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ACADEMIC APPOINTMENTS

Assistant professor of finance, University of Amsterdam, Sept 2010 - present.

Tinbergen Institute research fellow, July 2018 - present

Research fellow, Duisenberg school of finance, Sept 2010 - Sept 2015.

Post-doctoral fellow, department of economics, UC Berkeley, June 2008 - August 2010.

EDUCATION

Ph.D. in Finance, University of Zurich and Swiss Finance Institute, October 2003 - May 2008. Dissertation: Essays in Corporate Finance.

RESEARCH INTERESTS

Corporate finance, behavioral finance, corporate governance, CEO compensation and turnover, mergers and acquisitions.

TEACHING EXPERIENCE

Behavioral Finance, PhD course at the Tinbergen Institute, 2014-present (with M. van Assem and R. Zwinckels).

Behavioral Finance, MSc course at the University of Amsterdam, 2012-present.

Empirical Methods in Finance, MSc at the University of Amsterdam, 2012-present.

Behavioral Finance, MSc course at the Duisenberg School of Finance, 2011-2015.

PhD course in Empirical Corporate Finance, Tinbergen Institute, 2012 & 2013.

PhD course in Banking, Tinbergen Institute, 2012 (with Amil Dasgupta).

Thesis Workshop (Empirical Methods), Master in International Finance, University of Amsterdam, 2013-present.

Empirical Methods in Finance, Master in Financial Engineering, Haas School of Business, University of California, Berkeley, 2009.

PUBLICATIONS

The Executive Turnover Risk Premium, 2014

The Journal of Finance, vol. 69, no. 4, pp. 1529-1563
(with Alexander Wagner)
Presented at AFA 2010.

Abstract: We establish that CEOs of companies experiencing volatile industry conditions are more likely to be dismissed. At the same time, industry risk is, accounting for various other factors, unlikely to be associated with CEO compensation other than through dismissal risk. Using this identification strategy, we document that CEO turnover risk is significantly positively associated with compensation. This finding is important because job-risk compensating wage differentials arise naturally in competitive labor markets. By contrast, the evidence rejects an entrenchment model according to which powerful CEOs have lower job risk and at the same time secure higher compensation.

Winning by Losing: Evidence on the Long-Run Effects of Mergers, 2018

The Review of Financial Studies, vol. 31, no. 8, pp. 3212-3264
(with Ulrike Malmendier and Enrico Moretti)
Presented at AFA 2009, EFA 2011, FIRS 2014, , Herzliya Summer Finance Conference 2014, Chicago Booth, DePaul, LSE, MIT Sloan, NBER Summer Institute 2013, NYU, Ohio State, Princeton, Tinbergen Institute, Yale.
Media mentions: Bloomberg (19 July, 2018; https://bloom.bg/2L8hZEN) CNN Money (May 2, 2012), Wall Street Daily (May 2, 2012)

Abstract: We propose a novel approach to measuring returns to mergers. In a new data set of close bidding contests we use losers' post-merger performance to construct the counterfactual performance of winners had they not won the contest. Stock returns of winners and losers closely track each other over the 36 months before the merger, corroborating our approach to identification. Bidders are also very similar in terms of Tobins Q, profitability and other accounting measures. Over the three years after the merger, however, losers outperform winners by 24 percent. Commonly used methodologies such as announcement returns fail to identify acquirors' underperformance.

RESEARCH PAPERS

Product Market Peers and Relative Performance Evaluation, 2017.

Revise and resubmit at *The Accounting Review*
(with Sudarshan Jayaraman, Todd Milbourn, and Hojun Seo)
Presented at 2015 Conference on Convergence of Financial and Managerial Accounting Research, Washington University in St. Louis, 2016 AFA annual meeting, 2016 MIT Asia Accounting Conference, and 2016 FMA conference.

Abstract: Relative Performance Evaluation (RPE) theory predicts that firms filter out common shocks (i.e., those affecting the firm and its peers) while evaluating CEO performance and that the extent of filtering increases with the number of firms in the peer group. Despite the intuitive appeal of the theory, previous tests of RPE find weak and inconsistent evidence. We hypothesize *that one reason for the mixed evidence is the inaccurate classification of peers. Rather than using static, pre-defined Standard Industry Classifications (SIC), we exploit recent advances in textual analysis and define peers based on firms product descriptions in their 10-K filings (Hoberg and Phillips, 2016). This alternative classification not only captures common shocks to firms product markets more effectively but also tracks the evolving nature of these markets, as 10-Ks are updated annually. Using product market peers, we find three pieces of evidence consistent with RPE in relation to CEO pay (i) firms on average filter out common shocks to stock returns, (ii) the extent of filtering increases with the number of peers, and (iii) firms completely filter out common shocks in the presence of a large number of peers. We also examine forced CEO turnover decisions and find evidence consistent with RPE theory. Overall, our results suggest that a key identification strategy to testing RPE theory lies in accurately defining the peer group.*

Optimism Propagation, 2018.

