Data Availability and Provenance Statements

Statement about Rights

I certify that the author(s) of the manuscript have legitimate access to and permission to use the data used in this manuscript.

I certify that the author(s) of the manuscript have documented permission to redistribute/publish the data and code contained within this replication package.

Data Source

The data is only available through access to Statistics Denmark.

In order to run this code you will need access to the following registers from Statistics Denmark:

- IDA – Employer-employee panel
- IDAS – Plant/firm level data on industry and age
- FIRE / FIGT – Standard firm level data on revenue, wage bills, capital, etc.

List of Code Files

Part 1: Cleaning

1. clean_merger.do – identify mergers and acquisitions in the firm and plant-level data.

2. clean_manager.do – identify managers as the top manager of each firm in each year.

Part 2: Estimate Manager Fixed Effects

1. AKM_merger_cvrnr.do – prepare worker panel for estimating manager fixed effects.

2. managerfe_1step.m – estimate manager fixed effects in wages in one step with manager, worker, and firm fixed effects.

3. estabyearfe.m – estimate firm-by-year fixed effects in wages.

4. managerfe_2step.m – alternative approach to estimate manager fixed effects after estimating firm-by-year fixed effects.

5. managerfe_other.m – estimate manger fixed effects in other firm outcomes, such as value added per worker and employment.

Part 3: Analysis

1. table1.do – calculate summary statistics in Table 1.

2. figure1and3.do – produce the event study estimates around manager transitions in Figure 1, Figure 2, Figure A1, Figure A4, and Figure A5.

3. figure4.do – estimate workers' wage changes around M&As in Figure 3, Figure A6, Figure A7, Table A2, Table A3, and Table A4.

4. figure5.do – calculate the correlations between manager fixed effects in wages and manager fixed effects in other firm outcomes in Figure 4, Figure A10, and Table A5.

5. table3.do – estimate the relationship between manager fixed effects and propensity to be acquired in Table 3, Table 4, and Table A6.

6. table5.do – generate all manager characteristics for predicting manager fixed effects and produce the OLS estimates in Table 5.

7. predict.ipynb – produce the Lasso and XGBoost estimates in Table 5.

8. tableA1.do – estimate the relationship between manager fixed effects and within-firm wage inequality in Table A1.

9. manager_robustness_schoar.do – conduct the validation exercise in Figure A3.

10. reg_propscore.do – produce the synthetic control estimates of the effect of M&As on worker wages in Figure A8.

11. matching_failtarget.do – estimate the wage effects of failed M&As in Figure A9.

Computational Requirements

Stata, Matlab, and Jupyter Notebook on the Statistics Denmark server.

Most of the analyses are not computationally intensive. The Matlab code to estimate manager fixed effects could take several hours to run.

Instructions to Replicators

The code is intended to be run sequentially. The easiest way to replicate our results is to follow the instructions in "master.do" (you will need to run the Matlab code and Python code separately).