

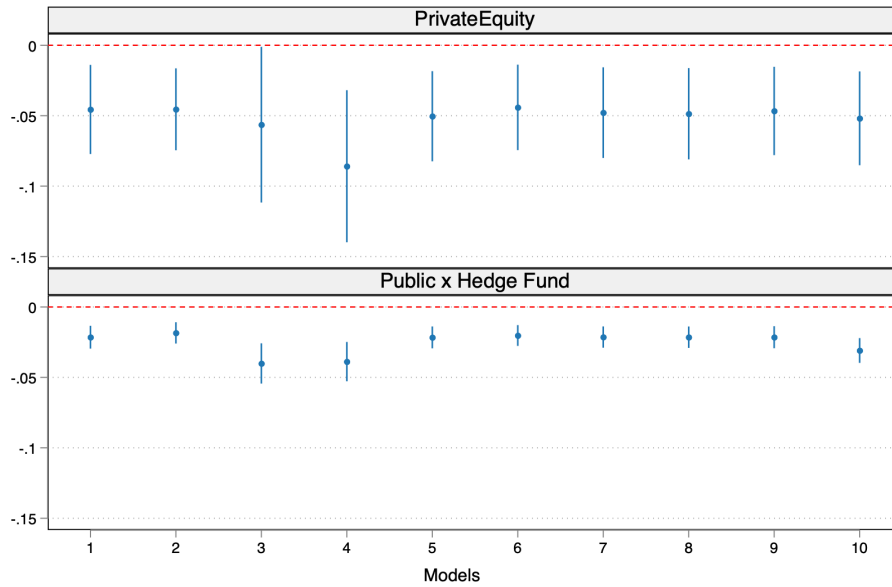
**Online Appendix to “More Monitoring, Less Pay:
Active Ownership and Employee Compensation”**

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Appendix A

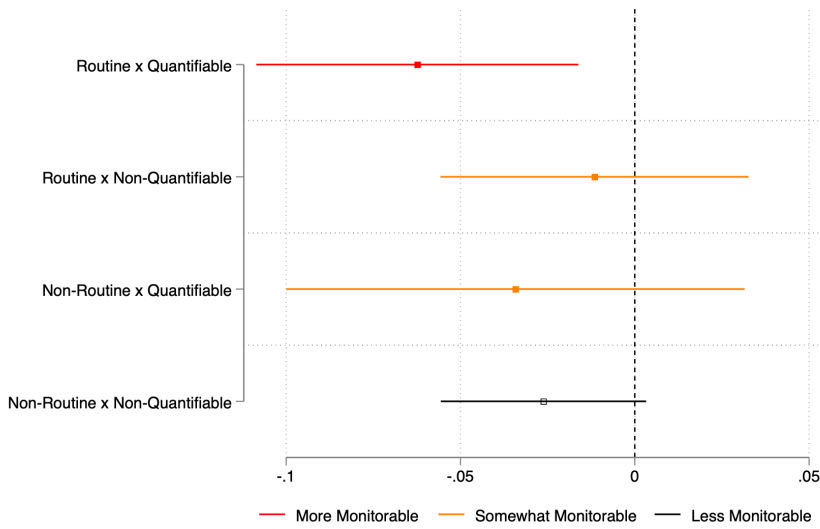
Figure A1. Model stability.



1. Main model (logged number of observations as weight; industry, firm size, and year-region-occupation-skill fixed effects)
2. Main model, but no weight; industry, firm size, and year-region-occupation-skill fixed effects
3. Main model, but with number of observations as weight; industry, firm size, and year-region-occupation-skill fixed effects
4. Main model, but with number of observations as weight; industry, firm size, and year, and region-occupation-skill fixed effects
5. Main model, but with number of observations as weight; industry, firm size, and year, region-occupation, and skill fixed effects
6. Main model, but with number of observations as weight; industry, firm size, and year, region, and occupation-skill fixed effects
7. Main model, but with number of observations as weight; industry, firm size, and year, occupation, and region-skill fixed effects
8. Main model, but with number of observations as weight; industry, firm size, and year, region, occupation, and skill fixed effects
9. Main model, but with number of observations as weight; industry and year-region-occupation-skill fixed effects
10. Main model, but with number of observations as weight; firm size and year-region-occupation-skill fixed effects

This figure shows the estimates on private equity and hedge fund ownership using different model specifications. These estimates indicate that our results are robust to using different weights and fixed effects combinations.

