

If I Could Do It, So Can They:

Working Class CEOs and Corporate Labor Policies*

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Abstract

We study whether CEOs' upbringing socioeconomic status (SES) shape how firms split the surplus between capital and labor. Using a sample of 1,626 CEOs of large U.S. public companies, we show that lower-SES environments are associated with systematically less labor-friendly policies: about 10–20% increases in litigation and safety violations and lower employee ratings. The results are robust to controlling for CEO and firm controls and industry/year/cohort fixed effects, and they persist within firms around CEO turnovers and strengthen in contractions that force difficult capital–labor tradeoffs. Mechanism evidence is consistent with a “tough norms” channel. Our findings suggest that beyond institutions and markets, CEOs' imprinted preferences meaningfully tilt the capital–labor margin, offering a behavioral micro-foundation for cross-firm heterogeneity in corporate labor policies.

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I Introduction

A central question in corporate finance is how firms divide economic surplus between capital and labor (e.g., Jensen and Meckling (1976)). Standard rent-sharing frameworks emphasize relative bargaining power, shaped by markets, institutions, and governance, as the main determinant of this split. Yet, in practice, CEOs exercise discretion over a wide array of policies that affect employees, whose cooperation and effort remain essential. This discretion extends beyond wages to workplace safety, leave and due-process protections, promotion ladders, and the overall tenor of labor relations. Behavioral research on distributive preferences and fairness norms further suggests that decision-makers’ own views of what is “right” can matter when allocating resources. Together, these insights point to a nuanced capital–labor bargain: institutions and markets set the boundaries, but the CEO’s personal experiences and values influence where the firm lands.¹

We study one natural source of heterogeneity in capital–labor preferences: the CEO’s own upbringing, and specifically the socioeconomic environment. A long tradition in sociology and organizational theory emphasizes that conditions encountered during formative periods leave durable imprints on values, norms, and decision heuristics. Research in economics similarly shows that early experiences shape reference points and risk attitudes that persist, influencing distributive and strategic choices later in life. Applied to the corporate sphere, this perspective suggests that the capital–labor margin may reflect more than market forces—it may also echo early-life cues. Childhood exposure to parental occupations, community employment norms, or resource constraints can embed enduring notions of fair treatment, standards that surface when CEOs allocate surplus, design workplace policies, or respond to shocks.

The stark differences in executives’ approaches to labor drew heightened attention when culture clashes erupted after Amazon’s acquisition of Whole Foods.² Under John Mackey, Whole Foods was widely described as employee-centric, emphasizing culture, autonomy, and shared purpose, while Amazon under Jeff Bezos became synonymous with relentless discipline and an efficiency-

¹In the neoclassical benchmark, output is often represented by a Cobb–Douglas production function, $Y = AK^\alpha L^{1-\alpha}$, where K and L denote capital and labor inputs. Under perfect competition, factor payments equal marginal products, so capital and labor receive fixed shares α and $(1 - \alpha)$. In this view, the split is technologically determined, leaving no role for managerial discretion.

²Numerous case studies (e.g., the HBS Case *Whole Foods under Amazon*) and news reports (e.g., the *Wall Street Journal* story “Amazon and Whole Foods: Culture Clash in the Making?”) highlight the cultural tensions that followed the acquisition.

first ethos. Their paths to leadership were also markedly different: Mackey’s upbringing was comparatively comfortable and rooted in education and stakeholder values, while Bezos’s early years involved financial constraints and a culture of thrift. While anecdotal, these contrasts underscore the central theme of this paper: corporate leaders bring formative experiences that shape their preferred balance between capital and labor, a heterogeneity we formalize and test empirically.

Based on recent research in social psychology, we develop and test two competing hypotheses. The *Empathy Channel* predicts that CEOs from more constrained (low-SES) backgrounds, having personally observed hardship, place greater weight on employee welfare and adopt more worker-friendly policies. Experimental evidence in psychology and behavioral economics shows that scarcity and lower social class can foster perspective-taking and prosocial preferences, as individuals learn to rely on mutual support (e.g., Piff, Kraus, Côté, Cheng and Keltner (2010)).

In contrast, the *Tough Norms Channel* posits that exposure to demanding jobs and sparse protections normalizes austere workplace standards and self-reliance, leading to leaner policies and greater willingness to contest claims. Research highlights an “empathy gap,” whereby individuals who overcome hardship are less forgiving of others, judging struggle as weakness (e.g., Ruttan, McDonnell and Nordgren (2015)). CEOs from low-SES families may favor leaner labor policies, take tougher bargaining positions, and contest claims more aggressively, prioritizing cost discipline and capital preservation.

We compile a new, hand-collected dataset on the childhood socioeconomic status (SES) of 1,626 CEOs of large U.S. public companies between 1992 and 2017, constructed from detailed parental occupations and biographical histories. SES is coded using a five-category taxonomy standard in sociology and labor economics, with independent coders and structured reconciliation protocols ensuring consistency. The average CEO in our sample was born shortly after World War II, a period that produced substantial heterogeneity in economic and social conditions, providing rich variation for identification. We link these biographical data to three complementary firm-year outcomes that reveal corporate labor policies: federal employment and labor litigation, workplace safety violations, and employee sentiment.

Across all labor policy outcomes, CEOs from more constrained childhood backgrounds are associated with systematically less employee-friendly policies. In baseline specifications with extensive

CEO- and firm-level controls, a one-unit shift toward the low-SES end predicts higher rates of employment and labor litigation, more workplace safety violations and exposed employees, and systematically lower employee ratings. The magnitudes are economically meaningful: litigation and safety effects amount to roughly 10–20% of sample means. Employee sentiment shows similar declines, particularly in work–life balance, culture, and management quality—dimensions central to recruitment and retention. Results are robust to alternative SES codings and functional forms. To address endogeneity concerns, we exploit CEO transitions and responses to plausibly exogenous contractions that force difficult capital–labor tradeoffs, and find that low-SES CEOs tilt more aggressively against labor. Taken together, the evidence supports the “tough norms” hypothesis: formative exposure to harsher work environments leaves a lasting imprint on how CEOs balance the claims of employees versus shareholders.

Additional analyses reinforce our interpretation. Maternal employment—a mid-century marker of exposure to harsher labor markets for women—amplifies the negative relation between low SES and employee outcomes, even though paternal transmission likely dominates for this cohort. Indicators of severe childhood trauma do not attenuate the SES effects, suggesting that our measure captures occupational norm formation rather than extreme adversity. Finally, adding controls for parental occupations (management, finance, self-employment) leaves SES coefficients virtually unchanged, indicating that results are not proxies for direct parental exposure to labor policy design.

This paper contributes to several literature strands. First, it extends corporate finance research on labor and employment policies by showing that managerial preferences, rooted in early-life socioeconomic environments, systematically shape employee welfare, complementing work that emphasizes financial and institutional constraints (e.g., Matsa (2010), Simintzi, Vig and Volpin (2015), and Cohn, Nestoriak and Wardlaw (2021)). Second, it adds to the managerial styles and imprinting literature by linking formative environments to a specific policy domain, the capital–labor margin, where preferences interact with bargaining power (e.g., Bertrand and Schoar (2003), Cronqvist, Heyman, Nilsson, Svaleryd and Vlachos (2009), and Schoar and Zuo (2017)). Third, it connects to behavioral and labor economics by documenting how reference points and fairness norms formed in youth persist into executive decision-making, shaping distributive choices inside firms (e.g., Kahneman, Knetsch and Thaler (1986) and Bisin and Verdier (2001)).

The remainder of the paper is organized as follows. Section II develops the theoretical framework and outlines our competing hypotheses. Section III describes the data, the construction of the SES measure, and the labor-policy outcomes. Section IV presents the main empirical results and mechanism tests. Section V provides additional evidence on mechanisms and contextual moderators. Section VI concludes.

II Literature Review and Theoretical Framework

A Related Research

A foundational literature in corporate finance examines how financial structures shape the division of surplus between capital and labor. Higher leverage tightens firms' labor margins (e.g., Hanka (1998)), and firms deploy leverage strategically in collective bargaining (e.g., Matsa (2010)) or adjust cash policies to weaken unions (e.g., Klasa, Maxwell and Ortiz-Molina (2009)). Extending internationally, Simintzi, Vig and Volpin (2015) show that stronger labor protections are associated with lower leverage. Theory connects investor protection and takeover threats to manager-worker coalitions (e.g., Pagano and Volpin (2005)), while Shleifer and Summers (1988) emphasize how hostile takeovers often trigger wage contract renegotiations. More recently, Lin, Schmid and Xuan (2018) show that employee representation itself shapes leverage, underscoring labor's direct influence on financial structure. Together, this literature highlights balance-sheet choices as strategic levers in bargaining with labor. Our contribution shifts the lens from financial constraints to managerial preferences: rather than firms altering financing to influence labor, we examine how CEOs' formative socioeconomic environments systematically tilt labor policies.

Other research underscores that labor considerations extend beyond wages, shaping multiple margins of corporate policy. Giroud and Mueller (2015) show that governance and internal capital markets drive reallocation across plants, with first-order consequences for employment. Labor's direct voice in governance also matters: employee board representation alters investment and policy outcomes (e.g., Faleye, Mehrotra and Morck (2006)). Non-wage dimensions of employee welfare are similarly affected by financial frictions: financing constraints degrade OSHA outcomes (e.g., Cohn and Wardlaw (2016)), and ownership transitions such as private equity buyouts reshape workplace

safety (e.g., Cohn, Nestoriak and Wardlaw (2021)). This body of work broadens the lens, treating labor not as a residual claimant but as a first-order input into corporate finance decisions. Our study complements this literature by showing that even absent formal labor voice in governance, CEOs’ own backgrounds systematically shape labor policies.

Another literature emphasizes the role of managerial preferences in shaping corporate labor policies. Cronqvist, Heyman, Nilsson, Svaleryd and Vlachos (2009) show that entrenched CEOs pay higher wages, consistent with idiosyncratic preferences influencing outcomes. Edmans (2011) demonstrates that employee satisfaction is positively associated with firm value, suggesting that labor-oriented management styles can be priced by markets. Landier, Nair and Wulf (2009) show that divisions located closer to headquarters are less likely to implement layoffs or dismissals than those farther away, implying that geographic proximity produce more employee-friendly outcomes. Relatedly, Yonker (2017) shows that establishments near a CEO’s hometown face fewer layoffs and wage cuts during industry downturns, providing direct evidence that managerial imprints extend to corporate employment decisions. Collectively, these studies reveal that CEOs matter in shaping the capital–labor balance, but they leave open the question of where managerial preferences come from. Our study provides a behavioral micro-foundation by linking systematic variation in labor policies to CEOs’ childhood socioeconomic status.

B Theoretical Framework

In canonical rent-sharing models (e.g., Hicks (1932), Freeman and Medoff (1984), and Card (1996)), the division of a firm’s economic surplus between capital and labor is governed by relative bargaining power. Bargaining power reflects a blend of institutional constraints (e.g., union density, labor law), market forces (e.g., labor-market tightness, product-market competition), and governance structures (e.g., board independence, takeover vulnerability). These factors jointly determine the feasible set of labor’s surplus share, $\mathcal{S}(\alpha)$. Within this set, the comparative-static prediction is mechanical: greater labor power yields a higher share for labor.

