPO, consistent with greater retail trading, and this trade volume is a significant negative predictor of longer-run post-IPO stock returns, on average. Consistent with attention-induced trading by retail investors, we find that pre-IPO Retail Access notifications are associated with spikes in Google search interest for the IPO stock. This attention-induced trading offers a partial explanation for the underperformance of Retail IPO stocks while raising policy-relevant questions about the design of these programs and the welfare of retail investors.

TEACHING

D'Amore-McKim School of Business, Northeastern University

Corporate Finance	2023

Rohrer College of Business, Rowan University

Financial Management II (Avg. rating: 4.6 (out of 5))	2020-2023
Financial Management I (Avg. rating: 4.3 (out of 5))	2019-2023

Smeal College of Business, The Pennsylvania State University

Corporation Finance (Ratings: 4.8/7, 6.1/7)	2015, 2017

SERVICE

Conference Discussions

Financial Management Association Annual Meeting, 2019, 2022
Financial Regulations & Technology Advances Since the Financial Crisis, 2022

University Service (Rowan University)

Rohrer College of Business Assurance of Learning Committee, 2022-2023
Accounting & Finance Department Search Committee, 2021, 2022
Accounting & Finance Department Election Committee – Chair, 2021, 2023
M.S. Finance Admissions Committee, 2019-2020
Advisor, Rowan Student Chapter of Financial Management Association, 2021-2022

PROFESSIONAL EXPERIENCE

Research Services Analyst — January 2013 – June 2013
SM&A, Newport Beach, CA

Created a variety of research deliverables for the Aerospace/Defense market, including: competitor analyses, federal contract award histories/databases, sales pipelines (industry-specific or niche capabilities), and news trackers to monitor new government contract opportunities. Managed and provided guidance to the strategic intelligence interns.

Strategic Intelligence Intern July 2010 – January 2013
SM&A, Newport Beach, CA
Conducted primary and secondary research on the Aerospace/Defense market.

Compliance & Accounting Intern August 2009 – December 2010
Global Capital Markets Incorporated, Irvine, CA
Ensured the company operated according to FINRA/NASD regulations, maintained financial records, and prepared tax and payroll documents.

HONORS AND AWARDS

Rowan Center for Responsible Leadership Research Fellow, Summer 2022

Robert W. Graham Endowed Graduate Fellow, The Graduate School, The Pennsylvania State University, 2014