

#ProdTalks

CompNet ProdTalk No 5

Tuesday, 12th January 2021

Program

(All times are shown in CET)

[20 min presentation, 10 min discussion, 7-8 min Q&A]

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|-------|---|
| 15h00 | Virtual session opens/networking |
| 15h05 | Welcome and Introduction by hosting institution (Banco de Portugal) |
| 15h10 | Session 1
"On the Cleansing Effect of Recessions and Government Policy"
<i>Paper by Nic Kozeniauskas, Pedro Moreira, César Santos (Banco de Portugal)</i> |
| 15h30 | Discussion by Virginia Di Nino (ECB) |
| 15h40 | Q&A |
| 15h50 | Session 2
"Networks and Manager Pay: Evidence from Time-varying Exogenous Metrics"
<i>Paper by Sharmin Sazedj (Banco de Portugal), José Tavares (Nova SBE)</i> |
| 16h10 | Discussion by Luca Opromolla (Banco de Portugal) |
| 16h20 | Q&A |
| 16h30 | END of ProdTalks No 5 |

Presentations

Nicholas Kozeniauskas

(together with Pedro Moreira and Cezar Santos)

On the Cleansing Effect of Recessions and Government Policy

How has the Covid-19 pandemic affected firms across the productivity distribution? Using a panel survey of firms conducted during the pandemic matched with pre-Covid administrative data, we show that the shock was large, but heterogeneous. High-productivity firms were less exposed to declines in sales, less likely to cut employment and more likely to remain open. Moreover, we study several forms of government support that have been common during the pandemic and show that high-productivity firms were less likely to make use of them.



Sharmin Sazedj

(together with José Tavares)

Networks and Manager Pay: Evidence from Time-varying Exogenous Metrics

In this paper we assess the quantitative impact of a top manager's network on pay, using a novel dataset that comprehends the entire career of top managers for the universe of business firms in Portugal. We construct 5 different network metrics that are sensitive to exogenous variation. Further, we analyze these metrics using high dimensional fixed effects models and instrumental variable procedures to address thoroughly endogeneity concerns. We confirm that networks are associated to higher manager pay, both base wage and bonus. A one standard deviation increase in the number of connections is associated to a 8% higher bonus and 5% higher total pay. The depth of the connections prevails over mere number, while indirect measures capturing the information value of networks also matter. Finally, well connected managers that have access to private information not only further their career options and their bargaining power, they also benefit the firm. In other words, our results suggest that, from the firm's perspective, productivity gains associated to large-network managers go beyond the pay premium, so that networks are not overpaid.

