

Paul H. Décaire

The Wharton School, Finance Department
2420B Steinberg-Dietrich Hall
3620 Locust Walk
Philadelphia, PA 19104 USA

Citizenship: Canadian
Email: pdecaire@upenn.edu
Website: www.pauldecaire.com
Phone: +1 (267) 240-7712

- Education Ph.D. in Finance, The Wharton School, University of Pennsylvania, 2015-2020 (*Expected*).

M.A. in Economics, Queen's University, 2013-2014.

Exchange Program, BBA., Singapore National University, Spring 2011.

BBA. in Finance and Economics, HEC Montréal, 2009-2013.
- Fields of Interest Empirical Corporate Finance, Corporate Investment, Capital Budgeting, Organizational Design
- Research Papers **Articles published in refereed journals:**
1. Real Option Exercise: Empirical Evidence with Erik P. Gilje and Jérôme P. Taillard, Accepted *Review of Financial Studies*. (Awarded best paper at the 15th Annual Conference in Financial Economics at IDC-Herzliya (2018) and best paper at the 6th Annual USC Marshall Ph.D. Conference in Finance (2018)).

Working papers:
2. Capital Budgeting and Idiosyncratic Risk, Paul H. Décaire, 2019, Working paper, University of Pennsylvania. (Job Market Paper) (Awarded best paper at the 2019 FRA Conference and best Ph.D. paper at the 2019 FRA Conference.)

Work in Progress:
3. Firms' Hierarchical Design and Performance, Paul H. Décaire and Tong Liu, 2019, Working paper, University of Pennsylvania.
- Teaching Experience Teaching Assistant, The Wharton School, University of Pennsylvania
• Prof. Erik P. Gilje, UG and MBA, Energy Finance, 2018
• Prof. Richard J. Herring, UG and MBA, International Banking, 2017, 2018, 2019

Teaching Assistant, Economics Department, Queen's University
• Ian Cromb, UG, Introduction to Macroeconomics, 2014
• Ian Cromb, UG, Introduction to Microeconomics, 2013

Teaching Assistant, Economics Department, HEC Montréal
• Prof. Jacques Raynauld, UG, Problèmes et Politiques économiques, 2012, 2013
- Other Position Internship, Private Equity, Caisse de Placement et de Dépôt du Québec, Montréal, 2013

Languages and Skills French (native), English (fluent)
SAS, MatLab, R, Stata, L^AT_EX

External (* Coauthors)

Presentations **Real Option Exercise: Empirical Evidence**

2018 Texas Finance Festival*, 4th Northeastern University Finance Conference*, 15th Annual Conference in Financial Economic Research IDC*, 6th Annual USC Marshall Ph.D. Conference in Finance, European Finance Association Meeting 2018, American Finance Association Meeting 2019, University of South Florida*, Vanderbilt University (Owen)*, University of Pittsburgh (Katz)*

Capital Budgeting and Idiosyncratic Risk

2019 AFA Poster Session, The Wharton School, 2019 FRA Conference (Scheduled), 2020 Southwestern Finance Association Conference (Scheduled), 2020 Midwest Finance Association Conference (Scheduled)

Fellowships, Honors, and Awards

- George James Term Fund Travel Award, The Wharton School, 2019
- Mack Institute for Innovation Management Research Fellowship, 2018
- Kleinman Center for Energy Policy Research Grant, 2018
- Student Travel Award, American Finance Association (AFA), 2018
- Dean's Fellowship for Distinguished Merit, The Wharton School, 2015-2020
- Social Sciences and Humanities Research Council Doctoral Award, 2015-2019
- Social Sciences and Humanities Research Council Master Award, 2013-2014
- Queen's University Tri-Agency Recipient Recognition Award, 2013-2014
- Queen's Economics Department - Graduate Studies Scholarship, 2013-2014
- Excellence Scholarship in Economics, CIRPEE, 2013
- Excellence Scholarship in International Economics, Export and Development Canada, 2012
- Excellence Scholarship in Finance, National Bank Financial Market, 2012

References **Erik P. Gilje (Co-Chair)**

Assistant Professor of Finance
The Wharton School
gilje@wharton.upenn.edu
Phone: +1 (215) 898-1198

Michael R. Roberts (Co-Chair)

William H. Lawrence Professor of Finance
The Wharton School
mrrobert@wharton.upenn.edu
Phone: +1 (215) 573-9780

Lucian A. Taylor

Associate Professor of Finance
The Wharton School
luket@wharton.upenn.edu
Phone: +1 (215) 898-4802

Capital Budgeting and Idiosyncratic Risk

Using an NPV-based revealed-preference strategy, I find that idiosyncratic risk materially affects the discount rate that firms use in their capital budgeting decisions. I exploit quasi-exogenous within-region variation in project-specific idiosyncratic risk and find that, on average, firms inflate their discount rate by 5 percentage points (pp) in response to an 18 pp increase in idiosyncratic risk. Moreover, these discount rate adjustments are negatively associated with various measures of firm profitability. I then explore how proxies for costly external financing and agency frictions relate to discount rate adjustments. I find that firms appear to adjust their discount rate upward as a form of risk management when facing costly external financing frictions. Also, I provide evidence that firms partially insure managers against project-specific underperformance to mitigate discount rate adjustments due to agency frictions.

Real Option Exercise: Empirical Evidence with Erik P. Gilje, and Jérôme P. Taillard
We study when and why firms exercise real options. Using detailed project-level investment data, we find that the likelihood that a firm exercises a real option is strongly related to peer exercise behavior. Peer exercise decisions are as important in explaining exercise behavior as variables commonly associated with standard real option theories, such as volatility. We identify peer effects using localized exogenous variation in peer project exercise decisions and find evidence consistent with information externalities being important for exercise behavior.