To see our argument more transparently, normalize the surplus to 1. Let $s \in [0, 1]$ denote labor’s share, encompassing both wages and non-wage rights, so that capital’s share is $1 - s$.

Labor’s bargaining power, $\alpha \in (0, 1)$, then pins down the feasible interval:

$$\underset{\text{pro-K boundary}}{\underline{s}(\alpha)} \leq s \leq \underset{\text{pro-L boundary}}{\bar{s}(\alpha)}. \quad (1)$$

An increase in α shifts both bounds upward, i.e., $\underline{s}'(\alpha) \geq 0$ and $\bar{s}'(\alpha) \geq 0$, expanding the feasible set toward labor.

While this neoclassical framing captures the institutional and market determinants of the bargaining range, it abstracts from an important friction emphasized in corporate finance and organizational economics: firms are not frictionless “black boxes.” As argued by Jensen and Meckling (1976) and Jensen (1993), managerial discretion introduces scope for heterogeneity in how surplus is allocated. The CEO, positioned at the intersection of capital and labor, exercises substantial discretion within the feasible set. This discretion extends beyond wages to the design of non-pay labor rights such as workplace safety, leave policies, due-process protections, and the broader tenor of employee relations.

Economists have long recognized that surplus division can deviate from the purely mechanical outcome implied by bargaining power alone. Behavioral arguments, most notably from Kahneman, Knetsch and Thaler (1986), shows that people hold heterogeneous views of what constitutes a “fair” division of resources, and that such fairness norms influence actual economic behavior. In a corporate context, this insight opens the door for preference-driven deviations from the neoclassical rent-sharing prediction: the CEO’s personal view of the fair capital–labor split can matter.³

We formalize this by introducing an ideal point $\phi \in [0, 1]$, the CEO’s personally preferred labor share, which is not determined by market forces but by deep-seated preferences, potentially rooted in formative and relative life experiences. This ϕ acts as a behavioral anchor: when the bargaining set is wide, it can dampen the elasticity of the outcome with respect to shifting market conditions.

Given (α, ϕ) , the realized labor share is:

$$s(\alpha, \phi) = \text{Proj}_{\mathcal{S}(\alpha)}(\phi) = \min\{\max\{\phi, \underline{s}(\alpha)\}, \bar{s}(\alpha)\}. \quad (2)$$

³Models of social preferences reinforce this perspective. Fehr and Schmidt (1999) develop an inequality-aversion framework where agents care about both relative and absolute payoffs, while Bolton and Ockenfels (2000) propose an equity, reciprocity, and competition (ERC) model with fairness considerations.

This projection rule has a straightforward interpretation: bargaining power α defines the feasible set $\mathcal{S}(\alpha)$, and the CEO’s ideal point ϕ selects the point within that set. When ϕ lies outside the feasible range, the outcome is pinned to the nearest bound. Importantly, ϕ is theoretically ambiguous with respect to socioeconomic background. A low-SES upbringing could tilt ϕ upward (via an empathy channel favoring labor) or downward (via a tough-norms channel favoring capital discipline). This ambiguity motivates our empirical inquiry.

In this framework, the realized labor share s is jointly determined by the institutional constraints of the bargaining set and the CEO’s preferences over the division of surplus. Two comparative statics emerge naturally:

- **Power effect:** $\frac{\partial s}{\partial \alpha} > 0$. Consistent with standard rent-sharing models, stronger labor bargaining power shifts the feasible set toward labor, increasing labor’s share.
- **Preference effect:** $\frac{\partial s}{\partial \phi} > 0$ whenever $\phi \in (\underline{s}(\alpha), \bar{s}(\alpha))$. The CEO’s ideal point matters, allowing personal tastes to influence the outcome.

At the core of our framework is the CEO’s preference parameter, ϕ , which captures a personally ideal division of surplus. Formative socioeconomic conditions generate systematic variation in ϕ , anchoring reference points for what is “normal” in capital–labor relations. The sign of this SES– ϕ mapping is theoretically ambiguous: it may tilt upward through an empathy channel or downward through a tough norms channel.

C Hypotheses

A central premise of our framework is that conditions encountered during formative years leave durable marks on preferences and decision rules. In sociology and organizational studies, imprinting theory holds that environments at founding or during sensitive periods become embedded in cognitive and normative structures and persist long after the original context has changed (e.g., Stinchcombe (1965); Marquis and Tilcsik (2013)).⁴

⁴Early-life conditions shape attitudes in many domains, e.g., gender-role beliefs and labor-force participation (e.g., Fernandez, Fogli and Olivetti (2004) and Cunningham (2001)), and patience, altruism, and cognitive ability (e.g., Falk, Kosse, Pinger, Schildberg-Hörisch and Deckers (2021)). In finance, macro-historical experiences imprint risk-taking and portfolio choices (e.g., Malmendier and Nagel (2011)), formative conditions shape managerial careers (e.g., Schoar and Zuo (2017)), and childhood socioeconomic origins affect professional decision-making styles (e.g., Chuprinin and Sosyura (2018)).

Within the domain of work-related values, the family is a primary socializing agent, often surpassing peers and education in transmitting norms (e.g., Levine and Hoffner (2006) and Dekas and Baker (2014)). Parents transmit these norms explicitly, through discussion, and implicitly, by modeling how they approach the demands, risks, and rewards of their professional work. In economics, Lindbeck and Nyberg (2006) formalize how parental socialization shapes childrens work norms, highlighting the intergenerational transmission of attitudes toward effort and labor-market participation. Relatedly, Bisin and Verdier (2001) show how parents choose the intensity of cultural transmission, producing the persistence of heterogeneous norms across generations. Consistent with this perspective, Kish-Gephart and Campbell (2015) document that CEOs’ social-class backgrounds leave lasting imprints on corporate risk-taking. Together, this literature suggests that families not only provide the initial imprinting context but also actively reinforce specific orientations toward work, making childhood a critical formative environment for later managerial preferences.

Seminal psychology and behavioral economics research emphasizes the role of reference points in shaping judgment and choice (e.g., Kahneman and Tversky (1979) and Köszegi and Rabin (2006)). When such reference points are established early in life through repeated exposure to particular labor conditions and employer–employee relationships, they can shape not only fairness perceptions but also the trade-offs managers are willing to make between employee welfare and other corporate objectives. Because these formative benchmarks are reinforced through family and community experiences, they are relatively resistant to later-life change. In this sense, reference points serve as the micro-level cognitive mechanism through which imprinted norms persistently influence executive decision-making.

C.1 Empathy Channel

The *Empathy Channel* predicts that CEOs from lower-SES backgrounds develop stronger compassion and identification with employees, particularly those in low-wage or hazardous roles. Theoretical and experimental research on empathy and prosocial preferences suggests that personal experience with hardship can heighten perspective-taking and altruistic behavior (e.g., Andreoni (1990) and Batson (2011)). Laboratory studies show that “being in someone’s shoes” increases prosocial behavior toward others facing similar conditions (e.g., Batson, Coke, Jasnoski and Hanson (1996)).

Relatedly, research on “altruism born of suffering” finds that adversity can generate lasting concern for others when accompanied by supportive role models or meaning-making processes (e.g., Lim and DeSteno (2016)). Such experiences can crystallize into fairness-oriented preferences that persist into adulthood (e.g., Pitesa and Thau (2014)), providing a pathway through which a constrained SES upbringing instills labor-oriented values in a future CEO.

Empirical evidence reinforces this prediction. Working-class individuals consistently report higher empathic concern, stronger attentiveness to others’ needs, and greater social interdependence compared to their higher-SES counterparts (e.g., Manstead (2018)). Experimental studies show that lower-class participants behave more generously and cooperatively in economic games (e.g., Piff, Kraus, Côté, Cheng and Keltner (2010); Piff, Stancato, Côté, Mendoza-Denton and Keltner (2012)). Similarly, allocation experiments reveal stronger other-regarding preferences among individuals from less advantaged backgrounds (e.g., Fisman, Kariv and Markovits (2007)). Together, this evidence suggests that material constraint fosters prosocial adaptations, embedding empathy and fairness as salient reference points.

In the corporate sphere, a CEO shaped by such formative experiences may seek to “correct” the struggles they once observed, channeling personal empathy into labor-friendly policies. This orientation aligns with stakeholder theory (e.g., Freeman (1984)) and predicts a positive relation between a low-SES upbringing and pro-labor corporate choices.

C.2 Tough Norms Channel

The *Tough Norms Channel* predicts that CEOs from lower-SES backgrounds may internalize demanding labor conditions as “normal,” leading them to favor leaner employee protections and tougher bargaining stances. Drawing on occupational socialization and resilience literatures (e.g., Schein (1971)), this perspective emphasizes that early exposure to strenuous or insecure jobs can instill the belief that enduring hardship is a prerequisite for success. Children who observe parents working long hours in taxing roles may come to view such conditions as character-building, rather than problematic (e.g., Korndörfer, Egloff and Schmukle (2015)). Historical evidence from the Great Depression similarly highlights how harsh environments cultivated self-reliance and a reluctance to seek concessions (e.g., Elder (1999)).

Behavioral evidence supports this mechanism. For example, Ruttan, McDonnell and Nordgren (2015) document an empathy gap in which individuals who overcome adversity are more likely to judge others facing similar struggles harshly. This “if I could do it, so can they” mindset reduces support for protective policies. Recent evidence by Koo, Piff and Shariff (2023) reinforces this logic: wealthy individuals who grew up poor were less empathetic toward the poor than wealthy peers from affluent backgrounds, perceiving mobility as easy and attributing poverty primarily to lack of effort. This “pulling up the ladder” effect reflects a meritocratic worldview that treats hardship as a test of character rather than a rationale for institutional support.

In a corporate setting, such formative reference points may manifest in cost-focused labor policies, tougher bargaining stances, resistance to employee claims, and prioritization of shareholder value over worker welfare. Accordingly, the tough norms channel predicts an inverse relation between a CEO’s low-SES upbringing and the implementation of pro-labor corporate choices.

III Data

Our dataset comprises an unbalanced panel of CEO–firm–year observations of publicly traded U.S. firms from 1992 to 2017, drawn from the *ExecuComp* database. Appendix A contains the definitions of all our variables.

A CEO Biographical Information

We obtain biographical data on each CEO through a systematic and comprehensive search process. For each CEO in the initial *ExecuComp* sample, we conduct web and *Lexis-Nexis* searches combining the executive’s name, firm name, and targeted keywords (e.g., “CEO,” “childhood,” “family,” “born,” “raised,” “grew up,” “mother,” “father,”). Promising leads trigger in-depth follow-ups incorporating specific identifiers such as hometown, schools, sibling and parent names, or other important identifying characteristics.

Biographical sources include national and local newspapers, trade publications, alumni magazines, industry speeches, and professional society records. We also leverage records from *Ancestry.com* and *U.S. Census Bureau* data to verify and augment parental occupation information.

Parental occupation is recorded as of the CEO’s childhood years.

Because female labor force participation was low for CEOs born in the 1940s, the mother’s occupation is frequently missing (68%). We therefore rely on the father’s occupation when available, consistent with contemporaneous Census Bureau conventions. When neither parent’s occupation is observed, we use subjective assessments of upbringing (e.g., “grew up in a blue-collar neighborhood”), which apply to only 8% of cases. To minimize subjectivity, multiple researchers independently coded each record and reconciled discrepancies through structured consensus procedures. Appendix B reports a couple of illustrative examples of the raw biographical information.

