

Czech Managerial Compensations: Why Does It Pay Off to Climb the Corporate Ladder?¹

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Abstract

This paper uses matched employer-employee data for the Czech Republic to study the structure of managerial compensation. The evidence supports two key predictions from tournament theory. First, the managerial pay differential between organizational levels is non-decreasing as one goes up the corporate ladder. I document a particularly large increment of the pay differential at the top of a firm's hierarchy. Second, the winner's prize in the tournament increases with the number of competitors for the position of the top managers.

Abstrakt

Tento článek využívá odpovídající data zaměstnanců a zaměstnavatelů z České republiky ke studiu struktury manažerských odměn. Tato evidence podporuje dva klíčové předpoklady teorie turnaje. Zaprvé, rozdíl v manažerských odměnách mezi organizačními stupni se nezmenšuje se vzestupem na podnikovém žebříčku. Dokládám obzvláště velký nárůst rozdílu v odměnách na vrcholu podnikové hierarchie. Zadruhé, cena pro vítěze v turnaji vrcholových manažerů se zvyšuje s počtem uchazečů o pozici.

Keywords: Czech Republic, tournament models, matched employer-employee data
JEL classification: J31; J41

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