

HARSHINI SHANKER

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EDUCATION	London Business School, London, United Kingdom PhD in Finance, expected 2026 2020 – 2026 MRes in Finance 2020 – 2022 Indian School of Business, Hyderabad, India 2016 – 2017 MBA, Finance (Dean's List, Merit List, Merit Scholarship) University of Delhi, Shri Ram College of Commerce, India 2010 – 2013 Bachelor of Arts with Honors, Economics (First Division)
RESEARCH INTERESTS	Political economy of capital Shareholder activism, coordination and governance Structural analysis of market power and intermediation
CONFERENCE PRESENTATIONS	Western Finance Association 35th Conference on Financial Economics & Accounting, Michigan State University Finance Research Consortium: Junior Academics Research Seminars Private Capital Symposium, London Business School Transatlantic Doctoral Conference, London Business School PhD Alumni Workshop, London Business School
JOB MARKET PAPER	1. Ethical Capital, Coordination, and the Correction of Externalities <i>Abstract:</i> I build a general equilibrium model of ethical investing and coordinated externality mitigation that selects unique coordination equilibria, explains minority catalysis in activism and predicts when one-share-one-vote regimes aid or impede externality correction. Using global fund data and the rollout of Climate Action 100+ as a quasi-experiment, I document causal reallocations and improvements in firm externality outcomes.
WORKING PAPERS	2. The ESG Fee Paradox: Investor Taste, Noisy Exposure, and the Economics of Mutual Fund Pricing <i>Abstract:</i> The relationship between mutual fund fees and ESG exposure varies in sign across studies. I reconcile conflicting fee–ESG evidence by showing that sign reversals arise from measurement error. I model intermediaries competing under noisy ESG signals and derive a threshold in signal precision that generates positive, zero, or negative fee–attribute relationships—matching the full empirical pattern. 3. Do Investors Overvalue Startups? Evidence from the Junior Stakes of Mutual Funds <i>with Vikas Agarwal, Brad M. Barber, Si Cheng, Allauden Hameed & Ayako Yasuda</i> Winner, Best Paper Award, 15th Annual Private Equity Research Symposium, University of North Carolina <i>Abstract:</i> Mutual funds overvalue their junior stakes in startups by 53% compared to fair value models that account for multi-tier capital structures. Overvaluation is not justified by ex-post exit outcomes and does not decline over time or vary with VC boom-and-bust cycles. Mutual funds' valuation updates are more correlated with model fair values after a down round, suggesting underestimated downside risk and overweighted successful IPO exits.

WORK IN
PROGRESS

4. The Intermediation of Social Preferences: Theory and Evidence

Abstract: I build an intermediated asset-pricing model to examine transmission of preference shocks to asset prices via profit-maximizing funds, documenting an asset-price effect, an intermediary-rent effect, and a real-allocation effect. I estimate demand elasticities and quantify the absorption of household willingness-to-pay by intermediaries.

5. Non-Financial Preferences and Intermediation Equilibrium

Abstract: I study how non-financial asset attributes are priced when investors face fee-maximizing intermediaries. The model predicts that fees adjust inversely with attribute exposure; structural estimates from US and European funds support these predictions and quantify investor preferences for ESG-aligned holdings.

6. Capital under Dissonance: Ideology, Instability, and Asset Prices

Abstract: This paper investigates how regime uncertainty, ideological shifts, and belief-driven expectations affect investment behavior and asset prices. Transitions between political regimes distort market signals and alter risk premia. The model endogenizes asset returns, participation, and long-run wealth accumulation under dynamic regime-switching beliefs.

TEACHING

Tutor/Instructor: Managerial Finance, Mergers & Acquisitions, Strategic Investment Management, Equity Investment Management, Corporate Finance

Teaching Assistant: Advanced Corporate Finance, FinTech, Behavioral Finance, Project and Infrastructure Finance, World Economy, Responsible Business