The final dataset includes 1,626 unique CEOs with reliably identified childhood SES. Sample restrictions are driven solely by data availability, with no evidence of systematic relation to subsequent CEO outcomes.

B Socioeconomic Status Classification

We classify CEOs’ upbringing SES status using the occupational framework of Thompson and Hickey (2005), which is widely applied in sociology and labor economics and well-suited to historical parental occupation data. This framework defines five SES categories: *Poor* (parents have transient, low-paying jobs, often reliant on public assistance), *Working* (parents are clerical or blue-collar workers, often with high school education), *Middle* (parents are semi-professionals or skilled craftsmen, often with some college education), *Professional* (parents are white-collar professionals such as doctors, lawyers, and managers with college and, frequently, graduate degrees), and *Upper* (parents are heirs, celebrities, or corporate elites). Appendix C reports common occupations and qualitative descriptors of SES status in CEO biographies.

For empirical implementation, we map these categories to integer values from 5 (*Poor*) to 1 (*Upper*), with higher values representing greater SES constraints during a CEO’s upbringing. Ambiguous cases or instances of upward or downward mobility during childhood are adjudicated through consensus coding by multiple researchers. When two adjacent categories are both plausible, the assigned SES is set to the average of the two most likely classifications. This procedure ensures consistent application of the framework while limiting subjective noise in coding.

C Corporate Labor Policy Outcomes

We construct three sets of firm-level measures capturing corporate policies toward labor, broadly defined to encompass non-pay dimensions such as workplace safety, employee rights, and overall work environment. All variables are aggregated to the firm–year level and winsorized at the 1st and 99th percentiles to mitigate the influence of outliers while preserving economically meaningful variation.

Employment and labor litigation. We measure firm labor policy outcomes using federal district court filings from the *National Archive of Criminal Justice Data* (NACJD). Specifically, we classify cases into (i) *Employment Litigation*, i.e., Civil Rights Job Act and Civil Rights ADA Employment Act, and (ii) *Labor Litigation*, i.e., Occupational Safety/Health Act, Fair Labor Standards Act, Labor/Management Relations Act, Labor/Management Report and Disclosure Act, Railway Labor Act, Family and Medical Leave Act, Other Labor Litigation, and Employee Retirement Income Security Act. These categories cover disputes ranging from individual discrimination cases to collective challenges over workplace safety. We match firm names in court filings to our CEO–firm dataset using exact and fuzzy matching, followed by manual verification to ensure accuracy. The resulting panel comprises 37,231 lawsuits involving 1,010 unique firms, providing a granular, revealed-preference measure of corporate labor policies as reflected in legal conflicts.

Workplace safety violations. We collect establishment-level inspection records from the *Occupational Safety and Health Administration* (OSHA), which document inspections, violations, and severity ratings. OSHA coverage spans a wide range of industries, though inspections are not random and often target high-risk sectors or complaint-driven cases. We record both total and serious violations, as well as the number of employees exposed to violations. Establishments are matched to firms in our CEO sample using name and address algorithms, with manual validation of borderline cases. This yields 68,747 violations across 760 firms, offering a direct, regulator-assessed measure of workplace safety.

Employee sentiment. We obtain employee reviews from *Glassdoor* for 2010–2017, when coverage becomes more extensive and systematic. The dataset includes nine measures: overall firm

rating, recommendation to a friend, work–life balance, culture & values, career opportunities, compensation & benefits, CEO and senior management approval, and firm outlook. These sentiment measures capture dimensions of employee welfare and workplace culture not observable in litigation or regulatory data. Ratings for overall firm, work–life balance, culture & values, career opportunities, compensation & benefits, and senior management approval are recorded on a 1–5 scale; firm recommendation is binary; CEO approval and firm outlook use three categories (negative, neutral, positive). To better isolate the current CEO’s influence, we drop reviews from the first two years of each tenure. Firm identities are matched to CEOs and verified using firm descriptions and websites. The final dataset comprises 586,651 reviews across 503 firms.

Each source has inherent coverage limitations: litigation is restricted to federal cases, OSHA inspections are not randomly assigned, and *Glassdoor* participation is voluntary. Importantly, however, these limitations are unlikely to be systematically related to a CEO’s childhood SES. Any residual measurement error is therefore most likely classical, attenuating estimated coefficients rather than generating spurious relationships. Taken together, the three sources provide complementary perspectives on corporate labor policy, spanning legal disputes, regulatory enforcement, and employee perceptions.

D Control Variables: Firm-Level Financial Data

Accounting data are obtained from Standard & Poor’s *Compustat* and stock returns from the *Center for Research in Security Prices* (CRSP) for all firm-years. To mitigate the influence of outliers, the continuous firm variables are winsorized at the 1st and 99th percentiles.

IV Empirical Results

A Descriptive Statistics

A.1 CEO Upbringing SES and Labor Policy Outcomes

Panel A of Table 1 reports descriptive statistics for CEO characteristics, corporate labor policy outcomes, and firm-level financial data. CEO demographics in our dataset closely match prior

studies of U.S. public-company executives, supporting the representativeness of our sample. The average CEO was born in 1947, in the immediate post–World War II era, a cohort that grew up under markedly heterogeneous economic and social conditions. Female CEOs comprise only 4.4% of the sample and minorities 5.7%, consistent with the underrepresentation of these groups in top corporate leadership. 18.5% of CEOs are firm founders themselves, and about 17% of CEOs manage firms founded by their families.

Our main explanatory variable is *CEO Upbringing SES*, a continuous measure in which higher values indicate greater socioeconomic constraints during childhood. The mean SES is 3.06, with the 25th and 75th percentiles at 2.00 and 4.00, respectively. Both ends of the SES distribution are well represented, though the upper tail is modestly overrepresented relative to the U.S. population.⁵ Importantly, despite the rarity of extreme upward mobility, a substantial share of CEOs originate from low-SES backgrounds. Figure 1 documents the time-series distribution of SES categories, showing variation across the full sample period and a modest decline in CEOs from poor families alongside an increase in those from middle-class backgrounds.

Panel B summarizes the three labor policy outcome variables: (i) federal employment and labor litigation, (ii) OSHA workplace safety violations, and (iii) *Glassdoor* employee sentiment ratings. These measures capture complementary dimensions of corporate labor practices, are consistently defined across firms, and exhibit substantial variation both cross-sectionally and over time. Finally, Panel C reports firm-level financial characteristics, which are consistent with S&P 500 norms.

Taken together, the descriptive statistics yield three conclusions. First, our sample is broadly representative of U.S. public-company CEOs. Second, there is wide heterogeneity in socioeconomic origins, spanning the spectrum from working-class constraint to upper-class privilege. Third, labor policy outcomes vary meaningfully across firms and time, providing a strong empirical foundation for testing whether and how CEOs’ early-life SES shapes corporate labor practices.

A.2 Empirical Validation of CEO Upbringing SES Measure

Because *CEO Upbringing SES* is derived from parental occupation, we assess its validity using CEO-level characteristics plausibly related to childhood socioeconomic background but excluded from

⁵This pattern may partly reflect greater biographical coverage for CEOs of family firms, thus facilitating inclusion in our dataset.

our classification. This ensures that the SES measure behaves as expected but retains variation beyond other observable traits. Table 2 compares CEO characteristics across three categories: *Poor/Working* ($SES \geq 4$), *Middle* ($2 < SES < 4$), and *Upper/Professional* ($SES \leq 2$).

Several interesting patterns emerge. First, immigrant and minority representation is higher in the Poor/Working group (14.3% and 8.4%, respectively) than in the Upper/Professional group (9.1% and 4.3%, respectively). Second, low-SES CEOs are more likely to have served in the military (23.0% vs. 15.9%), a pathway often used to finance higher education (e.g., Stanley (2003) and Benmelech and Frydman (2015)). Third, and perhaps most strikingly, Horatio Alger Award recipients – an honor recognizing individuals who have overcome adversity – are far more common among low-SES CEOs (8.6% vs. 0.2%). Finally, Ivy League education is substantially lower among CEOs from Poor/Working backgrounds than among those from Upper/Professional families (23.7% vs. 41.1%), consistent with differences in academic preparation, admissions advantages, and financial resources. All reported differences are statistically significant at the 1% level.

In summary, these results are directionally consistent with economic intuition and prior evidence on intergenerational mobility, validating our SES construct. At the same time, the relationships are far from deterministic: SES explains part, but not all, of the variation in these traits, indicating that it captures orthogonal information not directly inferred from other CEO observables. SES variation is present across the full sample period and broad firm spectrum, mitigating concerns that the measure reflects only outliers or a narrow subgroup.

B Labor Policy Results

B.1 Empirical Model Specification

To examine our hypotheses empirically, we estimate

$$L_{it} = \beta \text{ CEO Upbringing } SES_{k(i,t)} + \mathbf{Z}'_{k(i,t)}\boldsymbol{\theta} + \mathbf{X}'_{it}\boldsymbol{\gamma} + \mu_{j(i)} + \lambda_t + \kappa_{c(k(i,t))} + \varepsilon_{it}, \quad (3)$$

where i indexes firms, t years, and $k(i,t)$ denotes the CEO in office at firm i in year t . The dependent variable L_{it} is a labor-policy outcome. The key regressor *CEO Upbringing* $SES_{k(i,t)}$ captures the CEO's childhood socioeconomic status. $\mathbf{Z}_{k(i,t)}$ is a vector of CEO covariates (e.g.,

gender, minority status, education, military service, age/tenure), and $\mathbf{X}_{it}$ contains firm-level, time-varying controls (e.g., size, leverage, profitability) as well as CEO–firm match indicators used in practice (e.g., founder and family-firm status).⁶ $\mu_{j(i)}$ are two-digit SIC industry fixed effects (with $j(i)$ mapping each firm to an industry), λ_t are year fixed effects, and $\kappa_{c(k(i,t))}$ are CEO birth-cohort fixed effects for cohort $c(\cdot)$ associated with the current CEO.

We estimate Equation (3) by OLS. This framework is applied uniformly across all labor-policy outcomes.⁷ We report White (1980) heteroskedasticity-robust standard errors two-way clustered by firm i and CEO k to accommodate serial correlation within firms over time and within CEOs across jobs.

B.2 Employment and Labor Litigation

Litigation outcomes provide a high-stakes, revealed-preference measure of corporate labor policy outcomes: disputes that proceed to court are costly, public, and typically the result of sustained breakdowns in the employment relationship. They capture not only the underlying workplace conditions but also the firm’s stance toward resolving disputes short of litigation. If formative exposure to workplaces with limited protections normalizes harsher employment conditions, CEOs from lower-SES backgrounds may, all else equal, implement less employee-friendly policies, resulting in more frequent, and more severe, legal conflicts.

