



Finance Recruiting Seminar

Alberta School of Business
Department of Finance

Presents:

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Topic:

The Market for CEOs

Friday, November 25, 2022

3:30pm – 5:00pm

Location: BUS 4-06

ABSTRACT

We study the market for CEOs of large publicly traded US firms, analyze new CEOs' prior connections to the hiring firm, and explore how hiring choices are determined. Firms are hiring from a surprisingly small pool of candidates. More than 80% of new CEOs are insiders, defined as current or former employees or board members. Boards are already familiar with more than 90% of new CEOs, as they are either insiders or executives who directors have previously worked with. There are few reallocations of CEOs across firms – firms raid CEOs of other firms in only 3% of cases. Pay differences appear too small to explain these hiring choices. The evidence suggests that firm-specific human capital, asymmetric information, and other frictions have first order effects on the assignment of CEOs to firms.