**Online Supplement**

**“The Curse of Extremes: Generalist Career Experience and CEO Initial Compensation”**

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| --- | --- | --- | --- |
| *Variables* | Coef. | Std.Err. | p-value |
| CEO board chair (duality) | 0.04 | 0.17 | .825 |
| CEO age | 0.05 | 0.01 | .000 |
| Ind. mean of CEO replacement | 4.94 | 0.68 | .000 |
| Firm revenues (ln) | 0.03 | 0.02 | .269 |
| Firm performance | -0.02 | 0.00 | .001 |
| Decline in market share | 1.65 | 1.49 | .268 |
| Country dummies | *Included* | *Included* | *Included* |
| Recent CEO succession | -0.39 | 0.13 | .003 |
| CEO firm tenure | 0.00 | 0.00 | .544 |
| Year dummies | *Included* | *Included* | *Included* |
| Constant | -4.55 | 0.41 | .000 |
| LR Chi2 | 162.39 |  |  |
| P-value | .000 |  |  |
| N | 2,160 |  |  |

**Table I: Heckman First Stage (Probit) Regression predicting CEO turnover**

**Variables definitions Table I:**

* CEO board chair (duality): This variable is coded as 1 if the CEO is also chair of the board of directors one year prior to each year of observation and 0 otherwise.
* CEO age: This variable is measured as the exact age of the CEO (in years) from the year of birth and until the year prior to each year of observation.
* Ind. mean of CEO replacement: This variable is measured as the industry average of CEO replacement (excluding the focal firm) one year prior to each year of observation.
* Firm revenues (ln). This variable is the natural logarithm of the focal firm’s total sales (in million) one year prior to each year of observation.
* Firm performance: This variable is the return on assets of the firm one year prior to each year of observation.
* Decline in market share: This variable is the market share decline between one and two years prior to the year of observation (t-2 to t-1).
* Recent CEO succession: This variable is coded as 1 if the firm had experienced CEO turnover in the year preceding the year of observation.
* CEO firm tenure: This variable is measured as the tenure of the CEO (in years) one year prior to each year of observation.

|  |  |
| --- | --- |
| **Table II. Variance Decomposition of CEO Initial Compensation** | |
| **Null model** | **Variance decomposition %** |
| Level 1 (Individual-level) | 35% |
| Level 2 (Organizational-level) | 54% |
| Level 3 (Industry-level) | 11% |
| p-value | .000 |