Table 3 reports our baseline estimates. Across both employment and labor litigation, the β coefficient on *CEO Upbringing SES* is positive and significant at the 1% level, indicating that lower-SES backgrounds are associated with systematically higher litigation rates. The magnitudes are economically meaningful: a one-unit shift on the SES scale predicts a 14% ($= 0.315/2.189$), for employment litigation, and a 17% ($= 0.206/1.102$), for labor litigation, increase in annual litigation counts relative to the unconditional means, a difference that can translate into dozens of additional lawsuits over a CEO’s tenure. We note that this pattern also holds across six litigation sub-categories with positive coefficients significant at the 1 to 5% levels.

⁶Control variables are chosen to mitigate potential confounding influences. For example, family firms systematically invest more in employee-oriented policies than non-family firms (e.g., Kang and Kim (2020)), while female CEOs have been shown to alter firms’ wage structures and reduce gender pay gaps (e.g., Flabbi, Macis, Moro and Schivardi (2019)).

⁷For count outcomes, Poisson and Negative Binomial estimators yield statistically and economically similar coefficients to OLS, confirming that the results are not driven by specific functional-form assumptions.

We next turn to union-initiated litigation, which offer an even sharper lens on labor policy outcomes. Such lawsuits are brought in response to more egregious violations, given unions’ ability to screen cases, commit legal resources, and mobilize collective evidence. They are also less susceptible to idiosyncratic or frivolous filings, making them a higher-credibility signal of serious disputes. Table 4 shows that the *CEO Upbringing SES* effect remains statistically strong (1–5% significance) for this high-severity subset, reinforcing the interpretation that CEO background shapes labor-policy choices in ways that surface most clearly when the stakes are the highest.

Taken together, our litigation evidence is internally consistent across dispute categories, robust to alternative specifications, and strongest in cases where plaintiffs are both well-resourced and highly selective. These patterns align with the *Tough Norms* hypothesis: CEOs who grew up in lower-SES households may have internalized a workplace reference point in which limited protections and adversarial labor relations were viewed as “normal.” When such norms persist into the executive suite, they can tilt managerial preferences toward cost-focused policies and a greater willingness to contest employee claims rather than accommodate them. That imprint is most visible when the stakes are the highest, as in union-led labor litigation, where the decision to fight rather than settle reflects not just legal strategy, but an underlying philosophy about the proper balance between labor and capital.

B.3 Workplace Safety Violations

While litigation captures disputes that escalate to the courts, workplace safety violations offer a complementary lens on corporate labor practices. These violations arise from establishment-level inspections conducted by the *Occupational Safety and Health Administration* (OSHA) and its state-level counterparts, providing an externally validated measure of the firm’s adherence to basic employee protection standards. Unlike lawsuits, which depend on employee initiative, legal representation, and procedural hurdles, safety violations reflect proactive regulatory monitoring and thus capture a broader set of infractions, including those that may never be litigated.

We construct several measures of workplace safety at the firm–year level, aggregating across inspected establishments: (i) the number of violations, (ii) the number of serious violations, and (iii) the number of employees exposed to violations, with violations classified into health and safety

combined, and safety alone. In addition to the control variables employed in the litigation regressions, we include the total number of employees in inspected establishments to account for scale effects.

Table 5 reports the results. Consistent with the *Tough Norms* hypothesis, the β coefficient on *CEO Upbringing SES* is positive and statistically significant in nearly all specifications, with economic magnitudes that are large in absolute terms. For example, in the combined health-and-safety regressions, a one-unit shift on the SES scale predicts a 11% ($= 2.089/19.404$) increase in the number of violations and a 16% ($= 45.750/290.531$) increase in the number of employees exposed to violations, relative to sample means.

In summary, the evidence from workplace safety violations complements the litigation results in two important ways. First, it shows that the SES-policy link extends beyond disputes that reach the courts to regulatory assessments of ongoing workplace conditions. Second, CEOs from lower-SES backgrounds, having internalized norms from harsher early-life work environments, may adopt more cost-focused safety policies, tolerating risks that others might find unacceptable. In this way, the safety violation data provide an independent and externally validated test of the *Tough Norms* channel.

B.4 Employee Sentiment

While litigation and workplace safety violations capture measurable breakdowns in the employment relationship, they reflect relatively extreme outcomes. Anonymous employee reviews, by contrast, provide a continuous and forward-looking measure of how workers perceive their day-to-day environment. We therefore use data from *Glassdoor*, which aggregates unsolicited ratings from current and former employees across different dimensions of workplace quality. These ratings complement the previous measures by capturing both tangible and intangible aspects of the employment experience – factors that may never reach a courtroom or regulator but still shape recruitment, retention, and productivity.

Table 6 reports our baseline estimates. The *CEO Upbringing SES* coefficient is negative across all nine specifications, and statistically significant for most of them, with magnitudes that are economically meaningful. For instance, in the overall firm rating regression, a one-unit shift on the

SES scale predicts a decline of about 0.040 points, which is substantial relative to the unconditional mean of 3.17. Comparable or larger effects appear for work–life balance and culture & values, two dimensions closely tied to non-pecuniary aspects of employee welfare. Firm recommendation, CEO approval, and firm outlook ratings are also systematically lower for firms led by CEOs from more constrained SES backgrounds.

Taken together, the sentiment evidence reinforces the patterns observed in litigation and safety violations. The negative relation between childhood SES and perceived workplace quality is consistent with the *Tough Norms* hypothesis: CEOs who grew up in harsher work environments may adopt management styles and HR policies less focused on employee amenities, flexibility, or cultural investment. At the same time, the breadth of the sentiment effects – spanning both pecuniary (compensation & benefits) and non-pecuniary (work–life balance, culture & values) dimensions – suggests that early-life SES shapes a general orientation toward the employment relationship, not merely responses to regulatory or legal constraints. These results point to a persistent imprint of formative socioeconomic conditions on the full spectrum of corporate labor policies.

B.5 Robustness Check: Alternative SES Definitions

A potential concern is that our five-category SES classification may introduce noise, particularly when parental occupations straddle categories or involve transitional roles. To address this, we re-estimate the baseline regressions using a coarser, binary specification: *Poor/Working* ($SES \geq 4$) versus *Professional/Upper* ($SES \leq 2$). While this approach sacrifices granularity, it mitigates potential misclassification error and provides a sharper test of whether our findings hinge on fine occupational distinctions.

As reported in Table 7, the binary specification yields results that closely mirror the main analysis. Litigation outcomes remain significantly higher under low-SES CEOs, with somewhat stronger coefficients for the *Poor/Working* indicator. OSHA violation patterns are essentially unchanged, and *Glassdoor* reviews continue to show declines. Although statistical significance weakens in some specifications, the overall direction and magnitudes remain consistent. Taken together, these results indicate that our findings are not an artifact of noisy coding choices: the imprint of childhood socioeconomic conditions on corporate labor policies is robust even under

coarser SES definitions.

C Addressing Endogeneity Concerns

Our baseline model specification in Equation (3) controls for an extensive set of CEO-level covariates and firm-level, time-varying controls, as well as year, industry, and CEO birth-cohort fixed effects. While a CEO’s upbringing SES status is predetermined compared to the labor policy outcomes and thus immune to reverse causality from current labor policy outcomes, the estimates are still the subject of other forms of potential endogeneity concerns.

C.1 Active Influence: Within-Firm Evidence from CEO Turnovers

A natural concern is that our baseline estimates reflect matching between CEOs and firms with pre-existing labor orientations rather than active influence by the executive. To address this, we estimate firm fixed-effects models that exploit within-firm variation in CEO childhood SES generated by executive turnovers. Litigation outcomes provide the sharpest setting for this exercise, given their broader coverage relative to OSHA violations and employee reviews.

Results, reported in Panel A of Table 8, closely mirror the baseline. Firms led by CEOs from lower-SES backgrounds exhibit systematically higher litigation rates even after absorbing all time-invariant firm characteristics, indicating that the effect is not driven by persistent firm culture or policies. Subsample analyses further show that coefficients remain significant in multiple litigation subtypes, including union-initiated disputes. While both matching and active-influence channels may coexist in practice, the persistence of SES effects in turnover specifications suggests to a genuine causal role: when CEO formative background changes, firm labor policies adjust accordingly.⁸

C.2 Influence over Time: Post-Transition Adjustments

Another concern is that labor policies observed early in a CEO’s tenure may not yet reflect the new executive’s preferences. In the immediate post-turnover period, firm policies may still bear the

⁸In unreported robustness checks, we also examine the determinants of newly appointed CEOs’ SES. We find that incoming and outgoing CEOs’ upbringing SES are positively correlated, consistent with homophily in executive recruitment. However, standard firm-level characteristics do not predict the SES of the new CEO, and the correlation vanishes when restricting to external hires, suggesting that homophily is concentrated in internal succession events.

imprint of the predecessor, or the incoming CEO may lack sufficient institutional knowledge and influence to implement meaningful changes. To address this, we re-estimate our models excluding the first two years of each CEO’s tenure.

As reported in Panel B of Table 8, the SES coefficients remain positive and statistically significant across all labor-policy outcomes, indicating that the baseline patterns persist once CEOs have had time to exert influence. In unreported regressions, the SES effect strengthens with tenure length, consistent with gradual institutional adoption of the CEO’s style. Taken together with the turnover and shock analyses, these results support a causal interpretation: formative socioeconomic background imprints on labor policies not only immediately but also more strongly as CEOs consolidate their influence within the firm.

C.3 Labor-Policy Responses to Exogenous Shocks

We next examine how formative SES shapes CEO decision-making when firms are forced into difficult capital–labor tradeoffs by plausibly exogenous shocks. Specifically, we focus on the sharp contractions in corporate investment during the 2001 Dot-Com Crash and the 2009 Global Financial Crisis, periods when capital scarcity required broad cost adjustments. Using data from the Federal Reserve Bank of St. Louis, we construct an indicator for shock years and interact it with a binary low-SES CEO indicator, controlling for industry-specific exposure to downturns.

Table 9 shows that the interaction term is positive and statistically significant in the litigation regressions, with especially strong effects in employment and ERISA disputes. The interpretation is straightforward: when resources tighten, firms led by low-SES CEOs pursue more aggressive workforce adjustments, reflected in higher rates of labor conflict. This pattern is consistent with the tough norms channel – capital preservation takes priority, and employee protections are pared back most sharply when constraints bind. In other words, shocks compressing investment opportunities reveal the imprint of formative SES on CEOs’ willingness to shift the capital–labor balance, amplifying heterogeneity in labor outcomes at precisely the moments when tradeoffs are most acute.

V Further Evidence: Mechanisms and Moderators

A Evidence on “Mothers and Sons” Channel

Given mid-20th century labor demographics and male-to-male occupational transmission, one might expect occupational norm formation for our CEO cohort (born in 1947, on average) to operate mainly through fathers. With female labor force participation substantially lower, maternal influence on managerial style would seem limited. Yet we find that maternal employment – whether outside the home or in a family business – amplifies the negative link between low SES and employee-friendly policies. This shows that formative exposure to harsh labor conditions could stem from both parents. Mid-century workplaces often imposed greater insecurity, lower pay, and fewer advancement opportunities on women, making maternal employment a distinct benchmark for “tough” norms. About 32% of CEOs in our sample had working mothers, consistent with Bureau of Labor Statistics figures for the 1950s, underscoring that this is a meaningful margin of variation.