Figure A2. The intersection of task routineness and output quantifiability.
Panel A. Private equity.



Panel B. Hedge fund.

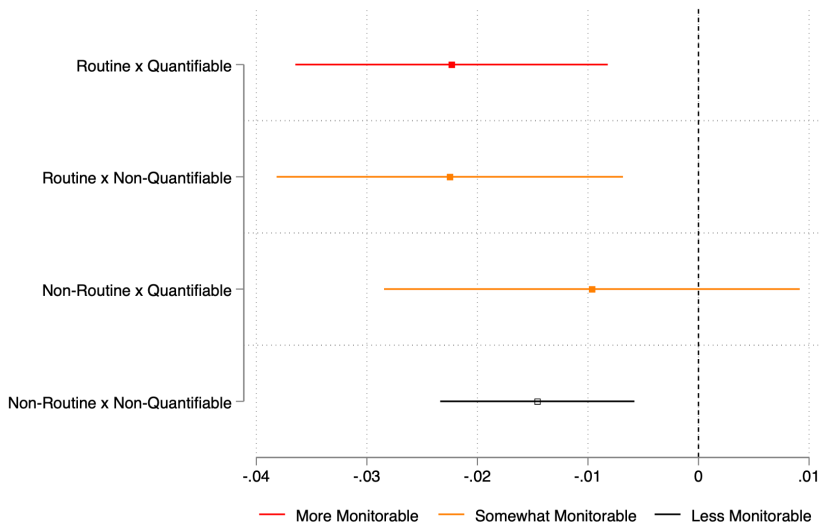


Figure notes: Each dot represents the estimate from the regression of four subsamples: routine-and-quantifiable jobs (red; more-monitorable), routine but non-quantifiable jobs (orange; somewhat-monitorable), non-routine but quantifiable jobs (orange; somewhat-monitorable), and neither routine nor quantifiable jobs (black; less-monitorable). As expected, routine-and-quantifiable jobs experience the largest compensation reductions from active owners, whereas jobs that are neither experience the smallest effect. Importantly, jobs in either one of the more-monitorable conditions (routine and non-quantifiable, non-routine and quantifiable) experience (i) less compensation decline compared to jobs that are in both more-monitorable conditions, and (ii) more compensation decline compared to jobs in neither condition.

Table A1. Corporate owner type and total compensation (including private firms).

	<i>Dependent variable: Total compensation (log)</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Private equity	-0.291*** (0.053)	-0.148*** (0.043)	-0.144*** (0.043)	-0.136*** (0.038)	-0.090*** (0.028)	-0.053*** (0.016)	-0.049*** (0.016)
Public	-0.087*** (0.022)	-0.035*** (0.010)	-0.033*** (0.010)	-0.039*** (0.008)	-0.042*** (0.007)	-0.025*** (0.004)	-0.024*** (0.004)
× Hedge fund	-0.106*** (0.033)	-0.018 (0.025)	-0.020 (0.029)	-0.016 (0.026)	-0.006 (0.019)	-0.001 (0.012)	-0.006 (0.011)
Public	11.111*** (0.021)	11.037*** (0.021)	11.038*** (0.024)	11.034*** (0.022)	11.024*** (0.016)	11.017*** (0.010)	11.020*** (0.009)
Constant	564,643	564,643	564,643	564,643	564,643	564,643	564,643
Observations	0.091	0.185	0.186	0.233	0.549	0.860	0.902
R-squared	Yes	Yes	Yes	Yes	Yes	Yes	
Year FE		Yes	Yes	Yes	Yes	Yes	
Industry FE		Yes	Yes	Yes	Yes	Yes	Yes
Firm Size FE			Yes	Yes	Yes	Yes	Yes
Region FE				Yes	Yes	Yes	
Occupation FE					Yes	Yes	
Skill FE						Yes	
Year-Region- Occupation-Skill FE							Yes

Notes: Significant at ***1%, **5%, and *10%

Table A2. Corporate owner type and total compensation (excluding private firms).