**Table III. Curvilinearity tests**



**Table IV. Supplementary Analysis Components of CEO Total Initial Compensation**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Cash pay | | |  | Long term pay | | |
|  | Coef. | Std. Err | p-value |  | Coef. | Std. Err. | p-value |
| Constant | 13.62 | 0.28 | .000 |  | 12.68 | 1.05 | .000 |
| Inverse Mills ratio | 0.21 | 0.12 | .083 |  | -0.25 | 0.48 | .601 |
| Industry complexity | 1.10 | 0.65 | .089 |  | 2.63 | 1.52 | .083 |
| Industry munificence | 5.37 | 2.99 | .073 |  | 6.42 | 9.68 | .507 |
| Industry dynamism | 1.61 | 1.64 | .326 |  | -2.36 | 4.57 | .605 |
| CEO career length | 0.01 | 0.01 | .234 |  | 0.03 | 0.04 | .376 |
| Board Independence | -1.08 | 0.36 | .003 |  | -0.66 | 1.52 | .664 |
| TMT firm tenure | 0.00 | 0.01 | .853 |  | 0.01 | 0.02 | .765 |
| Firm size (sales)a | 0.23 | 0.02 | .000 |  | 0.16 | 0.17 | .338 |
| Degree of internationalization | 0.10 | 0.17 | .552 |  | 1.22 | 0.50 | .014 |
| Firm diversification | 014 | 0.08 | .086 |  | 0.19 | 0.29 | .521 |
| Contry CEO discretion score | -0.04 | 0.08 | .622 |  | -0.19 | 0.36 | .605 |
| Prior performance decline | -0.01 | 0.01 | .197 |  | 0.01 | 0.03 | .633 |
| CEO MBA | -0.05 | 0.11 | .654 |  | 0.52 | 0.33 | .115 |
| CEO duality | -0.06 | 0.19 | .740 |  | -3.08 | 1.73 | .075 |
| Fast-track career | 0.01 | 0.01 | .243 |  | 0.04 | 0.04 | .250 |
| CEO industry specific experience | 0.03 | 0.10 | .758 |  | 0.14 | 0.48 | .779 |
| CEO functional experience variety | 0.08 | 0.14 | .555 |  | 0.07 | 0.64 | .915 |
| Prior CEO experience | -0.05 | 0.10 | .631 |  | 1.29 | 0.57 | .023 |
| Career general management | 0.33 | 0.17 | .054 |  | 1.18 | 1.14 | .300 |
| Outside CEO origin | -0.08 | 0.09 | .341 |  | -0.61 | 0.39 | .117 |
| CEO gender | -0.42 | 0.22 | .059 |  | 0.37 | 0.53 | .488 |
| Predecessor retirement | -0.19 | 0.13 | .151 |  | -0.93 | 0.75 | .216 |
| Predecessor tenure | 0.01 | 0.01 | .543 |  | -0.05 | 0.04 | .262 |
| Legitimacy in prior career exp. | 0.08 | 0.05 | .116 |  | 0.36 | 0.13 | .008 |
| Predecessor hiring mode | 0.12 | 0.10 | .245 |  | -0.04 | 0.46 | .931 |
| CEO generalist experience | 0.49 | 0.25 | .054 |  | 0.50 | 1.37 | .714 |
| CEO generalist experience^2 | -0.47 | 0.17 | .004 |  | -0.91 | 0.87 | .294 |
| Deviance -2\*e(ll) | 298.58 |  |  |  | 856.86 |  |  |
|  | | | | | | | |

Notes: Individual level= 197; Firm level N=166; Industry level N= 43. Year dummies included but not shown; a natural log.

