Marcela Carvalho Ferreira de Mello

5th year Ph.D. Student in Business Economics, Harvard University

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Statement:

Dear Professor(s),

I am writing to express my strong interest in applying to the workshop on the Economics of Executive Compensation. It would be an invaluable experience to learn about the topic from distinguished scholars in the field, and also an opportunity to further my research. In the remainder of this letter, I first describe my current work, and then present the reasons why I want to participate in the program.

In a project that I expect to be my job market paper, I ask whether CEO gender matters for how market players form and update their beliefs about future firm performance. Using analysts' forecasts of earnings-per-share, I find that analysts are more pessimistic about female-led companies relative to their male-led peers. Moreover, the updating of their forecasts for male-led companies – but not for their female-led pairs – under-reacts to new information relative to the rational expectations benchmark. This effect is driven by a strong under-reaction after the receipt of bad news. A similar pattern – that is, an excess reaction to bad news from female-led companies relative to their male-led peers – holds when exploring market reactions to earnings announcements.

Currently I am exploring whether the documented differences in beliefs about female- and male-led companies are associated with the outcomes of their executive's careers, such as the likelihood of being fired or their compensation. Preliminary evidence suggests that bad news about quarterly earnings-per-share is associated with a higher probability of separation from the firm in the next quarter for female CEOs relative to their male peers.

Moreover, in future work, I plan to leverage an experimental setting to disentangle agents' beliefs about firm performance from their beliefs about the skill of corporate executives that lead these firms.

I am also a co-author on joint work with, among others, professors Nicholas Bloom, Tarek Hassan, and Josh Lerner, in which we explore the diffusion of jobs relating to new technologies in the US. We identify phrases associated with novel technologies using textual analysis of patents, job postings, and earnings calls, and document four stylized facts. First, the development of new technologies is geographically highly concentrated, more so even than overall patenting. Second, as the technologies mature and the number of related jobs grows, hiring spreads geographically. Third, while initial hiring in new technologies is highly skill biased, over time the mean skill level in new positions declines. Finally, the geographic spread of hiring is slowest for higher-skilled positions.

Having said that, there are two main reasons for my interest in taking the workshop on the Economics of Executive Compensation. First is the relation between the topic and my job market paper – and, more generally, its connection to the broad literature on discrimination in the workplace. I am particularly interested in understanding whether, for public companies, market players' beliefs about executives' skills can constitute a further barrier for women to reaching to the top of the executive ladder. Second, I am also generally interested in how executive compensation relates to managerial decision making, firm innovation, and valuation.

Finally, I greatly appreciate your taking the time to read this letter and really hope to have the opportunity of participating in the workshop.

Sincerely,

Marcela Carvalho

Curriculum Vitae:

Marcela Carvalho Ferreira de Mello

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Education

2019- PhD in Business Economics, *Harvard University*

2017-2019 Master's degree in Economics, *Pontifical Catholic University of Rio de Janeiro (PUC-Rio)*

2011-2015 BA in Economics, *School of Economics, Business and Accounting at the University of Sao Paulo (FEA-USP)*

Research Positions

2021- RA, Nicholas Bloom *(Stanford University)*, Tarek Hassan *(Boston University)*, Josh Lerner *(Harvard University)*, and Ahmed Tahoun *(London Business School)*

2018 RA, Carlos Carvalho *(PUC-Rio)* and Ruy Ribeiro *(PUC-Rio)*

Teaching Positions

2021 TF, Asset Pricing EC2723 (graduate, 2nd year PhD), *Harvard University*

2018 TA, Time Series Econometrics (Master's in Economics), *Pontifical Catholic University of Rio de Janeiro (PUC-Rio)*

2018 TA, Time Series Econometrics (Master's in Macroeconomics and Finance), *Pontifical Catholic University of Rio de Janeiro (PUC-Rio)*

2018 TA, Statistics (Master's in Economics), *Pontifical Catholic University of Rio de Janeiro (PUC-Rio)*

Other Professional Activities

2016 Junior Analyst in Agriculture and Biofuels, Market Intelligence, *Tendências Consultoria Integrada*

2014-2015 Intern in Agriculture and Biofuels, Market Intelligence, *Tendências Consultoria Integrada*

Fellowships and Awards

Mar 18-Feb 19 FAPERJ "Nota 10" Fellowship for academic merit, *FAPERJ (Rio de Janeiro State Government agency)*

Mar 17-Feb 18 Fellowship for Masters in Economics, *CNPq (Brazilian Government Agency)*

Aug 12-July 13 Fellowship for Scietific Initiation, *CNPq (Brazilian Government Agency)*

List of Completed Ph.D. Courses

Spring 2021 History and Human Capital, *Claudia Goldin/Larry Katz*

Spring 2021 Behavioral Development Economics, *Gautam Rao*

Spring 2021 Microeconomics of Development, *Emily Breza*

Spring 2021 Asset Pricing, *Tarek Hassan (visiting professor)*

Fall 2020 Corporate Finance and Banking, *Adi Sunderam/Samuel Hanson*

Fall 2020 Political Economy of Non-Democracies, *David Yang*

Fall 2020 Game Theory I, *Annie Liang (visiting professor)*

Spring 2020 Economic Theory, *Jerry Green*

Spring 2020 Economic Theory, *Emmanuel Farhi*

Spring 2020 Econometric Methods, *Isaiah Andrews*

Spring 2020 Empirical Methods in Financial Economics, *Adi Sunderam/Samuel Hanson*

Fall 2019 Economic Theory, *Robert Barro*

Fall 2019 Economic Theory, *Edward Glaeser*

Fall 2019 Principles of Econometrics, *Elie Tamer*

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February 22, 2024

To the selection committee for the NBER Junior Training Workshop on the Economics of Executive Compensation:

I am writing to give **Marcela Mello** my strongest possible recommendation for participation in the Junior Training Workshop on the Economics of Executive Compensation. Marcela is an outstanding fifth-year student in the Harvard economics PhD program who has a fascinating research agenda on gender effects in the assessment of CEOs by equity analysts and stock market participants. While she has not yet looked at gender effects in executive compensation, that is a natural extension of her research and she will benefit enormously from a deeper understanding of this area.

Marcela's preliminary job market paper shows that when firms announce unexpectedly bad earnings, analysts adjust their forecasts for future earnings downwards but insufficiently so. Their forecasts are still over-optimistic after the adjustment. However, this effect only shows up for firms with male CEOs; forecast adjustments appear to be rational for firms with female CEOs. Similarly, the stock market reaction to bad earnings announcements is strongly negative for female-led firms but muted for male-led firms. In this sense analysts and the market appear to inappropriately give male CEOs "the benefit of the doubt".

An interesting question is whether this gender-asymmetric response is driven by differences in the communication style of male and female CEOs. Do male CEOs make plausible excuses for bad earnings? If so, how can this effect be measured using the transcripts of earnings calls and other corporate documents? Marcela is well placed to make progress on this topic because she has strong skills in natural language processing (NLP) methods. She has worked closely with Tarek Hassan from Boston University on NLP and is a coauthor with Tarek of a paper under revision for the *QJE*. I am very excited to see what Marcela will discover as she analyzes the communications of male versus female corporate leaders.

Marcela herself is a great communicator and very interactive. If as I very much hope you select her for the workshop she will be a strong contributor both personally and professionally.

Sincerely,

John Campbell

John Y. Campbell