	<i>Dependent variable: Total compensation (log)</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Public	-0.087*** (0.022)	-0.035*** (0.010)	-0.031*** (0.010)	-0.038*** (0.009)	-0.043*** (0.008)	-0.024*** (0.005)	-0.024*** (0.005)
× Hedge fund	11.001*** (0.026)	10.999*** (0.012)	10.999*** (0.012)	10.999*** (0.011)	11.000*** (0.009)	10.999*** (0.006)	10.991*** (0.006)
Constant	355,344	355,344	355,344	355,344	355,344	355,344	355,344
Observations	0.095	0.196	0.198	0.247	0.558	0.867	0.912
R-squared	Yes	Yes	Yes	Yes	Yes	Yes	
Year FE		Yes	Yes	Yes	Yes	Yes	
Industry FE		Yes	Yes	Yes	Yes	Yes	Yes
Firm Size FE			Yes	Yes	Yes	Yes	Yes
Region FE				Yes	Yes	Yes	
Occupation FE					Yes	Yes	
Skill FE						Yes	
Year-Region- Occupation-Skill FE							Yes

Notes: Significant at ***1%, **5%, and *10%.

Table A3. Corporate owner type and LTI-to-base ratio (including private firms).

	<i>Dependent variable: LTI-to-base ratio</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Private equity	-0.006*** (0.002)	-0.011*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)	-0.008*** (0.002)	-0.007*** (0.002)	-0.005*** (0.002)
Public	-0.004*** (0.001)	-0.005*** (0.001)	-0.004*** (0.001)	-0.004*** (0.001)	-0.005*** (0.001)	-0.004*** (0.001)	-0.004*** (0.001)
× Hedge fund							
Public	0.013*** (0.003)	0.011*** (0.002)	0.010*** (0.002)	0.011*** (0.002)	0.010*** (0.002)	0.009*** (0.002)	0.008*** (0.002)
Constant	0.009*** (0.002)	0.011*** (0.002)	0.011*** (0.002)	0.011*** (0.002)	0.011*** (0.002)	0.012*** (0.002)	0.012*** (0.002)
Observations	564,643	564,643	564,643	564,643	564,643	564,643	564,643
R-squared	0.007	0.013	0.014	0.018	0.122	0.256	0.423
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	
Industry FE		Yes	Yes	Yes	Yes	Yes	Yes
Firm Size FE			Yes	Yes	Yes	Yes	Yes
Region FE				Yes	Yes	Yes	
Occupation FE					Yes	Yes	
Skill FE						Yes	
Year-Region- Occupation-Skill FE							Yes

Notes: Significant at ***1%, **5%, and *10%.

Table A4. Corporate owner type and LTI-to-base ratio (excluding private firms).

	<i>Dependent variable: LTI-to-base ratio</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Public	-0.004*** (0.001)	-0.005*** (0.001)	-0.004*** (0.001)	-0.005*** (0.001)	-0.005*** (0.001)	-0.004*** (0.001)	-0.004*** (0.001)
× Hedge fund							
Constant	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.002)
Observations	355,344	355,344	355,344	355,344	355,344	355,344	355,344
R-squared	0.005	0.010	0.012	0.018	0.140	0.279	0.454
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	
Industry FE		Yes	Yes	Yes	Yes	Yes	Yes
Firm Size FE			Yes	Yes	Yes	Yes	Yes
Region FE				Yes	Yes	Yes	
Occupation FE					Yes	Yes	
Skill FE						Yes	
Year-Region- Occupation-Skill FE							Yes

Notes: Significant at ***1%, **5%, and *10%.

Table A5. Corporate owner type and base salary.

	<i>Dependent variable: Base salary (log)</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Private equity	-0.263*** (0.051)	-0.123*** (0.041)	-0.120*** (0.041)	-0.112*** (0.036)	-0.066*** (0.026)	-0.033** (0.015)	-0.030** (0.015)
Public	-0.074*** (0.022)	-0.025*** (0.009)	-0.024** (0.009)	-0.029*** (0.008)	-0.031*** (0.006)	-0.016*** (0.003)	-0.016*** (0.003)
× Hedge fund Public	-0.110*** (0.031)	-0.024 (0.023)	-0.023 (0.026)	-0.020 (0.024)	-0.008 (0.016)	-0.003 (0.010)	-0.006 (0.009)
Constant	11.034*** (0.019)	10.962*** (0.018)	10.961*** (0.021)	10.958*** (0.019)	10.947*** (0.014)	10.940*** (0.008)	10.942*** (0.008)
Observations	564,643	564,643	564,643	564,643	564,643	564,643	564,643
R-squared	0.095	0.204	0.205	0.255	0.578	0.876	0.914
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	
Industry FE		Yes	Yes	Yes	Yes	Yes	Yes
Firm Size FE			Yes	Yes	Yes	Yes	Yes
Region FE				Yes	Yes	Yes	
Occupation FE					Yes	Yes	
Skill FE						Yes	
Year-Region- Occupation-Skill FE							Yes

Notes: Significant at ***1%, **5%, and *10%.