**Table V. HLM Analysis with industry adjusted CEO compensation as dependent variable**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Model 1 | | |  | Model 2 | | |  | Model 3 | | |  | Model 4 | | |  | Model 5 | | |
|  | Coef. | SE | p-vl |  | Coef. | SE | p-vl |  | Coef. | SE | p-vl |  | Coef. | SE | p-vl |  | Coef. | SE | p-vl |
| Constant | -0.95 | 0.32 | .003 |  | -1.54 | 0.39 | .000 |  | -0.92 | 0.33 | .006 |  | -0.94 | 0.32 | .003 |  | -1.43 | 0.39 | .000 |
| Inverse Mills ratio | 0.18 | 0.13 | .163 |  | 0.21 | 0.14 | .114 |  | 0.17 | 0.14 | .235 |  | 0.19 | 0.13 | .154 |  | 0.21 | 0.14 | .149 |
| Industry complexity | 0.41 | 0.49 | .405 |  | 0.21 | 0.50 | .681 |  | 0.43 | 0.50 | .388 |  | 1.18 | 0.56 | .034 |  | 0.82 | 0.49 | .095 |
| Industry munificence | 0.48 | 2.22 | .831 |  | 0.44 | 2.26 | .845 |  | 1.44 | 2.33 | .537 |  | 0.53 | 2.24 | .813 |  | 1.08 | 2.44 | .659 |
| Industry dynamism | -0.82 | 1.16 | .481 |  | -0.88 | 1.19 | .460 |  | -0.44 | 1.15 | .702 |  | -0.67 | 1.14 | .558 |  | -0.54 | 1.23 | .663 |
| CEO career length | 0.01 | 0.01 | .107 |  | 0.01 | 0.01 | .181 |  | 0.01 | 0.01 | .171 |  | 0.01 | 0.01 | .197 |  | 0.01 | 0.01 | .311 |
| Board independence | -1.39 | 0.40 | .000 |  | -1.35 | 0.33 | .000 |  | -1.32 | 0.40 | .001 |  | -1.40 | 0.40 | .000 |  | -1.32 | 0.34 | .000 |
| TMT firm tenure | -0.00 | 0.01 | .905 |  | 0.00 | 0.01 | .971 |  | -0.00 | 0.01 | .713 |  | -0.00 | 0.01 | .955 |  | -0.00 | 0.01 | .933 |
| Firm size (sales)a | 0.26 | 0.04 | .000 |  | 0.25 | 0.04 | .000 |  | 0.27 | 0.04 | .000 |  | 0.26 | 0.04 | .000 |  | 0.26 | 0.04 | .000 |
| Degree of international. | 0.52 | 0.17 | .002 |  | 0.51 | 0.15 | .001 |  | 0.55 | 0.18 | .002 |  | 0.50 | 0.17 | .003 |  | 0.52 | 0.16 | .001 |
| Firm diversification | -0.05 | 0.09 | .609 |  | 0.48 | 0.16 | .003 |  | -0.07 | 0.09 | .433 |  | -0.03 | 0.10 | .763 |  | 0.41 | 0.17 | .018 |
| Country CEO discr.score | -0.12 | 0.08 | .128 |  | -0.13 | 0.07 | .062 |  | -0.10 | 0.07 | .166 |  | -0.10 | 0.07 | .169 |  | -0.11 | 0.07 | .094 |
| Prior perf. decline | 0.01 | 0.01 | .067 |  | 0.01 | 0.01 | .044 |  | -0.03 | 0.02 | .056 |  | 0.01 | 0.01 | .064 |  | -0.02 | 0.01 | .240 |
| CEO MBA | 0.09 | 0.11 | .421 |  | 0.10 | 010 | .340 |  | 0.05 | 0.10 | .625 |  | 0.06 | 0.10 | .563 |  | 0.06 | 0.10 | .557 |
| CEO duality | -0.20 | 0.19 | .294 |  | -0.16 | 0.19 | .403 |  | -0.10 | 0.22 | .661 |  | -0.23 | 0.20 | .243 |  | -0.11 | 0.22 | .622 |
| Fast track career | 0.01 | 0.01 | .443 |  | 0.01 | 0.01 | .309 |  | 0.01 | 0.01 | .378 |  | 0.01 | 0.01 | .331 |  | 0.01 | 0.01 | .201 |
| CEO ind. spec. exp. | 0.13 | 0.11 | .240 |  | 0.11 | 0.12 | .348 |  | 0.15 | 0.12 | .196 |  | 0.15 | 0.11 | .195 |  | 0.15 | 0.12 | .238 |
