

Table IA.1
CEO Pay-Size Elasticity and Increased Labor Demand
Panel A: IPOs Scaled by Full Sample Industry Average

	Ln(Total Compensation)				Ln(Cash Pay)
	(1)	(2)	(3)	(4)	(5)
Ln(Market Value)	0.423 (33.29)	0.419 (30.84)	0.423 (33.29)	0.423 (33.29)	0.255 (28.66)
Ln(Market Value) x IPO Activity	0.029 (4.14)	0.018 (2.61)	0.013 (1.89)	0.019 (2.20)	0.015 (2.48)
IPO Activity	-0.203 (-3.36)	-0.115 (-1.92)	-0.074 (-1.25)	-0.123 (-1.65)	-0.123 (-2.41)
Ln(Market Value) x PE Ratio		0.007 (5.49)	0.008 (5.89)		
Ln(Market Value) x Market Ret.		-0.045 (-3.55)	-0.045 (-3.47)		
Excess Return		0.076 (6.68)	0.077 (6.80)	0.076 (6.66)	0.027 (3.98)
Median Return		0.050 (5.09)	0.052 (5.31)	0.051 (5.11)	0.030 (4.09)
Ln(Tenure)		0.020 (1.56)	0.022 (1.75)	0.020 (1.51)	0.069 (7.18)
Intercept	3.649 (11.50)	4.280 (15.25)	3.161 (1.95)	4.478 (11.91)	4.674 (23.04)
Year FE	No	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes
Performance Controls	No	Yes	Yes	Yes	Yes
Industry Level Elasticity	No	No	Yes	No	No
Year Level Elasticity	No	No	No	Yes	Yes
N	22,816	21,259	21,259	21,259	21,231
Adj. R-sq	0.431	0.435	0.440	0.435	0.338
Avg. Pay Change (\$, thousands)	497.5	389.1	331.1	396.9	113.4
p-value	<0.0001	<0.0001	0.0002	<0.0001	0.4011

Table IA.1**Continued**

Panel B: Total Assets

	Ln(Total Compensation)				Ln(Cash Pay)
	(1)	(2)	(3)	(4)	(5)
Ln(Market Value)	0.410 (37.97)	0.413 (36.38)	0.410 (37.97)	0.410 (37.97)	0.263 (33.96)
Ln(Market Value) x IPO Activity	0.036 (6.07)	0.021 (3.57)	0.017 (2.93)	0.022 (2.91)	0.017 (3.39)
IPO Activity	-0.245 (-4.92)	-0.119 (-2.47)	-0.0933 (-1.95)	-0.131 (-2.09)	-0.116 (-2.71)
Ln(Market Value) x PE Ratio		0.007 (5.75)	0.008 (6.15)		
Ln(Market Value) x Market Ret.		-0.043 (-3.55)	-0.045 (-3.61)		
Excess Return		0.146 (10.68)	0.146 (10.72)	0.146 (10.65)	0.077 (9.39)
Median Return		0.089 (9.25)	0.092 (9.49)	0.090 (9.13)	0.060 (8.11)
Ln(Tenure)		0.042 (3.33)	0.042 (3.42)	0.041 (3.23)	0.079 (8.56)
Intercept	4.339 (30.93)	4.733 (24.57)	6.213 (11.28)	5.039 (17.19)	4.784 (27.62)
Year FE	No	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes
Performance Controls	No	Yes	Yes	Yes	Yes
Industry Level Elasticity	No	No	Yes	No	No
Year Level Elasticity	No	No	No	Yes	Yes
N	22,566	21,104	21,104	21,104	21,079
Adj. R-sq	0.435	0.455	0.461	0.455	0.359
Avg. Pay Change (\$, thousands)	545.6	456.7	397.9	464.9	271.4
p-value	<0.0001	<0.0001	<0.0001	<0.0001	<0.0001

This table reports the results of OLS regressions analogous to Table 1 with the following exceptions. Panel A scales IPO activity by the full sample average industry size. Panel B substitutes the natural log of total assets for the natural log of market value. *PE Ratio* is the Shiller P-E ratio. *Market Ret.* is the trailing 5-year CRSP value-weighted market return. *Excess Return* is the industry-adjusted log return on equity. *Performance Controls* indicates the inclusion of other firm performance related variables, detailed in Appendix 3. *Industry Level Elasticity* indicates an interaction between *Ln(Market Value)* and a full set of industry dummy variables. *Year Level Elasticity* indicates an interaction between *Ln(Market Value)* and a full set of year dummy variables. *Average Pay Change* is the mean change in compensation for a one standard deviation change in *IPO Activity* for a firm in the sample. *p-value* reports the p-value of the test of zero change in pay, evaluated at the mean firm market value in the sample. Reported are t-statistics in parentheses, clustered at the industry-year level.