Table A6. Corporate owner type and bonus-to-base ratio.

	<i>Dependent variable: Bonus-to-base ratio</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Private equity	-0.027*** (0.006)	-0.020*** (0.007)	-0.019*** (0.007)	-0.019*** (0.007)	-0.021*** (0.007)	-0.018*** (0.007)	-0.018*** (0.006)
Public	-0.010*** (0.003)	-0.007*** (0.003)	-0.007** (0.003)	-0.007** (0.003)	-0.008*** (0.003)	-0.006** (0.003)	-0.007** (0.003)
× Hedge fund Public	-0.006 (0.005)	-0.001 (0.006)	-0.003 (0.007)	-0.003 (0.007)	-0.004 (0.007)	-0.005 (0.006)	-0.006 (0.006)
Constant	0.079*** (0.005)	0.075*** (0.005)	0.076*** (0.006)	0.076*** (0.006)	0.077*** (0.005)	0.077*** (0.005)	0.078*** (0.005)
Observations	564,643	564,643	564,643	564,643	564,643	564,643	564,643
R-squared	0.017	0.032	0.033	0.038	0.159	0.243	0.404
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	
Industry FE		Yes	Yes	Yes	Yes	Yes	Yes
Firm Size FE			Yes	Yes	Yes	Yes	Yes
Region FE				Yes	Yes	Yes	

Occupation FE	Yes	Yes	
Skill FE		Yes	
Year-Region- Occupation-Skill FE			Yes

Notes: Significant at ***1%, **5%, and *10%.

Table A7. Hedge fund lead-lag analysis.

Dependent variable	(1) <i>Cash compensation (log)</i>	(2) <i>Base salary (log)</i>	(3) <i>Bonus-to-base ratio</i>	(4) <i>Total compensation (log)</i>	(5) <i>LTI-to-base ratio</i>
Δ Hedge fund ($t - (t-2)$) <i>(lagged measure)</i>	-0.009* (0.005)	-0.004 (0.004)	-0.006*** (0.002)	-0.012** (0.005)	-0.004*** (0.001)
Δ Hedge fund ($(t+2) - t$) <i>(leading measure)</i>	-0.008*** (0.003)	-0.003 (0.003)	-0.007*** (0.002)	-0.010*** (0.003)	-0.003*** (0.001)
Hedge fund ($t-2$)	-0.024*** (0.006)	-0.014** (0.006)	-0.011*** (0.002)	-0.028*** (0.006)	-0.006*** (0.001)
Constant	11.033*** (0.006)	10.963*** (0.005)	0.079*** (0.003)	11.048*** (0.006)	0.021*** (0.002)
Observations	247,319	247,319	247,319	247,319	247,319
R-squared	0.897	0.909	0.485	0.893	0.343
Industry FE	Yes	Yes	Yes	Yes	Yes
Firm Size FE	Yes	Yes	Yes	Yes	Yes
Year-Region-Occupation-Skill FE	Yes	Yes	Yes	Yes	Yes

Notes: Significant at ***1%, **5%, and *10%.

Lagged measure is the difference between previous and current hedge fund ownership. Leading measure is the difference between current and future hedge fund ownership. *Hedge fund (t-2)* is a control variable for prior hedge fund ownership.

Each column representing a different pay outcome variable. Across all columns, a negative estimate on lagged hedge fund ownership would indicate that higher hedge fund shares predict a decline in compensation, consistent with the owner treatment effect. A negative estimate on lagged hedge fund ownership would suggest that lower pay predicts an increase in hedge fund ownership, in line with the owner-firm matching effect.

Table A8. Corporate owner type and cash compensation with additional firm controls.

Dependent Variable	<i>Cash compensation (log)</i>			
	(1)	(2)	(3)	(4)
Private equity	-0.046*** (0.016)	-0.047*** (0.016)	-0.046*** (0.016)	-0.047*** (0.016)
Public	-0.022*** (0.004)	-0.019*** (0.004)	-0.021*** (0.004)	-0.018*** (0.004)
× Hedge fund				
Public	-0.011 (0.011)	-0.007 (0.011)	-0.011 (0.011)	-0.007 (0.011)
ROA	-0.032 (0.083)			0.087 (0.081)
Tobin's Q	-0.002 (0.006)			-0.004 (0.007)
Sales growth	-0.006 (0.005)			-0.010* (0.006)
Current ratio		-0.021*** (0.008)		-0.022*** (0.008)
Debt-to-asset ratio		0.014 (0.029)		0.007 (0.030)
Cash-to-asset ratio		0.012 (0.070)		-0.012 (0.074)
R&D intensity			0.332 (0.282)	0.535* (0.312)
Constant	11.019*** (0.012)	11.034*** (0.013)	11.009*** (0.010)	11.034*** (0.014)
Observations	564,643	564,643	564,643	564,643
R-squared	0.905	0.905	0.905	0.905
Industry FE	Yes	Yes	Yes	Yes
Firm size FE	Yes	Yes	Yes	Yes
Year-Region-Occupation-Skill level FE	Yes	Yes	Yes	Yes

