

RESEARCH SEMINAR



**September 16, 12:00pm -
1:00pm**

ESB 243 & Zoom



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Professor
Finance and Management
Science

Both sides of the CEO-to-Employee Pay Ratio: Evidence from COVID19 Pandemic

Abstract: Using COVID19 as the exogenous test of CEOs' ability and the publication of CEO-to-employee pay ratio (pay-ratio) as a corporate event, we attempt to further understand the income inequality debate surrounding executive pay in corporate America. We find that announcement period returns negatively or trivially varied with pay-ratio prior to COVID19 crisis, however, they increased in the size of pay-ratio during COVID19 periods, with more favorable sensitivity for larger and weak CEO power firms. Further, high pay-ratio firms demonstrate stronger operating performance, higher value, and lack evidence supporting institutional investors 'voting by their feet' post-announcement. Our findings imply that bargaining power of more talented managers in CEO labor market is a plausible driver of high pay-ratios in recent years.

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In Person: Room 243 (Edwards)

Zoom: [virtual link](#)

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