

PROPOSAL: PERFORMANCE TARGETS IN EXECUTIVE COMPENSATION PLANS

**Merle Ederhof, Assistant Professor of Accounting
Yale School of Management**

In this study, we analyze performance targets in executive compensation plans. In particular, we look at how performance targets in compensation plans are related to performance targets that are communicated to parties external to the firm, such as analyst forecasts and management forecasts. The study aims at understanding companies' strategic incentives in setting the targets used in compensation systems and the expectations communicated to external parties. The project uses data that is publicly disclosed in companies' proxy statements.

This project belongs in the areas of executive compensation and incentive systems. The project is a great opportunity to become familiar with companies' executive compensation practices and companies' public disclosure requirements with respect to executive compensation practices.

The student is expected to help with the preparation and analysis of the data. Knowledge of Excel is required; knowledge of Stata is a great plus. Basic knowledge in statistics is required. In the process, the student will learn how to work with datasets and apply statistical techniques to an economic problem.