| CEO func.exp.var. | -0.10 | 0.17 | .583 |  | -0.11 | 0.17 | .509 |  | -0.15 | 0.17 | .366 |  | -0.07 | 0.17 | .658 |  | -0.13 | 0.17 | .427 |
| Prior CEO experience | -0.01 | 0.11 | .938 |  | 0.03 | 0.11 | .812 |  | -0.01 | 0.11 | .906 |  | -0.01 | 0.12 | .947 |  | 0.02 | 0.12 | .872 |
| Career general manag. | 0.31 | 0.20 | .126 |  | 0.12 | 0.22 | .590 |  | 0.33 | 0.20 | .092 |  | 0.32 | 0.20 | .114 |  | 0.19 | 0.22 | .400 |
| Outside CEO origin | -0.01 | 0.10 | .960 |  | -0.01 | 0.09 | .905 |  | -0.01 | 0.10 | .940 |  | -0.03 | 0.10 | .755 |  | -0.03 | 0.09 | .722 |
| CEO gender | 0.01 | 0.22 | .967 |  | 0.03 | 0.23 | .909 |  | -0.22 | 0.27 | .424 |  | -0.10 | 0.19 | .605 |  | -0.23 | 0.23 | .325 |
| Predecessor retirement | -0.19 | 0.12 | .116 |  | -0.16 | 0.12 | .177 |  | -0.20 | 0.12 | .097 |  | -0.21 | 0.11 | .066 |  | -0.19 | 0.11 | .097 |
| Predecessor tenure | -0.01 | 0.01 | .288 |  | -0.01 | 0.01 | .200 |  | -0.01 | 0.01 | .368 |  | -0.01 | 0.01 | .262 |  | -0.01 | 0.01 | .235 |
| Legit. in prior exp. | 0.08 | 0.05 | .118 |  | 0.10 | 0.05 | .056 |  | 0.08 | 0.05 | .143 |  | 0.08 | 0.06 | .144 |  | 0.09 | 0.05 | .105 |
| Pred. hiring mode | 0.01 | 0.11 | .894 |  | 0.01 | 0.11 | .925 |  | -0.02 | 0.10 | .851 |  | 0.02 | 0.11 | .865 |  | -0.01 | 0.11 | .907 |
| CEO generalisst exp. | 0.74 | 0.33 | .025 |  | 2.23 | 0.61 | .000 |  | 0.71 | 0.31 | .024 |  | 0.67 | 0.31 | .031 |  | 2.05 | 0.64 | .001 |
| CEO generalist exp.^2 | -0.48 | 0.21 | .022 |  | -1.21 | 0.39 | .002 |  | -0.47 | 0.21 | .023 |  | -0.44 | 0.19 | .024 |  | -1.15 | 0.41 | .006 |
| CEO generalist exp. x Firm Diversification |  |  |  |  | -1.50 | 0.52 | .004 |  |  |  |  |  |  |  |  |  | -1.41 | 0.56 | .012 |
| CEO generalist exp.^2 x Firm Diversification |  |  |  |  | 0.72 | 0.35 | .042 |  |  |  |  |  |  |  |  |  | 0.73 | 0.38 | .053 |
| CEO generalist exp. x Prior Perf. decl. |  |  |  |  |  |  |  |  | 0.13 | 0.04 | .001 |  |  |  |  |  | 0.10 | 0.04 | .023 |
| CEO generalist exp.^2 x Prior Perf. decl. |  |  |  |  |  |  |  |  | -0.07 | 0.02 | .005 |  |  |  |  |  | -0.05 | 0.03 | .042 |
| CEO generalist exp-. x Industry complexity |  |  |  |  |  |  |  |  |  |  |  |  | -4.87 | 2.46 | .047 |  | -4.53 | 2.49 | .069 |
| CEO generalist exp.^2 x Industry complexity |  |  |  |  |  |  |  |  |  |  |  |  | 3.54 | 1.35 | .009 |  | 3.49 | 1.43 | .014 |
| Deviance -2\*e(ll) | 354.24 |  |  |  | 344.91 |  |  |  | 346.98 |  |  |  | 351.30 |  |  |  | 337.53 |  |  |
| Notes: Individual level= 197; Firm level N=166; Industry level N= 43. Year dummies included but not shown; a Natural logarithm | | | | | | | | | | | | | | | | | | | |