The fact that this “mother effect” strengthens the imprint of low SES is particularly revealing. When mothers worked under systematically inferior conditions, children may have internalized an even lower standard of what constitutes acceptable labor relations. Table 9 shows that CEOs from low-SES families with working mothers are linked to higher litigation rates, worse workplace safety records, and lower employee sentiment. This interpretation aligns with Fernandez, Fogli and Olivetti (2004), who show that maternal labor supply shapes sons’ adult work attitudes. In our context, capital–labor preferences appear most strongly marked when both parents’ work conveyed adversity, reinforcing norms of self-reliance and toughness.

B Effect of Early-Life Trauma

Lower SES is often associated with greater exposure to adverse events during formative years – such as parental loss, family displacement, serious illness, or political persecution (including Holocaust experiences) – but the two are not synonymous. Because trauma could plausibly influence labor policy preferences both through empathy formation and through its effects on risk attitudes (e.g., Bernile, Bhagwat and Rau (2017)), we construct a trauma indicator from CEO biographies. Narratives frequently reference events such as parental loss (permanent or temporary), major fam-

ily moves, illness, or political persecution. Incorporating this trauma measure into our baseline regressions leaves the SES coefficients virtually unchanged, and trauma itself shows no consistent relation to employee-welfare outcomes. This suggests that the SES–policy link we document operates through mechanisms other than severe early-life trauma.

VI Conclusion

This paper highlights the capital–labor margin as a core arena of corporate finance. While canonical models emphasize bargaining power and institutional constraints, our evidence shows that managers’ own formative experiences also matter: CEOs bring personal reference points for what constitutes a “normal” labor standard, and these preferences tilt the firm’s allocation of surplus. Theory provides no unambiguous prediction – childhood disadvantage could foster empathy or, alternatively, normalize harsher standards. This ambiguity makes empirical evidence essential. On balance, we find support for the tough norms channel: CEOs from more constrained socioeconomic backgrounds are systematically associated with less employee-friendly policies, reflected in higher litigation, more safety violations, and lower employee sentiment.

Our results also inform ongoing debates on corporate purpose. Advocates of the “shareholder welfare” view argue that managers should maximize what shareholders value, including pro-social goals (e.g., Hart and Zingales (2017)), while critics warn that broad stakeholder mandates invite managerial discretion without accountability (e.g., Bebchuk and Tallarita (2020)). We provide direct evidence on this tension in one of the most fundamental stakeholder trade-offs: capital versus labor. Holding institutions and markets constant, we show that employee outcomes vary systematically with CEOs’ formative imprints. This heterogeneity implies that discretion over purpose is not neutral: exhortations to balance stakeholder concerns will translate into sharply different labor policies depending on who occupies the corner office.

More broadly, our study demonstrates that life experiences shape the behavioral foundations of finance. Just as political leaders raised in modest households are often assumed to represent working-class interests – a “Mill Worker’s Son” heuristic that turns out to be only partly accurate (Carnes and Sadin (2015)) – CEOs from constrained backgrounds carry distinct reference points

into the executive suite. But those cues need not align with stakeholder expectations. In finance, this insight underscores that the “human factor” is not noise around the edges of bargaining models but a systematic driver of cross-firm heterogeneity in labor outcomes. Recognizing how formative experiences interact with institutional settings can deepen our understanding of leadership, governance, and the distribution of economic surplus.

An intriguing extension of our study could involve the dynamics of cultural continuity and change within firms. Corporate culture is rarely created anew with each CEO – it is shaped by founders, then gradually reinterpreted by successive leaders. Each new CEO adds an incremental “delta” to this inherited culture, shifting it toward or away from certain values, including the balance between capital and labor. When an external CEO arrives, the degree of alignment or misalignment with the existing cultural trajectory may be critical. A leader with strongly pro-capital instincts, for instance, may clash with a labor-friendly culture, producing friction with employees or unions and potentially affecting firm outcomes, and vice versa. Exploring whether CEO–culture fit amplifies or mitigates the imprint of formative socioeconomic conditions on labor policies would be a valuable avenue for future research, with direct implications for succession planning, governance, and firm performance.

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Appendix A: Variable Definitions

Variable	Definition
<i>Panel A: CEO Upbringing SES and Other Individual-Level Characteristics</i>	
CEO Upbrining SES	SES is assigned following Thompson and Hickey (2005) based on parent occupations and, when
- Poor	SES=5: Parents have transient, low-paying jobs, often reliant on public assistance
- Working	SES=4: Parents are clerical or blue-collar workers, often with high school education
- Middle	SES=3: Parents are semi-professionals or skilled craftsmen, often with some college education
- Professional	SES=2: Parents are white-collar professionals such as doctors, lawyers, and managers with college
- Upper	SES=1: Parents are heirs, celebrities, or corporate elites
Female	Indicator variable that equals 1 if the CEO is a female and 0 otherwise
Minority	Indicator variable that equals 1 if the CEO is non-Caucasian and 0 otherwise
Immigrant	Indicator variable that equals 1 if the CEO is born outside of the United States and 0 otherwise
Childhood Trauma	Indicator variable that equals 1 if the CEO experienced emotional or physical trauma before the age
Founder	Indicator variable that equals 1 if the CEO manages the company he founded and 0 otherwise
Family Firm	Indicator variable that equals 1 if the CEO manages his family-owned firm and 0 otherwise
Ivy League	Indicator variable that equals 1 if the CEO attended an Ivy League University, Stanford University or

Panel B: Corporate Labor Policy Outcomes

Employment and labor litigation

Civil Rights Job Act	Number of lawsuits in NOS 442 filed in a fiscal firm-year
Civil Rights ADA Employment Act	Number of lawsuits in NOS 445 filed in a fiscal firm-year
Employment Litigation	Number of lawsuits in NOS 442 or 445 filed in a fiscal firm-year
Occupational Safety/Health Act	Number of lawsuits in NOS 660 filed in a fiscal firm-year
Fair Labor Standards Act	Number of lawsuits in NOS 710 filed in a fiscal firm-year
Labor/Management Relations Act	Number of lawsuits in NOS 720 filed in a fiscal firm-year
Labor/Management Report and Disclosure Act	Number of lawsuits in NOS 730 filed in a fiscal firm-year
Railway Labor Act	Number of lawsuits in NOS 740 filed in a fiscal firm-year
Family and Medical Leave Act	Number of lawsuits in NOS 751 filed in a fiscal firm-year
Other Labor Acts	Number of lawsuits in NOS 790 filed in a fiscal firm-year
Employee Retirement Income Security Act	Number of lawsuits in NOS 791 filed in a fiscal firm-year
Labor Litigation	Number of lawsuits in NOS 660, 710, 720, 730, 740, 751, 790, 791 filed in a fiscal firm-year

Continued

Continued	
Variable	Definition
<u><i>Workplace safety violations</i></u>	
Violations	Number of violations flagged in OSHA inspections across all firm establishments in a fiscal firm-year
Serious Violations	Number of violations flagged and labeled serious in OSHA inspections across all firm establishments
Exposed Employees	Number of employees exposed to violations flagged in OSHA inspections across all firm
<u><i>Employee sentiment</i></u>	
Firm Rating	Average of ratings (1=Poor to 5=Excellent) posted in a fiscal firm-year
Recommend Employer to Friend	Average of ratings (0=No; 1=Yes) posted in a fiscal firm-year
Work-Life Balance	Average of ratings (1=Poor to 5=Excellent) posted in a fiscal firm-year
Culture & Values	Average of ratings (1=Poor to 5=Excellent) posted in a fiscal firm-year
Career Opportunities	Average of ratings (1=Poor to 5=Excellent) posted in a fiscal firm-year
Compensation & Benefits	Average of ratings (1=Poor to 5=Excellent) posted in a fiscal firm-year
CEO Approval	Average of ratings (-1=Disapprove; 0=No opinion; 1=Approve) posted in a fiscal firm-year
Senior Management	Average of ratings (1=Poor to 5=Excellent) posted in a fiscal firm-year
Firm Outlook Rating	Average of ratings (-1=Negative; 0=Neutral; 1=Positive) posted in a fiscal firm-year
<u><i>Panel C: Control Variables: Firm-Level Financial Data</i></u>	
Total Assets	Total book assets (AT)
Book Leverage	Ratio of debt in current book liabilities (DLC) and long-term book debt (DLTT) divided by total book
Return on Assets	Ratio of net income (NI) over total book assets (AT)
Market to Book	Ratio of price per share (PRCC_F) to book value of equity per share (BKVLP5)
Stock Return	Market-adjusted buy-and-hold return over a fiscal firm-year

The appendix reports data on CEO upbringing SES and individual-level characteristics are hand-collected from systematic Internet and *Lexis-Nexis* searches. Corporate labor policy outcomes are drawn from three independent sources: the *National Archive of Criminal Justice Data* (NACJD) for federal employment and labor litigation, the *Occupational Safety and Health Administration* (OSHA) for workplace safety violations, and *Glassdoor* for employee sentiment ratings. Firm-level financial variables are obtained from S&P's *Compustat* and CRSP databases.

Appendix B: Examples of Biographic Data

Panel A: Biography Describing CEO's Socioeconomic Upbringing

CEO Takes Time to Help Students

Seeing him casually lean up against a table, coffee cup in hand, you would never guess that Michael “Mike” W. Lamach is the chairman, president, and chief executive officer of a \$14 billion global industrial company. A 1985 engineering arts (now known as applied engineering sciences) graduate, Lamach came back to MSU to give a lecture on smart energy systems and to talk with students informally. On a chilly Friday morning in February, Lamach met with students from two courses—AES (EGR) 310 - Analysis of Sustainable Systems, and AES (EGR) 410 - Senior AES Capstone—and answered numerous questions, many centered on students’ future career plans. He was at ease, no other cares in the world—or so it seemed.

Lamach, who grew up in Detroit, worked his way through school as a resident assistant in Holmes Hall, and he also worked night security there. Because he had to stay awake through the night as a security guard, he studied, which he credits with helping him get through his college courses. His father died in the late ‘60s, so his mother raised three young children. “My mother had to work hard, to make ends meet—and she was an inspiration to all of us in learning to work hard and to do more than what was expected,” says Lamach.

He remembers coming to MSU and having access to endless amounts and variety of food in the cafeteria. “Trumpets were playing for me. There

was all this food. People were complaining [about the food], but I thought it was incredible.”

Lamach is the chief executive officer and chairman of the board of directors of Ingersoll Rand. He was appointed to both positions in 2010. Prior to that, he was the president and chief operating officer of the company. Lamach joined Ingersoll Rand in 2004 after 18 years with Johnson Controls in both the automotive and controls businesses where he advanced into leadership roles with global responsibilities.

In addition to his BS degree from MSU, Lamach has an MBA from Duke University. He also serves on the board of directors of Iron Mountain Inc., a global leader for information protection and storage services.

He told students “to stay flexible as you plan your career. I chose engineering arts because a broad engineering and business background



AES alumnus Michael “Mike” W. Lamach is the chairman, president, and chief executive officer of Ingersoll Rand, a \$14 billion global industrial company.

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CEO (continued from page 1)



CEO and AES alum Mike Lamach (left) with his son, Michael Lamach, who received his BS in chemical engineering from MSU this spring.

made sense to me. I liked the idea of integrating various areas of expertise instead of being an expert in just one area.” He was emphatic that “we need to get the word out about AES; it’s a smart approach.”

