Research Statement

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My research interests are in contract theory and financial economics. My current work focuses on the interaction of contracting inside firms with financial markets. The stock of a large fraction of firms is publicly traded. This has many implications for the organization and financial structure of firms. Changes in financial markets provide different opportunities and incentives to investors and workers. Diversification, hedging, new ways of communicating information, new forms of compensation are available. To explain the effects on equilibrium contracts, I study models in which competitive and strategic behavior coexist. In my job market paper I analyze the extent to which diversification opportunities faced by investors provide insurance to workers who don't access financial markets. This is always the case without asymmetric information. but some caveats are needed to reach the same conclusion for a hidden type case. Asymmetric Information inside firms leads to excess systematic risk than in a first best case. It is interesting to note that the non-convex structure induced by Incentive Compatibility Constraints, makes sure that the size of inefficiencies can vary nonmonotonically with the size of financial markets.

In the previous study the information at the asset market stage is symmetric, pushing the model further I allow principals's type to be hidden. In this context, contracts which are made public, are also a tool to signal private information to the market. Further inefficiencies can arise because of this extra asymmetry problem.

Finally I want to study the effect on efficiencies and systematic risk of compensation packages that use Relative Performance Compensation *across* firms based on firms returns, and compare it to two natural benchmarks: Many firms Standard Compensation and the hypothetical case of one firm in which feasible contracts include RPC.

Another area of contract theory I am very interested is the study of the effect of cognitive bounds (such as a limited language) on equilibrium contracts. Although very theoretical and mathematically oriented, the study of this topic can be empirically relevant to understand "anomalies" of real contracts.