Notes: Significant at ***1%, **5%, and *10%.

ROA is the ratio of earnings before interest and taxes to total assets and indicates accounting performance.

Tobin's Q indicates market performance.

Sales growth is the ratio of the current year's total revenues to the prior year's total revenues.

Current ratio is the ratio of total assets to total liabilities.

Debt-to-asset ratio is the ratio of summed long-term debt and short-term debt in current liabilities to total assets.

Cash-to-asset ratio is the ratio of cash and short-term investments to total assets.

R&D intensity is the ratio of R&D investments to total assets.

Table A9. Sample Representativeness.

Variable	A. Firm Characteristics			
	Compustat		Sample	
	Mean	Std. Dev.	Mean	Std. Dev.
Revenues (millions)	2,607.92	13,077.06	19,200.71	43,647.72
Assets (millions)	7,811.91	77,052.93	26,841.62	82,607.37
Market capitalization (millions)	3,246.30	17,288.63	22,805.00	62,112.08
Number of employees (000's)	7.63	41.54	66.59	187.16
Return on assets	-1.84	31.40	0.13	0.09
Industry (1-digit SIC)	B. Distribution by Industry			
	Compustat		Sample	
	N	% of Sample	N	% of Sample
Agriculture, Forestry and Fishing (0)	19	0.23	0	0.00
Mining (1)	505	6.14	6	3.68
Construction (2)	1,051	12.78	43	26.38
Manufacturing (3)	1,180	14.34	20	12.27
Transportation, Communications, Electric, Gas, and Sanitary Services (4)	577	7.01	10	6.13
Wholesale Trade (5)	477	5.80	54	33.13
Retail Trade (6)	3,300	40.12	17	10.43
Finance, Insurance, and Real Estate (7)	815	9.91	6	3.68
Services (8)	209	2.54	5	3.07
Public Administration (9)	93	1.13	2	1.23

Notes: To compare our sample to a broader sample of the U.S. firms, we obtained data from the Compustat database that represents all publicly traded companies in the U.S. In year 2012, the Compustat sample includes 8,226 firms, and our sample contains 209 public firms. Our sample, while smaller in the number of firms, represent an extensive portion of the U.S. economy, accounting for 21.6% of total market capitalization in the U.S. and 9.6% of the assets of all publicly traded companies within the U.S.

This table compares public firms in the Compustat universe and our sample of public firms. Panel A indicates that our sample of firms is larger than an average firm in the Compustat universe in terms of revenues, assets, market capitalization, and number of employees. In Panel B, the two samples display a nuanced difference in terms of industry. Relative to the Compustat database, our sample firms are more likely to be in Construction and Wholesale Trade, and less likely to be in the following industries: Agriculture, Forestry and Fishing; Mining; Retail Trade; and Finance, Insurance, and Real Estate.

Table A10. Corporate owner type and pay robustness analysis with different samples.

Sample type	<i>Dependent variable: Cash compensation (log)</i>			
	(1) Main sample	(2) Drop units larger than the 99 th percentile	(3) Drop units larger than the 95 th percentile	(4) Drop units larger than the 75 th percentile
Private equity	-0.046*** (0.016)	-0.045*** (0.016)	-0.046*** (0.016)	-0.050*** (0.015)
Public	-0.021*** (0.004)	-0.020*** (0.004)	-0.019*** (0.004)	-0.017*** (0.004)
× Hedge fund				
Public	-0.011 (0.011)	-0.011 (0.011)	-0.011 (0.010)	-0.009 (0.010)
Constant	11.011*** (0.009)	11.038*** (0.009)	11.095*** (0.009)	11.211*** (0.008)
Observations	564,643	558,794	534,601	412,203
R-squared	0.905	0.900	0.889	0.872
Industry FE	Yes	Yes	Yes	Yes
Firm Size FE	Yes	Yes	Yes	Yes
Year-Region- Occupation-Skill FE	Yes	Yes	Yes	Yes

Notes: Significant at ***1%, **5%, and *10%.