Lamach says that what he considers his “greatest accomplishments” changes over time as he accomplishes more and more. “I loved growing the business at Johnson Controls, and I like building start-up companies. It’s exciting and energizing.” Lamach also enjoys sharing success and puts a lot of emphasis on a team approach. Another bit of advice: “Never stop learning, be humble. Get better and better, and put great people around you.”

A few other words of advice from Lamach:

- Build relationships early on; even in the electronic era of texting, there are still opportunities to go meet people, meet your customers, and develop relationships.
- Love the job in the moment; do well and let the next level take care of itself. Have aspirations, but focus on what you are doing.

- Your career will be an adventure; you can’t envision what the whole journey will entail.

- Listen a lot, and remember that it is not just what you do, but how you do it. Integrity, ethics, and your reputation are paramount.

Lamach entered graduate school the fall after he got his BS degree. “In 12 years I was enrolled in seven different grad schools. The first 19 years of my career, I moved 11 times. At times I was frustrated, but I never gave up on getting my graduate degree.” However, his advice to students is to wait three to five years before going to graduate school. “Get some experience, and then investigate the possibilities for evening and weekend programs while continuing to build your career.”

Regarding internships, Lamach encouraged students to make the experience different. “Do more than the task. Think about how you can problem solve and find solutions. Don’t just identify the problem.”

Lamach and his wife, Mary, have three children, one of whom, Michael, graduated this spring from MSU with a degree in chemical engineering. Lamach understands the difficulties of balancing work and life. “It will get out of whack; it will never be perfect, particularly early in your career.” He told students that to balance work and your personal life, “Ask for help and give help.”

Most importantly, Lamach says, “Work at something you have fun doing.” 🌀

— Jane L. DePriest

Continued

Michael W. Lamach Receives 2012 Distinguished Alumni Award



Michael W. Lamach (right), chairman, president, and chief executive officer of Ingersoll Rand, receives the 2012 Applied Engineering Sciences Distinguished Alumni Award from AES program director Jon Sticklen during the ninth annual College of Engineering Alumni Awards Banquet on May 5.

Michael W. Lamach (BS '85) received the 2012 Applied Engineering Sciences Distinguished Alumni Award at the ninth annual College of Engineering Alumni Awards Banquet held in May. Established in 2004, this award honors a graduate who has had a distinguished career, evidenced by significant accomplishments, high standards of integrity that positively reflect on the college and the university, recognized leadership, and support of the AES program.

Lamach is chairman, president, and chief executive officer of Ingersoll Rand, a \$14 billion global diversified industrial company that advances the quality of life in creating and sustaining safe, comfortable, and efficient environments.

He joined Ingersoll Rand in February 2004 as president of the company's Security Technologies sector and became president of Trane Commercial Systems after the acquisition of that business in 2008. He was elected chairman of the

continued on page 3

Distinguished Alumni Award (continued from page 1)

board of directors of Ingersoll Rand in June 2010, having previously been named chief executive officer in February 2010 and president and chief operating officer in February 2009.

Prior to joining Ingersoll Rand, Lamach was group vice president and managing director for the European, Asian, South Africa, and South American businesses of Johnson Controls Automotive Group. Before that, he served as vice president and general manager of the Controls Group, leading the company's integrated facilities management business. During his 17-year tenure with Johnson Controls, he also held positions in sales management, marketing, and new product development.

He is a member of the board of the National Association of Manufacturers. He also serves on the board of directors of Iron Mountain Inc. and is a member of the Davidson College Board of Visitors.

In March 2012, he addressed the Eighth International Conference on Green and Energy-Efficient Buildings & New Technologies and Products Expo initiated by the Chinese Ministry of Housing and Urban-Rural Development (MOHURD) in Beijing, China. He lectured on the future of green technology at Michigan State University in February 2011. He has also spoken on leadership at Duke University and Howard University.

Lamach has been quoted on several occasions in publications around the world, including *The Wall Street Journal*, Bloomberg News, Reuters, *China Business News*, and *Industry Week*, among others.

He received a bachelor's degree in engineering arts from Michigan State University in 1985 and an MBA from Duke University. During his time as a student at Michigan State, he worked as a resident assistant and night security officer in Holmes Hall.

Lamach recently returned to MSU to give a lecture on smart energy systems to students in two AES courses—Analysis of Sustainable Systems and Senior AES Capstone.

He resides in Mooresville, North Carolina, with his wife of 26 years, Mary, who is also a graduate of Michigan State (College of Education, 1986). They have three sons, one of whom, Michael Jr., graduated from Michigan State University in 2011 with a degree in chemical engineering. Lamach enjoys boating, golfing, fishing, and spending time with family and friends at his home on Lake Norman. 🌳



Michael W. Lamach's family at the ninth annual College of Engineering Alumni Awards Banquet on May 5 (left to right): Peter Colovas (brother-in-law); Angie Colovas (sister-in-law); Nicholas Lamach (son); Joan Lamach (mother); Michael Lamach, Sr.; Mary Lamach (wife); Jacqueline Andrix (sister); Michael Lamach, Jr. (son); and Peggy Stowell (sister-in-law).

Appendix C: Common Occupations and Qualitative Descriptors of SES in CEO Biographies

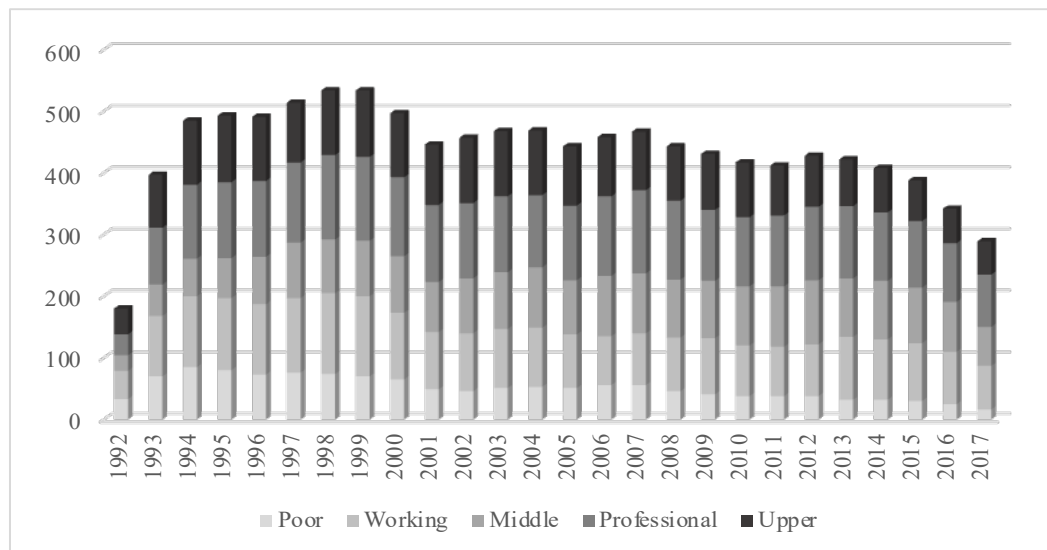
Occupation	Qualitative Descriptor
<i>Panel A: Upbringing SES = Poor</i>	
Factory, shop, railroad worker	Child had jobs, cared for siblings
Farmer, sharecropper	Depression era
Housekeeper	Did not have enough food
Janitor, custodian	Dirt poor, rags-to-riches, zero money
Miner	Food stamps
Odd jobs	Had one pair of shoes
Produce stand operator	Made ends meet
Seamstress	Meager roots
Secretary	Single mother, abandoned by father
Travelling salesman	Struggled
<i>Panel B: Upbringing SES = Working</i>	
Barber, beautician	Blue collar town
Butcher, fishmonger	Child had jobs
Cab, bus, truck driver	Humble home
Cashier, clerk, secretary, receptionist	In debt
Delivery man, mail carrier, post worker	Lower middle class
Electrician, mechanic	Modest background
Factory, shop, dock worker	Parents did not go to college, first to finish high-school
Farmer	Small town
Nurse, teacher, dressmaker	Worked long hours
Salesman	Working class childhood
<i>Panel C: Upbringing SES = Middle</i>	
Accountant, insurance salesman	Average childhood
Airforce, army, navy officer	Child had jobs
Bakery, deli, grocery owner	Middle class
Engineer	Mother employed
Farm owner	Ordinary upbringing
Government employee	Public schools
Nurse, physical therapist, pharmacist	Scholarships
Police officer	Small town
Small business owner	Some college education
Teacher	Value of hard work

Continued

Continued	
Occupation	Qualitative Descriptor
<i>Panel D: Upbringing SES = Professional</i>	
Architect	Accomplished, prominent
Army general	Boarding, private school
Banker, stock broker, underwriter	Educated
Diplomat, politician	Exclusive neighborhood
Doctor, dentist, oncologist	Family business, firm
Executive, president, business owner	Grandfather founded the firm
Founder, co-founder	Growing business
Judge, lawyer	Mother artist, pianist
Real estate developer	Rich town
Researcher, scientist	Successful practice
<i>Panel E: Upbringing SES = Upper</i>	
Ambassador, consul general	Banking family
CEO, President, Chairman	Billionaire, magnate
Executive	Born in privilege
Financier	Distinguished, prominent family
Managing director	Elite background
Philanthropist	Leaders
President	N-th generation
Prime minister	Old money
Real estate mogul	Rich kid
Trustee	Wealthy

The appendix reports common parental occupations and qualitative descriptors used to classify CEOs' childhood socioeconomic status (SES) in biographical sources. The examples illustrate how qualitative narratives (e.g., "grew up in a blue-collar town," "born in privilege") align with occupational categories across the five SES groups: Poor, Working, Middle, Professional, and Upper.

Figure 1: Distribution of CEO Childhood Socioeconomic Status by Year



The figure reports the distribution of CEO Upbringing SES status across years.