Table IA.2
CEO Pay-Percentile Elasticity and Increased Labor Demand

	Ln(Total Compensation)				Ln(Cash Pay)
	(1)	(2)	(3)	(4)	(5)
Percentile Rank	1.695 (38.98)	1.655 (37.71)	1.695 (38.98)	1.695 (38.98)	0.999 (30.26)
Percentile Rank x IPO Activity	0.125 (4.55)	0.102 (3.76)	0.094 (3.48)	0.155 (4.49)	0.098 (4.12)
IPO Activity	-0.015 (-0.91)	0.001 (0.07)	0.004 (0.27)	-0.025 (-1.32)	-0.023 (-1.70)
Percentile Rank x PE Ratio		0.024 (4.38)	0.023 (4.27)		
Percentile Rank x Market Ret.		-0.189 (-3.55)	-0.135 (-2.58)	0.076 (5.93)	0.029 (3.68)
Excess Return		0.080 (7.01)	0.082 (7.22)	0.079 (6.96)	0.030 (4.24)
Median Return		0.062 (6.15)	0.061 (6.22)	0.064 (6.22)	0.039 (5.34)
Ln(Tenure)		0.022 (1.65)	0.021 (1.59)	0.022 (1.62)	0.070 (7.29)
Intercept	6.479 (22.55)	6.555 (23.53)	6.235 (12.86)	6.138 (20.16)	5.948 (37.78)
Year FE	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes
Performance Controls	No	Yes	Yes	Yes	Yes
Industry Level Elasticity	No	No	Yes	No	No
Year Level Elasticity	No	No	No	Yes	Yes
N	22,816	21,259	21,259	21,259	21,231
Adj. R-sq	0.402	0.411	0.427	0.412	0.316

This table reports the results of OLS regressions. The dependent variable is denoted in the column header. $Ln(\text{Market Value})$ is the natural log of market value of assets (debt + market value of equity). *Percentile Rank* is the firm's percentile rank in the industry in a given year. *Percentile Rank x IPO Activity* is the interaction of industry percentile rank and the three year trailing industry average number of IPOs, standardized by industry. *PE Ratio* is the Shiller P-E ratio. *Market Ret.* is the trailing 5-year CRSP value-weighted market return. *Excess Return* is the industry-adjusted log return on equity. $Ln(\text{Tenure})$ is the natural log of a CEO's tenure within her current spell. *Performance Controls* indicates the inclusion of other firm performance related variables, detailed in Appendix 3. *Industry Level Elasticity* indicates an interaction between $Ln(\text{Market Value})$ and a full set of industry dummy variables. *Year Level Elasticity* indicates an interaction between $Ln(\text{Market Value})$ and a full set of year dummy variables. Reported are t-statistics in parentheses, clustered at the firm level.

Table IA.3
Labor Demand Effects on Pay-Size Elasticity Across Firm Sizes

	Ln(Total Compensation)			Ln(Cash Pay)		
	Full Sample	Rank > 100	Rank > 250	Full Sample	Rank > 100	Rank > 250
Ln(Market Value)	0.427 (58.95)	0.456 (64.34)	0.472 (60.47)	0.264 (44.01)	0.268 (44.86)	0.271 (43.57)
Ln(Market Value) x IPO Activity	0.025 (3.06)	0.035 (3.59)	0.044 (4.49)	0.015 (2.53)	0.020 (3.08)	0.023 (3.14)
IPO Activity	-0.179 (-2.47)	-0.258 (-3.08)	-0.334 (-3.96)	-0.107 (-2.10)	-0.146 (-2.66)	-0.175 (-2.80)
Excess Return	0.076 (6.69)	0.069 (6.20)	0.065 (5.83)	0.027 (3.98)	0.027 (3.89)	0.025 (3.62)
Median Return	0.052 (5.21)	0.054 (5.12)	0.046 (4.27)	0.032 (4.35)	0.034 (4.51)	0.033 (4.23)
Ln(Tenure)	0.020 (1.53)	0.021 (1.63)	0.013 (0.94)	0.069 (7.22)	0.072 (7.41)	0.070 (7.00)
Intercept	4.376 (11.72)	3.769 (8.87)	3.521 (5.99)	4.599 (22.47)	4.422 (19.75)	4.269 (14.67)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Performance Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year Level Elasticity	Yes	Yes	Yes	Yes	Yes	Yes
N	21,259	20,420	18,771	21,231	20,408	18,784
Adj. R-sq	0.435	0.428	0.406	0.339	0.306	0.272

This table reports the results of OLS regressions. The dependent variable is denoted in the column header. *Ln(Market Value)* is the natural log of market value of assets (debt + market value of equity). *Ln(Market Value) x IPO Activity* is the interaction of log market value and the three year trailing industry average number of IPOs, standardized by industry. *Ln(Tenure)* is the natural log of a CEO's tenure within her current spell. *Performance Controls* indicates the inclusion of other firm performance related variables, detailed in Appendix 3. *Year Level Elasticity* indicates an interaction between *Ln(Market Value)* and a full set of year dummy variables. Reported are t-statistics in parentheses, clustered at the firm level.