**Table VI. HLM Analysis with country adjusted CEO compensation as dependent variable**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Model 1 | | |  | Model 2 | | |  | Model 3 | | |  | Model 4 | | |  | Model 5 | | |
|  | Coef. | SE | p-vl |  | Coef. | SE | p-vl |  | Coef. | SE | p-vl |  | Coef. | SE | p-vl |  | Coef. | SE | p-vl |
| Constant | 0.93 | 0.02 | .000 |  | 0.89 | 0.02 | .000 |  | 0.93 | 0.02 | .000 |  | 0.93 | 0.02 | .000 |  | 0.90 | 0.02 | .000 |
| Inverse Mills ratio | 0.02 | 0.01 | .035 |  | 0.02 | 0.01 | .012 |  | 0.02 | 0.01 | .068 |  | 0.02 | 0.01 | .027 |  | 0.02 | 0.01 | .025 |
| Industry complexity | 0.10 | 0.04 | .009 |  | 0.08 | 0.03 | .016 |  | 0.10 | 0.03 | .003 |  | 0.16 | 0.06 | .012 |  | 0.13 | 0.05 | .010 |
| Industry munificence | 0.17 | 0.16 | .309 |  | 0.15 | 0.16 | .349 |  | 0.23 | 0.15 | .140 |  | 0.16 | 0.16 | .330 |  | 0.21 | 0.16 | .194 |
| Industry dynamism | 0.03 | 0.09 | .714 |  | 0.01 | 0.09 | .926 |  | 0.04 | 0.08 | .580 |  | 0.03 | 0.09 | .722 |  | 0.04 | 0.08 | .635 |
| CEO career length | 0.00 | 0.00 | .046 |  | 0.00 | 0.00 | .087 |  | 0.00 | 0.00 | .120 |  | 0.00 | 0.00 | .090 |  | 0.00 | 0.00 | .218 |
| Board independence | -0.01 | 0.02 | .756 |  | -0.00 | 0.02 | .878 |  | -0.00 | 0.02 | .942 |  | -0.01 | 0.02 | .764 |  | 0.00 | 0.02 | .983 |
| TMT firm tenure | 0.00 | 0.00 | .107 |  | 0.00 | 0.00 | .073 |  | 0.00 | 0.00 | .256 |  | 0.00 | 0.00 | .127 |  | 0.00 | 0.00 | .168 |
| Firm size (sales)a | 0.02 | 0.00 | .000 |  | 0.02 | 0.00 | .000 |  | 0.02 | 0.00 | .000 |  | 0.02 | 0.00 | .000 |  | 0.02 | 0.00 | .000 |
| Degree of international. | 0.04 | 0.01 | .000 |  | 0.04 | 0.01 | .000 |  | 0.04 | 0.01 | .000 |  | 0.04 | 0.01 | .000 |  | 0.04 | 0.01 | .000 |
| Firm diversification | -0.01 | 0.01 | .355 |  | 0.03 | 0.01 | .001 |  | -0.01 | 0.01 | .209 |  | -0.00 | 0.01 | .425 |  | 0.02 | 0.01 | .015 |
| Country CEO discr. score | -0.00 | 0.01 | .666 |  | -0.00 | 0.01 | .489 |  | -0.00 | 0.01 | .808 |  | -0.00 | 0.01 | .816 |  | -0.00 | 0.01 | .781 |
| Prior perf. decline | 0.00 | 0.00 | .165 |  | 0.00 | 0.00 | .095 |  | -0.00 | 0.00 | .001 |  | 0.00 | 0.00 | .160 |  | -0.00 | 0.00 | .011 |
| CEO MBA | 0.01 | 0.01 | .148 |  | 0.01 | 0.01 | .132 |  | 0.01 | 0.01 | .246 |  | 0.01 | 0.01 | .189 |  | 0.01 | 0.01 | .271 |
| CEO duality | -0.01 | 0.01 | .271 |  | -0.01 | 0.01 | .388 |  | -0.00 | 0.01 | .801 |  | -0.01 | 0.01 | .194 |  | -0.00 | 0.01 | .721 |
| Fast-track career | 0.00 | 0.00 | .537 |  | 0.00 | 0.00 | .432 |  | 0.00 | 0.00 | .501 |  | 0.00 | 0.00 | .400 |  | 0.00 | 0.00 | .313 |
| CEO ind. specif. exp. | 0.00 | 0.01 | .671 |  | 0.00 | 0.01 | .853 |  | 0.00 | 0.01 | .443 |  | 0.00 | 0.01 | .553 |  | 0.00 | 0.01 | .541 |
