

## **James E. Garrett, Jr. (Updated 3/01/2018)**

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### **Clinical Assistant Professor of Finance**

#### **OFFICE ADDRESS**

Department of Finance  
W.P. Carey School of Business  
Arizona State University  
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Office Location: BAC 575

#### **EDUCATION**

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- Ph.D.*                      *Finance, Purdue University,  
Krannert Graduate School of Management, 2008  
Advisor: Dr. David J. Denis*
- M.B.A.                      Southern Methodist University, Cox School of Business, 2000.
- M.S.                         Electrical Engineering, Georgia Institute of Technology, 1991.
- B.S.                         Physics, Texas A&M University, 1989.

#### **PROFESSIONAL CERTIFICATION**

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CFA Level 1 – Passed Exam – Dec. 2017

#### **RESEARCH**

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##### **INTERESTS**

Corporate Finance: Firm organizational structure, diversification discount, mergers and acquisitions, soft information in firms, executive compensation

##### **DISSERTATION**

“Segment Information Production and the Diversification Discount,”  
Committee: Dr. David J. Denis, Dr. Diane K. Denis, Dr. John J. McConnell,  
and Dr. Raghavendra Rau

##### **WORKING PAPER**

“Firm Organizational Structure and the Production of Soft Information,” (Based on dissertation)

Using a broad sample of firms in the years 1985-2003, I find evidence to support Stein’s (2002) model that implies that a diversified, or multi-divisional, firm structure is better suited to firms whose activities can be categorized as producing hard, rather than soft, information. Using spending on R&D and advertising as proxies for information “softness,” I find that firms that generate more soft information are less likely to be observed in a multi-divisional firm structure. Furthermore, I find evidence to support the hypothesis that the market places a lower value on soft-information-producing conglomerates relative to hard-information-producing conglomerates. These results are consistent with the idea that value destruction or creation in diversified firms may be dependent on the type of information produced within the firm.

## **WORK IN PROGRESS**

### **“Measures of Firm-level Soft-Information Production”**

As an extension of my thesis paper, I consider alternate measures of firm-level soft-information production. In my thesis paper, I used the ratios of R&D/sales, R&D/assets, advertising/sales, advertising/assets, and capitalized values of past R&D and advertising expense as measures of soft-information intensity. In this study, I consider possible alternatives such as Parrino’s (1997) measure of industry homogeneity and the geographical distance from bank lenders. Parrino (1997) concludes that firms in homogeneous industries are more likely to have a successor CEO from outside of the firm. I argue that the likelihood of CEO succession by an outsider is a proxy for a lack of information asymmetry within the firm. Peterson and Rajan (2002), Berger, et al. (2005), and Landier, et al. (2006) use data from the Federal Reserve’s National Survey of Small Business Finance (NSSBF) on the distance between firms and their lenders to proxy for soft-information in bank lending. In this measure, distance from the firm to its lender is inversely proportional to the amount of soft information produced by the firm. I investigate these additional soft-information proxies to determine to what degree they compliment measures based on R&D and advertising.

### **“Executive Compensation and Soft-Information Production in Firms”**

I investigate the relationship between the “steepness” of the gradient of executive pay, firm structure, and soft-information production in firms. It has been shown in the literature that flatter, more decentralized firms have steeper pay gradients. Also, it has been shown that more innovative firms have flatter organizational structures. Therefore, I investigate the causal relationship among firm organizational structure, management compensation, and soft-information producing activities such as innovation. My sample includes firms in the Execucomp dataset. I classify each firm’s five highest-paid executives as having either firm- or division-level management responsibility. I calculate the steepness of executive compensation as the fraction of upper-managerial compensation earned by the CEO and/or firm-level (as opposed to division-level) executives. In addition, I investigate the pay-performance sensitivity (PPS) of firm- vs. divisional-level management and the extent to which cross-sectional differences in the PPS are affected by soft-information production in the firms.

### **“Free-float and Weighting Changes for the S&P 500 Index” – with Michael J. Cooper**

In 2004, S&P changed the methodology of the S&P 500 Index from that of a pure market-capitalization weighting to a weighting based on the so-called “float.” This change provided a natural experiment for testing whether or not traded stocks exhibit a downward-sloping demand curve. If traded stocks are perfect substitutes and markets are efficient, rebalancing stock index portfolios, solely due to changes in index composition, should not result in the opportunity to earn excess returns. Typical studies of this sort look at abnormal returns around the addition or deletion of constituents of the S&P 500 Index. However, stocks may be added to or deleted from an index due to past or anticipated future performance. Portfolio rebalancing due to changes in weighting alone should be free of this potential endogeneity issue. Preliminary results showed statistically insignificant abnormal returns in the time period around the index re-weighting.

## **PRESENTATIONS**

Georgia State University, March 2007  
Purdue University, February 2008  
College of William and Mary, February 2008  
College of William and Mary, February 2009  
Arizona State University, December 2009  
Purdue University, July 2010

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### **CONFERENCE INVOLVEMENT**

Purdue University Finance Ph.D. Alumni Summer Conference, July 2010: Assisted in coordination of conference logistics and created and managed the conference website.