Table IA.4
Labor Demand Effects on Cash Only Compensation

	Ln(Salary + Bonus)			Ln(Salary Only)		
	Full Sample	Rank > 100	Rank > 250	Full Sample	Rank > 100	Rank > 250
Ln(Market Value)	0.264 (44.01)	0.268 (44.86)	0.271 (43.57)	0.176 (24.47)	0.197 (30.08)	0.208 (27.39)
Ln(Market Value) x IPO Activity	0.015 (2.53)	0.020 (3.08)	0.023 (3.14)	0.012 (3.09)	0.014 (3.16)	0.017 (3.26)
IPO Activity	-0.107 (-2.10)	-0.146 (-2.66)	-0.175 (-2.80)	-0.100 (-2.92)	-0.118 (-3.02)	-0.140 (-3.15)
Excess Return	0.027 (3.98)	0.027 (3.89)	0.025 (3.62)	-0.015 (-2.92)	-0.013 (-2.69)	-0.013 (-2.56)
Median Return	0.032 (4.35)	0.034 (4.51)	0.033 (4.23)	-0.011 (-2.32)	-0.010 (-2.16)	-0.008 (-1.62)
Ln(Tenure)	0.069 (7.22)	0.072 (7.41)	0.070 (7.00)	0.069 (8.80)	0.071 (9.17)	0.070 (9.07)
Intercept	4.599 (22.47)	4.422 (19.75)	4.269 (14.67)	4.670 (28.34)	4.558 (24.67)	4.398 (17.47)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Performance Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year Level Elasticity	Yes	Yes	Yes	Yes	Yes	Yes
N	21,231	20,408	18,784	21,208	20,387	18,768
Adj. R-sq	0.339	0.306	0.272	0.394	0.391	0.373

This table reports the results of OLS regressions. The dependent variable is denoted in the column header. $Ln(\text{Market Value})$ is the natural log of market value of assets. $Ln(\text{Market Value}) \times \text{IPO Activity}$ is the interaction of log market value and the three year trailing industry average number of IPOs, standardized by industry. Excess Return is the industry-adjusted log return on equity. $Ln(\text{Tenure})$ is the natural log of a CEO's tenure within her current spell. $\text{Performance Controls}$ indicates the inclusion of other firm performance related variables, detailed in Appendix 3. $\text{Year Level Elasticity}$ indicates an interaction between $Ln(\text{Market Value})$ and a full set of year dummy variables. Reported are t-statistics in parentheses, clustered at the firm level.

Table IA.5
Within-Industry Executive Transitions

Panel A: Firm Enters After 1993

	All Transitions			Upward Transition		
	(1)	(2)	(3)	(4)	(5)	(6)
IPO Activity	1.215 (2.54)	1.326 (2.85)	1.358 (3.03)	1.153 (1.48)	1.291 (2.14)	1.317 (2.27)
Ln(Market Value)			1.199 (2.38)			1.161 (1.63)
Excess Return		1.007 (0.07)	1.002 (0.02)		0.915 (-1.45)	0.911 (-1.51)
Median Return		1.019 (0.27)	1.018 (0.26)		1.022 (0.28)	1.022 (0.28)
Performance Controls	No	Yes	Yes	No	Yes	Yes
Number Transitions	159	147	147	116	107	107
Time at Risk	42,942	38,250	38,250	42,942	38,250	38,250
Wald Chi-Sq	6.456	58.29	63.12	2.202	49.11	52.26
P-value	0.0111	< 0.0001	< 0.0001	0.138	0.0005	0.0003

Table IA.5
Continued

Panel B: Spell Enters After 1993

	All Transitions			Upward Transition		
	(1)	(2)	(3)	(4)	(5)	(6)
IPO Activity	1.268 (5.50)	1.305 (4.62)	1.336 (4.91)	1.209 (3.56)	1.271 (3.29)	1.299 (3.50)
Ln(Market Value)			1.192 (5.03)			1.165 (3.53)
Excess Return		1.020 (0.32)	1.022 (0.37)		0.951 (-0.76)	0.953 (-0.74)
Median Return		1.134 (2.96)	1.131 (2.92)		1.110 (2.17)	1.107 (2.13)
Performance Controls	No	Yes	Yes	No	Yes	Yes
Number Transitions	433	415	415	302	289	289
Time at Risk	95,756	88,932	88,932	95,756	88,932	88,932
Wald Chi-Sq	30.21	93.32	117.4	12.68	60.56	72.54
P-value	< 0.0001	< 0.0001	< 0.0001	0.0004	< 0.0001	< 0.0001

This table reports the results of competing risk hazard models. The failure event is denoted in the column headers. *All Transitions* includes all executives who leave a firm within the sample and appear in the top five executives of another firm within the industry within two years. *Upward Transition* requires the executive's total compensation to increase following the transition. The competing risks are defined as: a transition to a different industry, the executive's exit from Execucomp, or for *Upward Transition* a decrease in total compensation. *IPO Activity* is the three year trailing industry average number of IPOs, standardized by industry. *Ln(Market Value)* is the natural log of market value of assets. *Excess Return* is the industry-adjusted log return on equity. *Performance Controls* indicates the inclusion of other firm performance related controls, detailed in Appendix 3. Reported are sub-hazard ratios with z-statistics in parentheses, clustered at the industry-year level. Only firms first observed after 1993 (Panel A) and spells beginning after 1993 (Panel B) are included in the sample.