

How do Indian Venture Capital Firms Manage Information Asymmetry Risks – Deal Syndication, Domain Specialization or Both?

Kshitija Joshi,
National Institute of Advanced Studies, IISc Campus, Bangalore

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Abstract:

Information asymmetry risks are the mainstay of VC funded projects. Among the multiple risk management mechanisms to deal with the same – deal syndication and portfolio specialization are the most prominently used. And yet, VCs differ distinctly in terms of their relative intensities of strategy usage – VC firms that are apparently similar in terms of their specialization focus could distinctly differ in terms of their syndication intensities and vice-versa. This study explores the reasons underlying such variation. Using the resource-based theory, we analyze empirical data on 72 active VC firms in India and explore how the composition of their financial, human and social capital impacts the nature and intensity of the risk-management strategies deployed by them.

Speaker Profile:

Kshitija Joshi is currently a post-doctoral fellow at the National Institute of Advanced Studies, IISc campus, Bangalore. She has recently completed her Ph.D from the Department of Management Studies, IISc, Bangalore in the area of VC Investing in India. Prior to her Ph.D, she has worked for about 12 years in the business analytics industry in Bangalore and Mumbai in reputed organizations such as Amazon, GE Capital, Modelytics Inc. and Reserve bank of India mainly in the arena of credit and fraud risk management. She also holds an M.Phil from the Indira Gandhi Institute of Development Research, Mumbai. She has several publications to her credit.