FLORIAN S. PETERS

University of Amsterdam - Business School
Plantage Muidergracht 12, 1018 TV Amsterdam, The Netherlands
Email: f.s.peters@uva.nl, Phone: +31 (0)20 525 4160, Web: florianpeters.org
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ACADEMIC APPOINTMENTS

Associate professor of finance (with tenure), University of Amsterdam, since 2020.

Assistant professor of finance, University of Amsterdam, 2011-2020.

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

Behavioral finance, corporate 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.

Behavioral Finance, MSc in International Finance at the University of Amsterdam, 2016-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).

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.

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.

Product Market Peers and Relative Performance Evaluation, 2021

The Accounting Review, forthcoming, July 2021
(with Sudarshan Jayaraman, Todd Milbourn, and Hojun Seo)
Presented at the 2015 Conference on Convergence of Financial and Managerial Accounting Research, Washington University in St. Louis, 2016 AFA annual meeting, 2016 MIT Asia Accounting Conference, 2016 FMA Conference, National University of Singapore, Korea University, and University of North Carolina at Chapel Hill.

Abstract: We investigate the role of Relative Performance Evaluation (RPE) theory in CEO pay and turnover using a product similarity-based definition of peers (Hoberg and Phillips 2016). RPE 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 peers. Despite the intuitive appeal of the theory, previous tests of RPE find weak and inconsistent evidence, which we argue is due to the imprecise categorization of peers. Using product market peers, we find three pieces of evidence consistent with RPE in relation to CEO pay and forced turnover: (i) on average, firms partially 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.*

RESEARCH PAPERS

Measuring Biases in Expectation Formation, 2020.

Revise and resubmit at *The Review of Economics and Statistics*
(with Simas Kučinskas)
Presented at Bonn University, Dutch National Bank, HEC Paris, University of Amsterdam, VU University, European Meeting of the Econmetric Society 2019, GEA 2019, AEA 2020, JEF 2020.

Abstract: We develop a framework for measuring biases in expectation formation. The basic insight is that under- and overreaction to new information is identified by the impulse response function of forecast errors. This insight leads to a simple and widely applicable measurement procedure. The procedure yields estimates of under- and overreaction to new information at different horizons. Our framework encompasses all major models of expectations, sheds light on existing approaches to measuring biases, and provides new empirical predictions. In an application to inflation expectations, we find that forecasters underreact to aggregate shocks but overreact to idiosyncratic shocks.

The Protection of Proprietary Information and Forced CEO Turnover, 2020.

Revise and resubmit at *The Journal of Law and Economics*
(with Yupeng Lin and Hojun Seo)
Presented at National University of Singapore, Chinese University of Hong Kong at Shenzhen, INSEAD, 2019 FARS Midyear meeting in Seattle, 2019 Tri-Uni Accounting Research Conference in Singapore, and 2019 CAPANA Annual Accounting Research Conference.

Abstract: We examine the effect of protection of proprietary information on forced CEO turnover decisions. Relying on changes in the enforceability of the covenant-not-to-compete, we show that strengthening the protection of proprietary information increases the likelihood of forced CEO turnover and the sensitivity of forced CEO turnover to firm performance. Such effects are more pronounced when firms face more severe product market threats and operate in industries with greater threats of predatory hiring. Further analyses explore adoptions of UTSA/IDD and reveal consistent results, providing additional support to the argument that better protection on proprietary information enhances the CEO labor market efficiency.

Bias Propagation in Economically Linked Firms, 2019.

(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.*

Relative Performance Evaluation with Noisy Benchmarks, 2020.

Abstract: I study Relative Performance Evaluation (RPE) in CEO turnover decisions when common shocks, i.e. performance shocks outside the manager's control, cannot be directly observed, and observable benchmarks are noisy proxies of these shocks. This simple extension to the classic learning model can explain several long-standing puzzles in the empirical literature on RPE in CEO turnover: 1. The model generates optimal lack of RPE, because noisy benchmarks themselves carry exogenous risk. 2. With countercyclical volatility of common shocks, the model generates asymmetric RPE, i.e. common shocks are more effectively filtered out in bad times than in good. 3. It generates lower turnover rates than the standard model, because the signal of ability is necessarily more noisy.

PERMANENT WORKING PAPERS

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.

Vulnerable Executive Compensation, 2008.

(with Alexander Wagner)

Abstract: Contractual compensation agreements for corporate executives typically stipulate the forfeiture of unvested stock and option grants if the executive leaves the firm before retirement. We quantify the valuation consequences of this provision from the perspective of the executive by extending subjective valuation methods by the possibility of forfeiture. We find that forfeiture leads to a substantial reduction in subjective values of compensation. We further investigate the

implications for executive pay levels in light of the trend towards higher CEO turnover, but find only moderate explanatory power.

SEMINAR AND CONFERENCE PRESENTATIONS[1]

2020: AEA, Junior European Finance Seminar Series.

2019: European Mtg of the Econometric Society*, Tinbergen Institute's "Bayesian Crowd" Conference, GEA, BEAM-ABEE*, T2M*, KIT*, Bocconi*, Bonn*, De Nederlandsche Bank*, HEC Paris*

2018: AFA Meetings, RBFC*

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)

RESEARCH VISITS

University of Michigan, 2016 (3 months)

Columbia University, 2017, 2018, 2019 (1-2 months each)

CONFERENCE ORGANIZATION

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

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 ('Studienstiftung') since 1999.

German Academic Exchange Service Fellowship, 1996-1997.

[1] Presentations of co-authors are starred.

DOCTORAL COMMITTEE MEMBERSHIPS

Carmen Lee (VU Amsterdam), Ting Wang (VU Amsterdam), Bo Hu (VU Amsterdam)

REFEREEING ACTIVITIES

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

OTHER INFORMATION

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

Citizenship: United States, Germany.

REFERENCES

Ulrike Malmendier, Edward J. and Mollie Arnold Professor of Finance at the Haas School of Business and Professor of Economics at the Department of Economics University of California. Department of Economics, University of California, Berkeley, 530 Evans Hall #3880 Berkeley, CA 94720-3880, USA, Email: ulrike@econ.berkeley.edu, Phone: +1 (510) 642-5038.
Relation: Thesis adviser and co-author.

Alexander F. Wagner, Professor of Finance at the University of Zurich, Department of Banking and Finance, Deputy Dean for Continuing Education, Alumni and External Relations, Swiss Finance Institute Faculty Member, Plattenstr. 14, 8032 Zrich, Switzerland, Email: alexander.wagner@bf.uzh.ch, Phone: +41 44 634 39 63
Relation: Thesis adviser and co-author.

Todd T. Milbourn, Hubert C. and Dorothy R. Moog Professor of Finance and Vice Dean of Faculty and Research at Washington University in St. Louis, Olin Business School, 1 Brooking Drive, St. Louis, MO 63130-4899, USA, Email: milbourn@wustl.edu, Phone: +1 314-935-6392
Relation: Co-author.