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“The effect of managers’ health shocks on co-workers”

A fast-growing literature in management economics recognizes the key role of management quality in driving firms’ performance and productivity (see e.g. Bloom and Van Reenen 2010 for a review). This raises the following important question: why firms do not change managers – or more generally management practices - when they are strong gains to do so? Using executives' deaths as negative supply shocks on the labor market for managers, we find that executives' deaths cause a significant increase in other firms' executives in the same local labor market. Our results highlight the tightness of the labor market for executives in Italy.