### **ACADEMIC EXPERIENCE**

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#### **SERVICE**

W.P. Carey/Finance Internship (FIN/REA 484) Coordinator (December 2016-Present)  
W.P. Carey – Department of Finance – Undergraduate Committee (Spring 2014-Present)  
W.P. Carey – Academic Standards Committee – undergraduate representative, Finance – participation in Grade Appeal/Academic Integrity Hearings (Fall 2016- Present)  
W.P. Carey/Finance – Manage course equivalencies for ACETS system (Fall 2016-Present)  
W.P. Carey – Department of Finance Honors & Scholarship Committee (Fall 2016-Present)  
(Ad-hoc) W.P. Carey – Blueprinting Committee – Plan for Non-Tenure Workflow – Fall 2017  
(Ad-hoc) Committee to recruit Clinical and/or Visiting Faculty (Spring 2016)  
Department of Mathematics – (Ad-hoc) committee to choose textbook for MATH 210/211 – W.P. Carey/Dept. of Finance Representative (Spring 2013)  
Course Coordinator – International Finance – FIN 456/560

#### **TEACHING**

Arizona State University – Clinical Assistant Professor (Fall 2013-Present)  
Visiting Assistant Professor (Fall 2009-Summer 2013)  
FIN 361, Advanced Managerial Finance (undergraduate) Fall 2009, Fall 2010, Spring 2011, Fall 2011, Summer 2012, Last 6 weeks of Fall 2013, Spring 2015, Spring 2018  
FIN 591, Investment Fundamentals and Portfolio Mgmt. (Evening MBA), Spring 2010  
FIN 302, Managerial Finance (undergraduate), Fall 2010, Fall 2011, Summer 2012, Spring 2013  
FIN 502, Managerial Finance (Evening MBA), Spring 2011, Spring 2012  
FIN 502, Managerial Finance (MS in Finance), Fall 2017  
FIN 331, Financial Markets and Institutions (undergraduate), Fall 2011, Spring 2013  
FIN 456, International Fin.Mgmt. (undergraduate), Fall 2012  
FIN 591, International Finance (Evening MBA), Fall 2012  
FIN 502, Managerial Finance (MSiM), Spring 2013  
FIN 591, International Fin. Mgmt. (Full-Time MBA), Spring 2013, Spring 2014  
FIN 421, Security Analysis & Portfolio Mgmt. (undergraduate), Summer 2013, Fall 2015  
FIN 591, Advanced Corporate Finance (Evening MBA), Fall 2013  
FIN 300, Fundamentals of Finance (undergraduate), Fall 2013, Spring 2014, Fall 2014, Spring 2015, Fall 2015, Spring 2016, Fall 2016, Spring 2017, Fall 2017, Spring 2018  
FIN 540, Advanced Corporate Finance (Evening MBA), Fall 2014, Fall 2015  
FIN 560, International Finance (Online MBA), Fall 2014, Fall 2015, Fall 2016  
FIN 560, International Fin. Mgmt. (Full-Time MBA/MS Finance), Spring 2015, Spring 2016, Spring 2017, Spring 2018  
College of William and Mary - Visiting Assistant Professor (Fall 2008-Spring 2009)  
BUAD 323, Financial Management (undergraduate), Fall 2008  
BUAD 324, Money and Debt Markets (undergraduate), Fall 2008, Spring 2009  
Georgia State University – Visiting Lecturer (Fall 2005 – Summer 2008)  
MBA 8130, Corporate Finance Foundations (8-week course, MBA)  
Fall 2005, Spring 2006, Spring 2007, Summer 2007  
MBA 8230, Corporate Finance Applications (8-week course, MBA)  
Fall 2005, Spring 2006, Summer 2006, Spring 2007  
MBA 8135, Corporate Finance (Full semester course, MBA)  
Spring 2008, Summer 2008  
FI 3300, Corporate Finance (Undergraduate)  
Fall 2006  
FI 4020, Financial Analysis and Loan Structuring (Undergraduate)  
Fall 2006, Spring 2007, Fall 2007

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### Purdue University

Instructor MGMT 310, Financial Management (Undergraduate)  
Fall 2003. Summer 2004

Assistant Awarded: Krannert Certificate for Outstanding Teaching  
Grading, MBA Financial Management II, Spring 2002.  
Grading, MBA Portfolio Management, Fall 2004.  
Case Development, MBA Financial Management III,  
Spring 2005.

### RESEARCH

GRA Dr. Michael J. Cooper, Fall 2001-Sum 2003, Spring 2004, Fall 2004-  
Summer 2005

GRA Dr. Raghavendra Rau, Spring 2002-Summer 2002

GRA Dr. Laura L. Frieder, Fall 2004

GRA Dr. A. Charlene Sullivan, Spring 2005

### INDUSTRY AND RELATED EXPERIENCE

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Electrical Engineer Raytheon Co., Mc Kinney, TX, 1996 – 2001.  
Antenna and microwave circuit design

Graduate Research Assistant Georgia Tech Research Institute, Atlanta GA, 1989-1994. Supported  
applied research in antenna and microwave engineering.

### HONORS AND AWARDS

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Ronald C. Lease Award for Graduate Study (Ph.D. stipend supplement), Fall 2001-Summer 2004.  
Beta Gamma Sigma honor society, Southern Methodist University, 2000.

### REFERENCES

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#### ***Dr. David J. Denis (Dissertation Chair)***

Roger S. Ahlbrandt, Sr. Chair and Professor of Business Administration  
Katz Graduate School of Business  
University of Pittsburgh  
(412) 648-1708  
[djdenis@katz.pitt.edu](mailto:djdenis@katz.pitt.edu)

#### ***Dr. Diane K. Denis***

Katz Alumni Chair in Finance and Professor of Business Administration  
Katz Graduate School of Business  
University of Pittsburgh  
(412) 624-0296  
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#### ***Dr. Raghavendra Rau***

Sir Evelyn de Rothschild Professor of Finance  
Cambridge Judge Business School  
Trumpington Street  
University of Cambridge  
Cambridgeshire  
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#### ***Dr. Gerald Gay***

Chair, Department of Finance  
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#### ***Dr. Scott Gibson***

Associate Professor of Finance  
Mason School of Business  
College of William and Mary  
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