From Columns (2) to (4), we show that our results are robust to the skewness of the data by dropping units with large number of employees. Column (2) reports the estimates after dropping units with 473 or more employees (99th percentile). Column (3) reports the estimates after dropping units with 77 or more employees (95th percentile). Column (4) reports the estimates after dropping units with 9 or more employees (75th percentile). The estimates remain statistically significant, indicating that our results are robust to removing large units from the sample.

Appendix B: Gemini 2.5 Pro instructions for generating quantifiability score

The following is the prompt for generating our quantifiability measure. Our final measure is the calculated monitorability score, `Monitorability_Score_V5`, with the routine proxy, `proxy_rti`, differenced out (to avoid overlap with our routine measure used separately):

I have a list of jobs across companies in the workforce. I want to create a job-level measure of monitorability for a private equity or hedge fund owner. In other words, when active owners buy a company -- and these owners are skilled at operating companies and monitoring the workforce -- which jobs are particularly easily monitored by these financial owners? My dataset includes the occupation of each job, the suboccupational family (these are mappable to O-net), and then the job title and linearized [masked] point ("rln"). Can you create a measure of monitorability for me? Here are some preliminary instructions. Can you review these, improve them if needed, and then go execute them on the uploaded data. For step 3 and any step requiring o-net rules, please research and do the correct mapping using your best judgement:

1. **Data Loading and Preparation:**
 - Load the CSV file you provided.
 - Identify the required columns: `rln`, `occupation`, `suboccupation`, and `jobname`.
 - Convert the `rln` column to a numeric format. Any values that cannot be converted will be treated as errors (NaN - Not a Number).
 - **Crucially, explicitly replace any `rln` value that is exactly 99 with NaN, treating it as missing data.**
2. **Determine Job Level (RLN Thresholds):**
 - Calculate the 33rd and 67th percentiles using only the valid, non-NaN `rln` values (this now excludes the 99s).
 - Use these percentiles to define 'Low', 'Mid', and 'High' complexity/level categories based on the `rln` score. Assign 'Unknown' if `rln` is NaN. (If there isn't enough valid data for percentiles, default thresholds will be used).
3. **Assign Proxy O*NET Scores:**
 - For each job, use the provided `occupation`, `suboccupation`, and the determined `rln` Level ('Low', 'Mid', 'High', 'Unknown') as primary inputs.
 - Apply a set of defined rules to assign illustrative proxy scores (scaled 0-10) that simulate key O*NET concepts relevant to monitorability:
 - `proxy_rti`: Representing Routine Task Intensity.
 - `proxy_fin_rel`: Representing direct Financial Relevance.
 - `proxy_quant_out`: Representing Quantifiable Output or Process Focus.
 - The rules will consider the combination of function (from `occupation/suboccupation`) and level/complexity (from `rln`).
4. **Calculate Base Score:**
 - Compute a `BaseScore` for each job by taking a weighted average of the three proxy scores assigned in Step 3 (Weights: RTI 40%, Fin Rel 30%, Quant Out 30%).
5. **Apply Keyword Adjustment:**
 - Analyze the specific text in the `jobname` column for predefined keywords.
 - Adjust the `BaseScore` up for keywords indicating high PE/HF focus (e.g., 'Sales', 'Production', 'Cost', 'Financial Analyst') and down for keywords indicating high discretion or less direct quantitative focus (e.g., 'Strategy', 'Research', 'Creative', 'Director', 'Manager'). This step refines the score based on title nuances.

6. **Apply Intuition Boost:**

- Check the `jobname` again for specific patterns indicating highly routine manual or service work (e.g., 'Bagger', 'Cleaner', 'Stocker', 'Cart Attendant').
- If such a pattern is found *and* the score calculated after the keyword adjustment (Step 5) is below a threshold (e.g., < 8.0), override the score by boosting it significantly (e.g., to 9.0) to better reflect its intuitively high monitorability.

7. **Final Score Calculation and Output:**

- Combine the results from the previous steps to get the final score.
- Ensure the final score is bounded between 1 (Low Monitorability) and 10 (High Monitorability).
- Prepare the output data, which will include your original columns, the three intermediate proxy scores (`proxy_rti`, `proxy_fin_rel`, `proxy_quant_out`), and the final `Monitorability_Score_V5`