Table 1: Descriptive Statistics

<i>Panel A: CEO Upbringing SES and Other Individual-Level Characteristics</i>						
	N	Mean	Std. Dev.	25th Perc.	Median	75th Perc.
CEO Upbrining SES	1,626	3.055	1.144	2.000	3.000	4.000
Birth Year	1,626	1947	12	1938	1948	1955
Female	1,626	0.044	0.206	0	0	0
Minority	1,626	0.057	0.231	0	0	0
Founder	1,626	0.185	0.389	0	0	0
Family Firm	1,626	0.170	0.376	0	0	0
<i>Panel B: Corporate Labor Policy Outcomes</i>						
	N	Mean	Std. Dev.	25th Perc.	Median	75th Perc.
<u><i>Employment and labor litigation</i></u>						
Employment Litigation	11,313	2.189	4.972	0	0	2.000
Civil Rights Jobs	11,313	2.095	4.802	0	0	2.000
Civil Rights ADA	11,313	0.082	0.343	0	0	0
Labor Litigation	11,313	1.102	2.935	0	0	1.000
Fair Labor Standards	11,313	0.171	0.581	0	0	0
Labor/Mngt. Relations & Report and Disc.	11,313	0.083	0.396	0	0	0
Occup. Safety/Health & Fam. and Med. Leav	11,313	0.236	0.766	0	0	0
Employee Retirement Income Security Act	11,313	0.504	1.575	0	0	0
<u><i>Workplace safety violations</i></u>						
Violations	3,543	19.404	45.912	1.000	4.000	15.000
Serious Violations	3,543	4.720	9.512	0	1.000	5.000
Exposed Employees	3,543	290.531	860.850	1.000	20.000	141.000
<u><i>Employee sentiment</i></u>						
Firm Rating	2,075	3.169	0.531	2.853	3.194	3.531
Recommend Employer to Friend	1,908	0.557	0.219	0.425	0.572	0.712
Work-Life Balance	1,929	3.220	0.535	2.899	3.250	3.579
Culture & Values	1,607	3.174	0.603	2.800	3.214	3.578
Career Opportunities	2,074	2.968	0.491	2.667	3.000	3.299
Compensation & Benefits	1,917	3.253	0.559	2.878	3.300	3.641
CEO Approval	1,877	0.266	0.369	0.043	0.301	0.516
Senior Management	2,073	2.834	0.533	2.517	2.833	3.155
Firm Outlook Rating	1,457	0.216	0.344	0.000	0.233	0.452

Continued

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Panel C: Control Variables: Firm-Level Financial Data

	N	Mean	Std. Dev.	25th Perc.	Median	75th Perc.
Total Assets	11,313	12160	24017	875	2922	10762
Book Leverage	11,313	0.244	0.212	0.087	0.223	0.354
Return on Assets	11,313	0.044	0.112	0.016	0.047	0.085
Market to Book	11,313	3.286	5.383	1.485	2.282	3.768
Stock Return	11,313	0.058	0.443	-0.199	0.002	0.227

The table reports descriptive statistics for the datasets employed in this study, covering S&P 500 firms from 1992–2017. Data on CEO upbringing SES and individual-level characteristics are hand-collected from systematic Internet and *Lexis-Nexis* searches. Corporate labor policy outcomes are drawn from three independent sources: the *National Archive of Criminal Justice Data* (NACJD) for federal employment and labor litigation, the *Occupational Safety and Health Administration* (OSHA) for workplace safety violations, and *Glassdoor* for employee sentiment ratings. Firm-level financial variables are obtained from S&P's *Compustat* and CRSP databases. Variable definitions are provided in Appendix A.

Table 2: Empirical Validation of CEO Upbringing SES Classification

	N	Minority	Immigrant	Military	Horatio Alger Award	Child Trauma	Ivy league	Founder
Poor/Working (5-4)	560	0.084	0.143	0.230	0.086	0.258	0.237	0.250
Middle (3)	560	0	0.13	0.155	0.009	0.102	0	0.14
Upper/Professional (1-2)	536	0.043	0.091	0.159	0.002	0.043	0.414	0.162
Diff. (Poor/Working - Upper/Professional)		0.041***	0.051***	0.072***	0.084***	0.215***	-0.177***	0.088***
<i>t</i> -stat		2.80	2.65	3.01	6.99	10.47	-6.14	3.60

The table validates the parental-occupation–based classification of CEOs’ childhood socioeconomic status. It reports group means and *t*-tests for differences across SES-related variables. Variable definitions are provided in Appendix A. *t*-statistics are reported in parentheses beneath the coefficients. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 3: Employment and Labor Litigation

	Litigation Sub-Categories							
	Employment	Labor	Civil Rights Jobs	Civil Rights ADA	Fair Labor Standards	Labor/Mngt. Relations & Report and Disc.	Occup. Safety/ Health & Fam. and Med. Leave	Employee Retirement Income Security Act
CEO Upbringing SES	0.315*** (3.22)	0.206*** (3.48)	0.305*** (3.23)	0.009** (1.98)	0.020** (2.08)	0.013** (2.02)	0.028** (2.30)	0.113*** (3.69)
<u>Individual characteristics</u>								
Female	-0.466 (-1.44)	-0.023 (-0.10)	-0.469 (-1.51)	-0.002 (-0.06)	-0.087*** (-2.82)	0.010 (0.41)	-0.066 (-1.46)	0.130 (0.89)
Founder	-0.788*** (-3.94)	-0.218 (-1.62)	-0.773*** (-4.02)	-0.015 (-1.54)	0.001 (0.04)	-0.039*** (-2.66)	-0.082*** (-2.86)	-0.114 (-1.62)
Family Firm	0.210 (0.83)	0.198 (1.41)	0.189 (0.78)	0.017 (1.28)	0.057** (2.00)	0.016 (0.77)	-0.000 (-0.01)	0.075 (1.07)
<u>Firm characteristics</u>								
Log (Total Assets)	1.188*** (11.70)	0.621*** (10.74)	1.132*** (11.67)	0.046*** (9.90)	0.070*** (8.00)	0.053*** (6.18)	0.113*** (9.35)	0.325*** (10.46)
Book Leverage	0.134 (0.30)	0.251 (0.84)	0.134 (0.32)	-0.009 (-0.35)	0.106 (1.59)	0.059 (1.38)	0.118 (1.39)	-0.096 (-0.69)
Return on Assets	-0.960 (-1.60)	-0.516* (-1.69)	-0.947 (-1.63)	0.013 (0.51)	0.036 (0.57)	-0.123*** (-3.18)	0.005 (0.07)	-0.360** (-2.37)
Market to Book	0.035** (2.24)	0.018** (2.32)	0.033** (2.09)	0.003** (2.17)	0.002* (1.89)	0.003 (1.62)	0.007*** (2.82)	0.003 (1.09)
Stock Return	-0.089 (-1.15)	-0.037 (-0.84)	-0.089 (-1.19)	-0.002 (-0.31)	-0.014 (-1.49)	0.003 (0.38)	-0.020* (-1.85)	-0.017 (-0.73)
<u>Fixed effects</u>								
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth Cohort	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	11,313	11,313	11,313	11,313	11,313	11,313	11,313	11,313
R-squared	0.378	0.278	0.373	0.18	0.145	0.195	0.267	0.254

The table reports OLS regression estimates of the relation between CEOs' childhood socioeconomic status and employment- and labor-related litigation. The dependent variable is the total number of lawsuits in a firm-year. Control variables, defined in Appendix A, are included with a one-year lag. *t*-statistics, based on standard errors clustered at the firm level, are reported in parentheses beneath the coefficients. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 4: Litigation by Labor Unions

	Union Litigation	% Union Litigation
CEO Upbringing SES	0.005** (2.48)	0.012*** (4.23)
<u>Individual characteristics</u>		
Female	-0.005** (-2.48)	-0.054*** (-5.85)
Founder	-0.016*** (-2.60)	-0.138*** (-18.33)
Family Firm	-0.000 (-0.00)	0.000 (0.01)
<u>Firm characteristics</u>		
Log (Total Assets)	0.013*** (6.47)	0.069*** (62.95)
Book Leverage	0.023* (1.72)	0.229*** (11.43)
Return on Assets	-0.016 (-1.64)	0.050 (1.09)
Market to Book	0.000 (0.51)	0.003*** (4.89)
Stock Return	0.000 (0.06)	0.003 (1.01)
<u>Fixed effects</u>		
Industry	Yes	Yes
Year	Yes	Yes
Birth Cohort	Yes	Yes
N	11,313	11,313
R-squared	0.113	0.301

The table reports OLS regression estimates of the relation between CEOs' childhood socioeconomic status and employment- and labor-related litigation. The dependent variables are (i) the total number of union-filed lawsuits in a firm-year and (ii) the share of union-filed lawsuits relative to the total annual filings of employment and labor lawsuits in a firm-year. Control variables, defined in Appendix A, are included with a one-year lag. *t*-statistics, based on standard errors clustered at the firm level, are reported in parentheses beneath the coefficients. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels,

Table 5: Workplace Safety Violations

	Health & Safety Violations			Safety Violations		
	Violations	Serious Violations	Exposed Employees	Violations	Serious Violations	Exposed Employees
CEO Upbringing SES	2.089* (1.87)	0.308 (1.12)	45.750** (2.42)	2.227** (2.33)	0.398 (1.60)	32.418*** (2.62)
<u>Individual characteristics</u>						
Female	-2.514 (-0.54)	-0.267 (-0.20)	-72.607 (-0.88)	-1.199 (-0.32)	-0.183 (-0.18)	9.059 (0.14)
Founder	-5.504** (-2.37)	-1.554*** (-3.10)	-82.262* (-1.84)	-4.060** (-2.02)	-1.135** (-2.48)	-59.808* (-1.91)
Family Firm	-4.559* (-1.68)	-0.934 (-1.38)	-58.173 (-1.23)	-3.557 (-1.55)	-0.555 (-0.92)	-14.935 (-0.48)
<u>Firm characteristics</u>						
Employees	0.001*** (5.39)	0.000*** (6.34)	0.013*** (4.86)	0.001*** (5.28)	0.000*** (5.81)	0.008*** (5.25)
Log (Total Assets)	3.895*** (4.25)	0.819*** (4.06)	63.014*** (3.37)	3.128*** (3.84)	0.764*** (4.14)	42.937*** (3.24)
Book Leverage	10.785*** (2.71)	2.447*** (2.71)	129.397* (1.91)	8.677** (2.40)	1.829** (2.24)	95.160** (2.08)
Return on Assets	-7.231 (-0.74)	-0.377 (-0.18)	-349.724* (-1.65)	-6.061 (-0.70)	-0.210 (-0.12)	-238.183 (-1.59)
Market to Book	-0.320* (-1.93)	-0.071** (-2.34)	-4.913 (-1.54)	-0.219 (-1.53)	-0.056** (-2.34)	-1.436 (-0.60)
Stock Return	1.710 (0.76)	0.439 (1.10)	39.512 (1.07)	1.198 (0.55)	0.413 (1.04)	25.325 (0.85)
<u>Fixed effects</u>						
Industry	Yes	Yes	Yes	Yes	Yes	Yes
Year	Yes	Yes	Yes	Yes	Yes	Yes
Birth Cohort	Yes	Yes	Yes	Yes	Yes	Yes
N	3,543	3,543	3,543	2,904	2,904	2,904
R-squared	0.240	0.275	0.192	0.238	0.279	0.202

The table reports OLS regression estimates of the relation between CEOs' childhood socioeconomic status and employment- and labor-related litigation. The dependent variables are (i) the total number of violations, (ii) the total number of employees affected by these violations, and (iii) the total number of serious violations in a given firm-year. Control variables, defined in Appendix A, are included with a one-year lag. *t*-statistics, based on standard errors clustered at the firm level, are reported in parentheses beneath the coefficients. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 6: Employee Sentiments

