

KYLE (JAEHOON) JUNG

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EMPLOYMENT

NYU Stern School of Business
Accounting

Jul 2025 – Current
Assistant Professor

EDUCATION

Stanford Graduate School of Business, Stanford, CA
Ph.D. in Accounting

2025

Leonard N. Stern School of Business, New York University, New York, NY 2019
BS/MS in Accounting Dual Degree Program
Master of Science in Accounting
Bachelor of Science in Business (Dual Major in Mathematics), *Summa Cum Laude*

RESEARCH INTERESTS

Dynamic Disclosure and Investment, Contracting, Earnings Management, Information in Markets, and Dynamic Asset Pricing

RESEARCH

Green Moral Hazard: Estimating the Financial and the Real Implications of CEO Incentives

(Job Market Paper)

I develop a novel structural model and quantify the financial and the real implications of CEO compensation contracts with incentives tied to real, environmental outcomes. In terms of the direct tradeoff in the absence of agency friction, I find that the incentives motivate CEOs to reduce carbon emission intensity by 1.8% per year but at a financial cost of 1.3% of firm value annually. Moral hazard makes the environmental improvement even more costly. As green performance is an imperfect signal of CEOs' actions toward green outcomes, a "green moral hazard" arises: the CEOs require a premium for the risk added by green incentives. I estimate that this green moral hazard is substantial, accounting for \$1.72 million of the total moral hazard cost of \$2.05 million. These results suggest that green incentives

pose an important economic trade-off: while green incentives can lead to meaningful environmental improvements, they impose substantial costs on the firm.

Moral Hazard and the Value of Information (with Jeremy Bertomeu and Ivan Marinovic)

Revise & Resubmit at the *Journal of Accounting Research*

Executive compensation contracts use information from markets and accounting to elicit efficient incentives. We structurally estimate the contribution of each performance to quantify the relative importance of price versus accounting. For plausible risk-aversion coefficients consistent with the sample, the cost of moral hazard, defined as the risk premium to be paid to elicit incentives, amounts to \$4.17 million; further, in counterfactuals, we show that absent reliable accounting performance measures, average compensation increases by approximately one eighth versus more than doubling if price information is unavailable (e.g., a non-public firm). At high risk-aversion levels, dropping accounting or price information would make it infeasible to elicit high effort, with a maximal potential loss in firm value of \$6.24 million without accounting and \$16.13 million without price information. These results offer a first attempt to quantitatively assess the value of accounting signals in executive contracts.

Disclosure and Stock Market Participation (with Kevin Smith)

Standard setters often cite investors' confidence in the stock market and its impact on their desire to participate in this market as key motivations for disclosure regulations. This paper models how the informativeness and complexity of public disclosures influence market participation among unsophisticated investors who face ambiguity about the distribution of firms' cash flows. In contrast to the common perception, we demonstrate that disclosure has countervailing effects on participation. While it reduces ambiguity, which encourages participation, it can also diminish the equity risk premium, especially during times of market stress, which discourages participation. Consequently, while simpler disclosures generally increase participation, more informative disclosures may have the opposite effect. We explore the implications for investor welfare and the design of optimal disclosure regulation.

Managerial Myopia, Voluntary Disclosure, and Learning from Markets

I study voluntary disclosure and its effect on investment efficiency when myopic managers learn from stock prices before making investment decisions. In an investment feedback model with privately informed investors, I show a novel mechanism through which voluntary disclosure can encourage information acquisition and improve investment efficiency. When a firm discloses a good news about a project, investors expect the firm to invest more in the project. This raises the trading profits that informed investors can make from private information, and in turn strengthens incentives to acquire it. I then combine this insight with managerial myopia. In general, I find that myopia leads to excessive disclosure, crowding out information acquisition by investors. However, this adverse effect of myopia is mitigated when the manager's information quality is low and the project is risky. My findings suggest that strategic disclosure can increase managerial learning from market and mitigate the adverse consequences of short-term managerial incentives.

