

Data and Sample

Our study relies upon licensed data from the China Stock Market and Accounting Research (CSMAR) database, a leading provider of corporate financial data.

We start with all publicly listed Chinese firms over the 2005–2013 period. While publicly listed Chinese firms have been required to disclose the TMT name list since 1999, our sample starts in 2005 because certain data required for the empirical analyses (e.g., compensation data and resume data) are not available prior to 2005. According to the Chinese Company Law, TMT refers to the CEO, vice president, CFO, Board Secretary and other executives as specified in the listed firm's corporate charter. As indicated in Table 1, we eliminate a significant number of individuals from the initial sample because they are non-executive directors (including independent directors) and supervisors and therefore not part of our definition of TMT. Finally, we also exclude both the Board Chairman and the CEO from our main analyses because these two individuals are usually ranked before other executives. Hence, excluding these two top executives allows us to better demonstrate the validity of our TMT proxy.

Our final sample contains 2,553 unique firms covering 16,692 firm-years over the 2005–2013 period. We further split the sample into SOEs and non-SOEs. A firm-year is defined as an SOE if the listed firm's ultimate controlling shareholder is a government entity, a non-SOE if the listed firm's ultimate controlling shareholder is a non-government entity or individual, and missing if the listed firm has no controlling shareholder. The final sample contains 1,206 unique SOEs covering 8,251 firm-years and 1,578 unique non-SOEs covering 7,656 firm-years.

Table 1. Sample selection procedures

	Full sample	SOE sample	Non-SOE sample
All A-share firms over 2005 to 2013	317,542	168,568	133,222
Full sample: 17,122 firm-years, 2,554 unique firms			
SOE sample: 8,425 firm-years, 1,209 unique firms			
Non-SOE sample: 7,889 firm-years, 1,584 unique firms			
Eliminating individuals not belonging to top management teams	(189,929)	(102,283)	(77,969)
Eliminating Board Chairmen and CEOs	(30,963)	(16,056)	(13,424)
Eliminating top management team members that quit in the current year or take on the position after the fiscal-year end	(5,722)	(2,509)	(2,950)
Eliminating observations with missing compensation or age data	(492)	(344)	(139)
Eliminating top management teams with only one member	(254)	(84)	(157)
Final sample	90,182	47,292	38,583
Full sample: 16,692 firm-years, 2,553 unique firms			
SOE sample: 8,251 firm-years, 1,206 unique firms			
Non-SOE sample: 7,656 firm-years, 1,578 unique firms			

Notes: This table shows the sample selection procedures. The number of individuals included or dropped in each step is shown in the table. The number of individuals, firm-years or unique firms for the full sample does not equal the summation of the numbers for the two subsamples because there are some firm-years that are neither classified as state-controlled firms (SOEs) nor as non-state-controlled firms (non-SOEs), and there are some firms that are classified as SOEs in some years but as non-SOEs in other years.