	Firm Rating (1-5)	Recommend Employer (0,1)	Work-Life Balance (1-5)	Culture & Values (1-5)	Career Opportunities (1-5)	Compensation & Benefits (1-5)
CEO Upbringing SES	-0.040*** (-2.66)	-0.012* (-1.87)	-0.056*** (-3.41)	-0.053*** (-2.68)	-0.015 (-1.17)	-0.017 (-0.94)
<u>Individual characteristics</u>						
Female	-0.212*** (-3.62)	-0.082*** (-2.94)	-0.151** (-2.07)	-0.192** (-2.26)	-0.188*** (-3.52)	-0.144* (-1.73)
Founder	-0.068 (-1.03)	-0.012 (-0.46)	-0.130** (-2.09)	-0.027 (-0.31)	-0.030 (-0.50)	-0.081 (-1.04)
Family Firm	-0.136** (-2.49)	-0.048** (-2.06)	-0.191*** (-3.25)	-0.128* (-1.74)	-0.073 (-1.59)	-0.157** (-2.42)
<u>Firm characteristics</u>						
Log (Total Assets)	0.076*** (5.85)	0.033*** (5.86)	0.028** (2.06)	0.080*** (4.48)	0.079*** (6.73)	0.099*** (6.42)
Book Leverage	-0.086 (-1.05)	-0.028 (-0.88)	-0.079 (-1.25)	-0.122 (-1.61)	-0.115 (-1.54)	-0.096 (-1.20)
Return on Assets	0.231 (1.61)	0.124 (1.58)	0.030 (0.18)	0.130 (0.60)	0.287** (2.47)	0.113 (0.94)
Market to Book	0.003 (1.61)	0.001* (1.78)	-0.002 (-1.03)	0.001 (0.50)	0.004** (2.50)	0.001 (0.37)
Stock Return	0.076*** (2.74)	0.023* (1.77)	0.039 (1.54)	0.144*** (3.13)	0.050* (1.86)	0.051* (1.80)
<u>Fixed effects</u>						
Industry	Yes	Yes	Yes	Yes	Yes	Yes
Year	Yes	Yes	Yes	Yes	Yes	Yes
Birth Cohort	Yes	Yes	Yes	Yes	Yes	Yes
N	2,075	1,908	1,929	1,607	2,074	1,917
R-squared	0.257	0.214	0.281	0.226	0.216	0.346

Continued

Continued			
	CEO Approval (-1,0,1)	Senior Management (1-5)	Firm Outlook Rating (-1,0,1)
CEO Upbringing SES	-0.021* (-1.71)	-0.026* (-1.70)	-0.013 (-1.35)
<u>Individual characteristics</u>			
Female	-0.132** (-2.46)	-0.192*** (-3.07)	-0.210*** (-4.16)
Founder	0.012 (0.22)	-0.062 (-0.93)	0.017 (0.39)
Family Firm	-0.061 (-1.49)	-0.083 (-1.51)	-0.005 (-0.14)
<u>Firm characteristics</u>			
Log (Total Assets)	0.043*** (3.95)	0.048*** (3.27)	0.038*** (3.89)
Book Leverage	-0.082 (-1.19)	-0.102 (-1.21)	-0.032 (-0.74)
Return on Assets	0.164 (0.70)	0.221 (1.20)	0.251* (1.92)
Market to Book	0.003* (1.95)	0.004* (1.82)	0.003** (2.16)
Stock Return	0.042* (1.83)	0.113*** (3.60)	0.175*** (7.50)
<u>Fixed effects</u>			
Industry	Yes	Yes	Yes
Year	Yes	Yes	Yes
Birth Cohort	Yes	Yes	Yes
N	1,877	2,073	1,457
R-squared	0.168	0.167	0.267

The table reports OLS regression estimates of the relation between CEOs' childhood socioeconomic status and employment- and labor-related litigation. The dependent variables are category-specific average ratings posted on *Glassdoor* in a given firm year. Control variables, defined in Appendix A, are included with a one-year lag. *t*-statistics, based on standard errors clustered at the firm level, are reported in parentheses beneath the coefficients. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 7: Robustness Check: Alternative SES Definitions*Panel A: Employment and Labor Litigation*

			Litigation Sub-Categories					
	Employment	Labor	Civil Rights Jobs	Civil Rights ADA	Fair Labor Standards	Labor/Mngt. Rel. & Report and Disc.	Occ. Safety Health & Fam. Med. Leave	Empl. Ret. Income Security Act
Poor/Working	0.652** (2.49)	0.467*** (2.72)	0.639** (2.51)	0.010 (0.81)	0.043* (1.68)	0.031* (1.82)	0.053 (1.56)	0.246*** (2.70)
Upper/Professional	-0.463** (-2.08)	-0.403*** (-2.77)	-0.443** (-2.09)	-0.019 (-1.59)	-0.032 (-1.42)	-0.020 (-1.22)	-0.041 (-1.32)	-0.260*** (-3.48)

Panel B: Workplace Safety Violations

	Health & Safety Violations			Safety Violations		
	Violations	Serious Violations	Exposed Employees	Violations	Serious Violations	Exposed Employees
Poor/Working	5.362** (2.05)	0.757 (1.22)	117.844** (2.11)	5.495** (2.44)	0.921* (1.65)	82.598** (2.17)
Upper/Professional	-4.858* (-1.83)	-0.933 (-1.43)	-133.264*** (-2.75)	-4.712** (-1.98)	-0.987* (-1.73)	-94.506*** (-3.02)

Continued

Continued*Panel C: Employee Sentiments*

	Recommend Firm	Firm Rating	Work-Life Balance	Culture & Values	Career Opp.	Comp. & Benefits	Senior Mngmt	Firm Outlook	CEO Approval
Poor/Working	-0.032* (-1.91)	-0.103** (-2.54)	-0.135*** (-3.31)	-0.133*** (-2.69)	-0.054 (-1.50)	-0.036 (-0.75)	-0.065 (-1.53)	-0.004 (-0.16)	-0.047 (-1.43)
Upper/Professional	0.017 (1.01)	0.047 (1.21)	0.039 (0.90)	0.058 (1.15)	-0.012 (-0.38)	0.026 (0.58)	0.032 (0.80)	0.023 (0.90)	0.036 (1.17)

The table reports OLS regression estimates of the relation between CEOs' childhood socioeconomic status and corporate labor policy outcomes. SES is measured by a Poor/Working indicator variable and an Upper/Professional indicator variable, respectively. Panel A concerns employment and labor litigation. Panel B concerns workplace safety violations. Panel C concerns employee sentiment. All model specifications include fixed effects for year, industry, and birth cohort. Control variables, defined in Appendix A, are included with a one-year lag. *t*-statistics, based on standard errors clustered at the firm level, are reported in parentheses beneath the coefficients. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 8: Addressing Endogeneity Concerns: CEO Turnover*Panel A: Active Influence: Within-Firm Evidence from CEO Turnovers*

	Employment	Labor	Litigation Sub-Categories					
			Civil Rights Jobs	Civil Rights ADA	Fair Labor Standards	Labor/Mngt. Rel. & Report and Disc.	Occ. Safety Health & Fam. Med. Leave	Empl. Ret. Income Security Act
CEO Upbringing SES	0.265*** (5.41)	0.097*** (2.91)	0.265*** (5.50)	0.004 (0.76)	0.016* (1.64)	0.011* (1.90)	0.010 (0.93)	0.037** (1.98)
<u>Firm characteristics</u>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<u>Fixed effects</u>								
Firm	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth Cohort	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N								
R-squared								

Panel B: Influence over Time: Post-Transition Adjustments

	Employment	Labor	Litigation Sub-Categories					
			Civil Rights Jobs	Civil Rights ADA	Fair Labor Standards	Labor/Mngt. Rel. & Report and Disc.	Occ. Safety Health & Fam. Med. Leave	Empl. Ret. Income Security Act
CEO Upbringing SES								
<u>Firm characteristics</u>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<u>Fixed effects</u>								
Firm	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth Cohort	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N								
R-squared								

The table reports OLS regression estimates of the relation between CEOs' childhood socioeconomic status and employment- and labor-related litigation. The dependent variable is the total number of lawsuits in a firm-year. Control variables, defined in Appendix A, are included with a one-year lag. *t*-statistics, based on standard errors clustered at the firm level, are reported in parentheses beneath the coefficients. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 9: Labor Outcome Responses to Exogenous Shocks

	Litigation Sub-Categories							
	Employment	Labor	Civil Rights Jobs	Civil Rights ADA	Fair Labor Standards	Labor/Mngt. Rel. & Report and Disc.	Occ. Safety Health & Fam. Med. Leave	Empl. Ret. Income Security Act
CEO Poor/Working SES	0.631**	0.288*	0.656**	-0.025	0.069	-0.018	0.076	0.180*
x Investment Shock	(2.00)	(1.64)	(2.12)	(-1.26)	(1.43)	(-0.71)	(1.59)	(1.87)
CEO Poor/Working SES	0.580**	0.440**	0.562**	0.015	0.039	0.030*	0.048	0.226**
	(2.25)	(2.56)	(2.24)	(1.15)	(1.54)	(1.72)	(1.45)	(2.48)
Investment Shock	0.008	-0.180***	0.017	-0.011	-0.017	-0.005	-0.055***	-0.083**
	(0.07)	(-2.89)	(0.18)	(-1.00)	(-0.90)	(-0.41)	(-3.11)	(-2.09)
<u>Firm characteristics</u>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<u>Fixed effects</u>								
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth Cohort	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N								
R-squared								

The table reports OLS regression estimates of the relation between CEOs' childhood socioeconomic status and employment- and labor-related litigation. The dependent variable is the total number of lawsuits in a firm-year. This specification includes an indicator for a macroeconomic investment shock and its interaction with CEO childhood socioeconomic status. Control variables, defined in Appendix A, are included with a one-year lag. *t*-statistics, based on standard errors clustered at the firm level, are reported in parentheses beneath the coefficients. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table 10: Evidence on "Mothers and Sons" Preference Channel*Panel A: Employment and Labor Litigation*

	Employment	Labor	Litigation Sub-Categories					
			Civil Rights Jobs	Civil Rights ADA	Fair Labor Standards	Labor/Mngt. Rel. & Report and Disc.	Occ. Safety Health & Fam. Med. Leave	Empl. Ret. Income Security Act
CEO Poor/Working SES	0.412*	0.276**	0.399*	0.011	0.030*	-0.007	0.068**	0.152*
x Working Mother	(1.71)	(1.96)	(1.70)	(1.13)	(1.64)	(-0.31)	(2.42)	(1.89)

Panel B: Workplace Safety Violations

	Health & Safety Violations			Safety Violations		
	Violations	Serious Violations	Exposed Employees	Violations	Serious Violations	Exposed Employees
CEO Poor/Working SES	5.612**	45.243	1.158**	4.972**	27.910	1.053**
x Working Mother	(2.14)	(1.02)	(1.96)	(2.29)	(1.03)	(2.05)

Panel C: Employee Sentiments

	Recommend Firm	Firm Rating	Work-Life Balance	Culture & Values	Career Opp.	Comp. & Benefits	Senior Mngmt	Firm Outlook	CEO Approval
CEO Poor/Working SES	-0.019	-0.049	-0.089**	-0.087**	-0.042	-0.031	-0.036	-0.016	-0.021
x Working Mother	(-1.19)	(-1.39)	(-2.22)	(-1.96)	(-1.43)	(-0.63)	(-1.10)	(-0.68)	(-0.71)

The table reports OLS regression estimates of the relation between CEOs' childhood socioeconomic status and corporate labor policy outcomes. Panel A concerns employment and labor litigation. Panel B concerns workplace safety violations. Panel C concerns employee sentiment. This specification includes an indicator that is 1 if the mother worked outside a family firm. All model specifications include fixed effects for year, industry, and birth cohort. Control variables, defined in Appendix A, are included with a one-year lag. *t*-statistics, based on standard errors clustered at the firm level, are reported in parentheses beneath the coefficients. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.