DISSERTATION PROPOSAL

Amirhossein Vaziri

"Essays on Information, Contracts, and CEO Compensation"

Wednesday, December 3, 2025
1:00pm
Tepper 4242

Chapter 1 (with Ali Shourideh): Dynamic Cheap Talk with State-Dependent Payoffs

This paper studies an infinitely repeated cheap-talk game between a privately informed sender and an uninformed receiver about a binary state. The sender's stage payoff is state-dependent, so her continuation value is a two-dimensional vector of discounted payoffs across states. We derive a characterization theorem for the sender's equilibrium payoff set. For any prior over the state and for discount factors sufficiently close to one, the set of equilibrium sender payoffs coincides with the intersection of two objects: (i) a convex hull of the static Bayes-plausible payoff set generated by on-path posteriors and receiver best response, and (ii) a dynamic obedience region defined by state-contingent value vectors that satisfy the envelope-type and one-shot-deviation inequalities. This representation reduces the dynamic problem to a geometric condition in payoff space.

Chapter 2 (with Andre Sztutman): Optimal Executive Contracts: Bunches and Gaps in the Distribution of Stock Prices

Executive compensation contracts are intended to align managerial incentives with shareholder interests, but it remains unclear whether the non-linear bonus schedules observed in practice are close to optimal. This paper develops and estimates a model of executive behavior under performance-based, equity-linked compensation schemes with kinks - discrete changes in marginal incentives around bonus thresholds - allowing for general bonus schedules with multiple kinks and notches in marginal pay. Using detailed contract data from ISS Incentive Lab merged with option-implied risk-neutral densities from Option Metrics and firm fundamentals, we infer the expected distribution of stock prices around each bonus kink and measure missing or excess mass at the associated performance thresholds. The resulting bunching-based estimates deliver the elasticity of shareholder value with respect to the slope of executive pay. Combining the estimated elasticity with the principal's optimality condition, we then test whether observed bonus structures are optimally designed at the firm-contract level.

Chapter 3: Peer Medians and CEO Pay: A Theory of Benchmarking and Retention

This project examines CEO pay benchmarking as a mechanism linking compensation levels, peer selection, and outside options. Empirically, boards almost universally benchmark against peer groups, and peer medians are one of the strongest predictors of CEO pay. At the same time, firms do not passively accept the "market" benchmark, they selectively tilt peer groups toward larger, better-performing, and higher-pay firms, which can both reflect genuine talent competition and create systematic upward pressure on pay. The project develops a simple theoretical framework in which boards observe a set of external wage signals for comparable CEOs, construct a benchmark from these peers, and then decide whether to adjust contracts toward that benchmark, while CEOs evaluate stay/exit decisions using outside options derived from the same signals. This structure allows me to connect the mixed empirical evidence-retention motives, selective "reach-up" in peer

choice, and pockets of rent extraction to concrete channels through which benchmarking shifts pay levels and shapes the distribution of CEO compensation. Using 14A proxy statement data from ISS Incentive Lab, I will empirically test the model findings.

Proposed Committee: Ali Shourideh (Chair), Andre Sztutman, Liyan Shi, and Maryam Saeedi