| CEO func. exp. var. | -0.00 | 0.01 | .929 |  | -0.00 | 0.01 | .862 |  | -0.01 | 0.01 | .643 |  | -0.00 | 0.01 | .959 |  | -0.01 | 0.01 | .690 |
| Prior CEO experience | -0.00 | 0.01 | .807 |  | 0.00 | 0.01 | .997 |  | -0.00 | 0.01 | .818 |  | -0.00 | 0.01 | .831 |  | -0.00 | 0.01 | .961 |
| Career in gen. manag. | 0.03 | 0.01 | .025 |  | 0.02 | 0.02 | .221 |  | 0.03 | 0.01 | .019 |  | 0.03 | 0.01 | .022 |  | 0.02 | 0.01 | .102 |
| Outside CEO origin | -0.00 | 0.01 | .559 |  | -0.00 | 0.01 | .532 |  | -0.00 | 0.01 | .498 |  | -0.00 | 0.01 | .492 |  | -0.00 | 0.01 | .437 |
| CEO gender | 0.01 | 0.02 | .616 |  | 0.01 | 0.02 | .600 |  | -0.01 | 0.02 | .468 |  | 0.00 | 0.02 | .912 |  | -0.01 | 0.02 | .416 |
| Predecessor retirement | -0.01 | 0.01 | .545 |  | -0.00 | 0.01 | .677 |  | -0.01 | 0.01 | .471 |  | -0.01 | 0.01 | .471 |  | -0.01 | 0.01 | .529 |
| Predecessor tenure | -0.00 | 0.00 | .271 |  | -0.00 | 0.00 | .173 |  | -0.00 | 0.00 | .345 |  | -0.00 | 0.00 | .239 |  | -0.00 | 0.00 | .230 |
| Legit. in prior exp. | 0.00 | 0.00 | .170 |  | 0.01 | 0.00 | .093 |  | 0.00 | 0.00 | .221 |  | 0.00 | 0.00 | .190 |  | 0.00 | 0.00 | .176 |
| Pred. hiring mode | -0.00 | 0.01 | .941 |  | -0.00 | 0.01 | .795 |  | -0.00 | 0.01 | .520 |  | -0.00 | 0.01 | .944 |  | -0.00 | 0.01 | .591 |
| CEO generalist exp. | 0.05 | 0.02 | .035 |  | 0.15 | 0.04 | .000 |  | .0.05 | 0.02 | .035 |  | 0.05 | 0.02 | .042 |  | 0.13 | 0.04 | .001 |
| CEO generalist exp.^2 | -0.03 | 0.01 | .018 |  | -0.08 | 0.03 | .002 |  | -0.03 | 0.01 | .018 |  | -0.03 | 0.01 | .022 |  | -0.07 | 0.02 | .004 |
| CEO generalist exp. x Firm Diversification |  |  |  |  | -0.10 | 0.03 | .000 |  |  |  |  |  |  |  |  |  | -0.08 | 0.03 | .006 |
| CEO generalist exp.^2 x Firm Diversification |  |  |  |  | 0.05 | 0.02 | .015 |  |  |  |  |  |  |  |  |  | 0.04 | 0.02 | .051 |
| CEO generalist exp. x Prior Perf. decl. |  |  |  |  |  |  |  |  | 0.01 | 0.00 | 0.00 |  |  |  |  |  | 0.01 | 0.00 | .003 |
| CEO generalist exp.^2 x Prior Perf. decl. |  |  |  |  |  |  |  |  | -0.01 | 0.00 | 0.00 |  |  |  |  |  | -0.00 | 0.00 | .012 |
| CEO generalist exp. x Industry complexity |  |  |  |  |  |  |  |  |  |  |  |  | -0.25 | 0.22 | .248 |  | -0.24 | 0.22 | .285 |
| CEO generalist exp.^2 x Industry complexity |  |  |  |  |  |  |  |  |  |  |  |  | 0.15 | 0.13 | .224 |  | 0.15 | 0.13 | .250 |
| Deviance -2\*e(ll) | -722.4 |  |  |  | -732.2 |  |  |  | -734.0 |  |  |  | -724.0 |  |  |  | -741.6 |  |  |
| Notes: Individual level= 197; Firm level N=166; Industry level N= 43. Year dummies included but not shown; a natural logarithm | | | | | | | | | | | | | | | | | | | |