Economics of Property Insurance (with Hyeyoon Jung)

We study the economics of homeowners' property insurance by examining how contract design balances the trade-off between incentive alignment and risk sharing. Using granular contract-level property insurance data merged with property-level disaster risk for millions of U.S. households, we develop and structurally estimate a model in which insurers optimally determine contract terms given property risk and household risk preferences. The estimates provide, to our knowledge, the first large-scale contract-level structural measures of risk aversion, risk premia, and the cost of moral hazard, allowing us to quantify how disaster risk is allocated between insurers and households. We find that the cost of moral hazard is small, yet the very mechanism used to mitigate it substantially increases households' exposure to disaster risk: contract design leaves policyholders exposed to roughly 29 percent of total expected losses. This residual exposure is most pronounced for low-FICO households and for properties with the greatest tail risk. Counterfactuals indicate that mandating full insurance would lead to substantial market exit, increasing household vulnerability. We further show that insurers' financial constraints are systematically correlated with the riskiness of underwritten properties and with household characteristics.

Deviations from the Law of One Price across Economies (with Hyeyoon Jung)

In a model with agents facing constraints heterogeneous across economies, we provide a novel explanation for an understudied yet economically significant deviation from the Law of One Price across FX forward markets. Specifically, we document a substantial divergence between the exchange rate for locally traded forward contracts and contracts with the same maturity traded outside the jurisdiction of countries during the global financial crisis, and that the magnitudes varied across currencies. The model predicts that (1) the basis increases with the shadow costs of constraints across time and increases with the country-specific FX position limit across countries; (2) the shadow cost of each constraint non-linearly increases as the intermediary sector's relative performance declines below a threshold; and (3) higher shadow cost of the position limit predicts lower future excess return on local-currency denominated assets, as buying local assets relaxes the FX position limit constraint imposed on the intermediaries. We test the model predictions and find consistent evidence in the countries with tight position limits.

RESEARCH IN PROGRESS

Learning Frictions and Post Earnings Announcement Drift: Structural Approach

I develop a model of investor learning to measure the speed at which investors learn earnings information. I then extend the model to estimate the proportion of "sophisticated" investors who can perfectly understand the earnings information and accounting precision. The counterfactual analysis suggests that, for the relevant region around the estimates, trading volume increases in the learning precision; this suggests that higher precision of investors' beliefs dominates lower dispersion in beliefs. Overall, I shed light on the mechanism by which various factors impact investor learning and the extent to which prices reflect fundamental information.

PRESENTATIONS (including scheduled)

Hawai'i Accounting Research Conference	2026
Paris December Finance Meeting	2025
European Finance Association Annual Meeting	2025
Conference in Sustainable Finance at the University of Luxembourg	2025
NYU Stern Summer Climate Finance Conference	2025
Carnegie Melon University Tepper Seminar	2025
New York University Stern Seminar	2025
Junior Accounting Theory Conference	2024
American Accounting Association/Deloitte Foundation/J. Michael Cook Doctoral Consortium	2023
Australasian Finance and Banking Conference	2022
Accounting Theory Summer School (hosted by Duke Fuqua)	2022
Stanford GSB Accounting Seminar	2020, 2022

ACADEMIC SERVICES

Discussions (including scheduled):

Paris December Finance Meeting	2025
Australasian Finance and Banking Conference	2022

Refereeing:

Journal of Accounting and Economics

HONORS AND AWARDS

FARS Excellence in Reviewing Award	2024
Invited to Accounting and Economics Society Winter Retreat	2022
The Kiam Family Fellowship	2022-2023
The Chih-Tsai Tung Fellowship	2021-2022
The Kiam Family Fellowship	2020-2021
The Kaneko/Lainovic International Fellowship	2019-2020
The Stanford Korea Fellowship	2019-2020
Invited to Stanford Accounting Summer Camp	2020-2023
Stern Honors Research Program	2019-2020

Delta Chapter of Beta Gamma Sigma	2019
Summer Undergraduate Research Experience Grant	2018

TEACHING EXPERIENCE

Teaching Fellow, Compensating Talent: A Managerial Accounting Perspective (MBA) Prof. Ivan Marinovic	Spring 2022
Teaching Fellow, Alphanomics: Informational Arbitrage in Equity Markets (MBA) Prof. Charles Lee and Prof. Kevin Smith	Spring 2021, 2022

REFERENCES

Prof. Ivan Marinovic (Chair)

Stanford Graduate School of Business

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Prof. Maureen McNichols

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Prof. Kevin Smith

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