

CEO pay structure similarity data

This pairwise dataset provides the measure of CEO pay structure similarity developed by Cabezon (2024), "Executive compensation: The trend toward one-size-fits-all," between each pair of firms in every year between 2006 and 2019.

** Please cite the following study when referring to this data:

Cabezon, F., 2024. Executive compensation: The trend toward one-size-fits-all. Journal of Accounting and Economics, p.101708.

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The similarity is based on the pay components reported in each company's Summary Compensation Table in the annual proxy (DEF14A) for CEOs. Each firm is identified using the Global Company Key (GVKEY) firm identifier.

For each firm, I create a vector that includes the primary components of compensation: salary, bonus, stock awards, option awards, non-equity incentives, and other compensation. Because each of these elements is measured with a monetary value, the vector of payments is comparable across firms. I scale each element by the total compensation, such that the sum of each vector's elements equals one. Pay elements are set to zero when missing. I compute the firm-by-firm pairwise similarity scores by calculating the cosine similarity between their compensation vectors. For any two firms i and j , I thus have a product similarity, which is a real number in the interval $[0, 1]$ describing how similar the CEO compensation vector used by firms i and j are.

I provide four measures of similarity using four compensation vectors:

- VECTOR 1: (salary/total, bonus/total, stock awards/total, stock option awards/total, non-equity incentive plan/total, other compensation/total)
- VECTOR 2: (salary/total, bonus/total, stock awards/total, stock option awards/total, non-equity incentive plan/total, other compensation/total, pension/total)
- VECTOR 3: (salary, bonus, performance-based stock awards, restricted stock awards, stock option awards, non-equity incentive plan, other compensation)
- VECTOR 4: (salary/total, bonus/total, performance-based stock awards/total, restricted stock awards/total, stock option awards/total, non-equity incentive plan/total, other compensation/total, pension/total)

The main difference between these vectors is the inclusion of the change in pension value as an extra element and the distinction between performance-based stock and restricted stock.

*Technical Note: The data here is the full square relatedness matrix for firm pairs. Therefore, every pair of gvkey1 and gvkey2 will appear twice (once as gvkey1, gvkey2 and again as its mirror image gvkey2, gvkey1).

For more details, see:

Cabazon, F., 2024. Executive compensation: The trend toward one-size-fits-all. *Journal of Accounting and Economics*, p.101708.