(with Torsten Jochem)

Presented at AFA Meetings 2018, Miami Behavioral Finance Conference 2017, EFA Meetings 2016, Research in Behavioral Finance 2016, Rotterdam School of Management, U Liverpool, U Birmingham, Dutch Central Bank, U Bonn, U Michigan.

Abstract: We document that managerial optimism spreads across firms along supply chains. Supporting a causal interpretation, we show that beliefs trickle up the supply chain, not down, and that biases in supplier forecasts are only affected by customer forecasts issued before, not after, the supplier's forecast. We further find that bias propagation increases when suppliers have less confidence in their own views and when the perceived precision and importance of customer forecasts increase. Optimism causes changes in the corporate policies of suppliers, suggesting that contagious sentiment in production networks contributes to fluctuations of business and financing cycles.

Estimating Biases in Expectation Formation, 2018.

(with Simas Kučinskas)

Presented at Bonn University, Dutch National Bank, HEC Paris, University of Amsterdam, VU University.

Abstract: We develop a general framework for measuring biases in expectation formation. The basic insight is that biases can be inferred from the impulse response function of forecast errors. The method does not require knowing the true data-generating process and is straightforward to apply empirically. Our theoretical framework encompasses all major models of expectations, and it yields a set of new empirical predictions. In an application to inflation expectations, we (i) find underreaction in both individual and consensus forecasts; and (ii) use the new empirical predictions to rank the performance of different models.

Risk Premia in Executive Compensation: A Life-Cycle Perspective, 2010.

Presented at the Mitsui Finance Symposium, 2010, UC Berkeley Macro Lunch, UC Berkeley Corporate Finance Lunch

Abstract: How much of the rise in CEO pay can be explained by the increased risk that CEOs are exposed to? This paper employs a life-cycle model of consumption and saving to answer this question, and, more broadly, to study the relationship between the risk and level of CEO compensation. The model incorporates the main types of risk that executives of public corporations face: option- and stock-based pay, pay-performance sensitivity, dismissal risk, and stock return volatility. I use the model to compute risk premia in pay levels, and analyze how well they explain the observed variation in CEO pay. A calibration to a large panel of CEOs shows that, for realistic degrees of risk aversion, risk premia explain about 20 percent of the variation in CEO pay, both in the cross-section and the time-series. The model captures the higher moments of the cross-sectional pay distribution particularly well. The structural framework provided in this paper is robust to some sources of endogeneity typically encountered in reduced-form empirical research, and allows for the welfare analysis of policy interventions such pay limits for executives.

WORK IN PROGRESS

Common Ownership, Competition, and Top Management Turnover (with Martin Schmalz)

Bias Contagion Among Sell-Side Analysts

SEMINAR AND CONFERENCE PRESENTATIONS[1]

2018: AFA Meetings, Philadelphia

2017: Miami Behavioral Finance Conference, Columbia University, University of Münster

2016: Dutch Central Bank, U Bonn, NHH Bergen, U Michigan, EFA Meeting (Oslo)

2015: U Liverpool, U Birmingham

2014: Herzliya Summer Finance Conference (Herzliya), FIRS Annual Meeting (Quebec), Luxembourg School of Finance, Rotterdam School of Management

2011: EFA Meeting (Stockholm)

2010: AFA Meeting (Atlanta), Mitsui Life Symposium, U Mich (Ann Arbor)

CONFERENCE ORGANIZATION

Organizer, Duisenberg Workshop in Behavioral Finance, Duisenberg school of Finance, 2012 & 2014.

[1] Presentations of co-authors not listed.

FELLOWSHIPS AND AWARDS

Swiss Finance Institute Fellowship, 2009-2010.

Swiss National Science Foundation Fellowship, 2008.

Swiss National Science Foundation Fellowship, 2003-2004.

Member of the German National Academic Foundation, 1999-2003.

German Academic Exchange Service Fellowship, 1996-1997.

DOCTORAL COMMITTEE MEMBERSHIPS

Carmen Lee (VU University), Ting Wang (VU University).

REFEREEING ACTIVITIES

Journal of Finance, Review of Financial Studies, Quarterly Journal of Economics, Management Science, Journal of Economic Behavior and Organization.

OTHER INFORMATION

Languages: English and German (native), Italian (fluent), Dutch (intermediate), French (basic).

Citizenship: United States, Germany.