

Communist Era Managers in Modern Times: A Comparison of Management Skills Across Generations

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Introduction

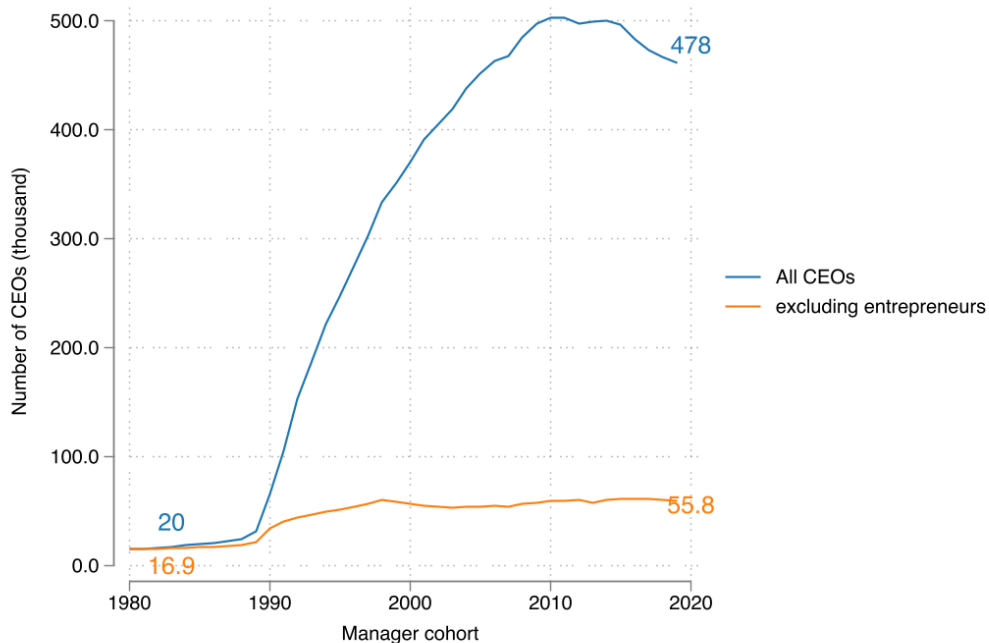
Hungary, 1980 (Fortepan / Szalay Zoltán)



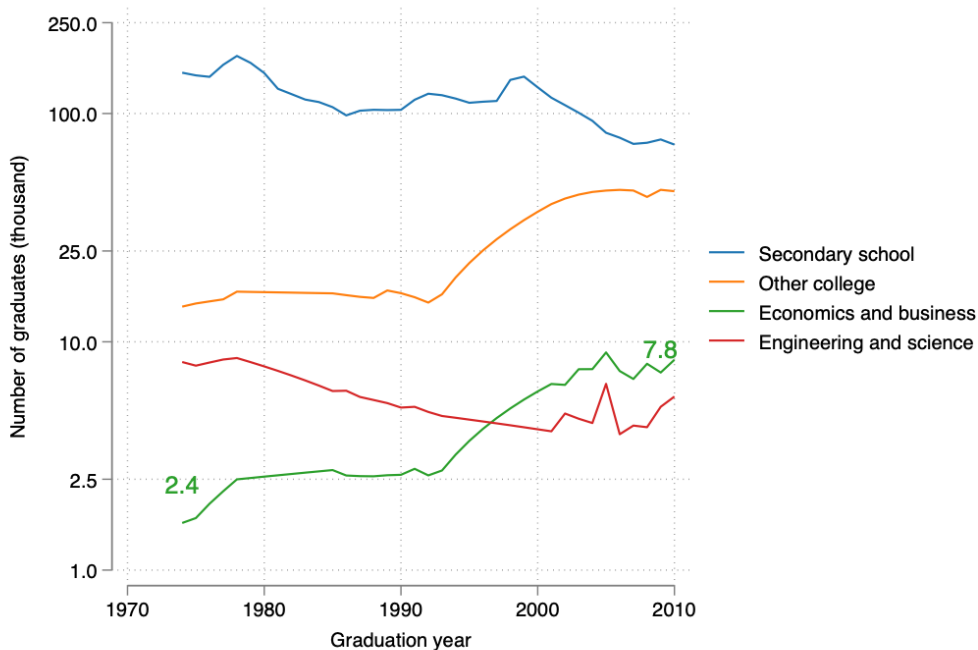
Hungary, 1990 (MTI)



Number of Executive Positions Increased



Business Degrees Became More Prominent



Why Micro \neq Macro

What we know

- 1 Management matters
- 2 Training works
- 3 Managers matter

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What we don't know

- 1 What policy interventions can improve management for an entire country?
- 2 How to quantify the macro effects of these policies?

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What we need

- 1 Endogenous supply: how to incentivize people to become managers?
- 2 Selection: who will become managers?
- 3 Competition: what are the GE feedbacks of interventions?

Setup and Data

Data

Manager Data 1985-2019

Universe of corporations (1m) and their CEOs (1.3m). Firm size (employment) as proxy for manager quality.

Biographies

Full biographies (school, work experience, etc.) for 63k people in 2013. 30k matched to CEO panel.

College graduates

Number of graduates by degree and year.

World Management Survey

Methodology

Hungarian wave

Spring and Summer of 2018.

Target population: manufacturing firms with 50+ employees.

Sample: 762 firms.

Survey logistics

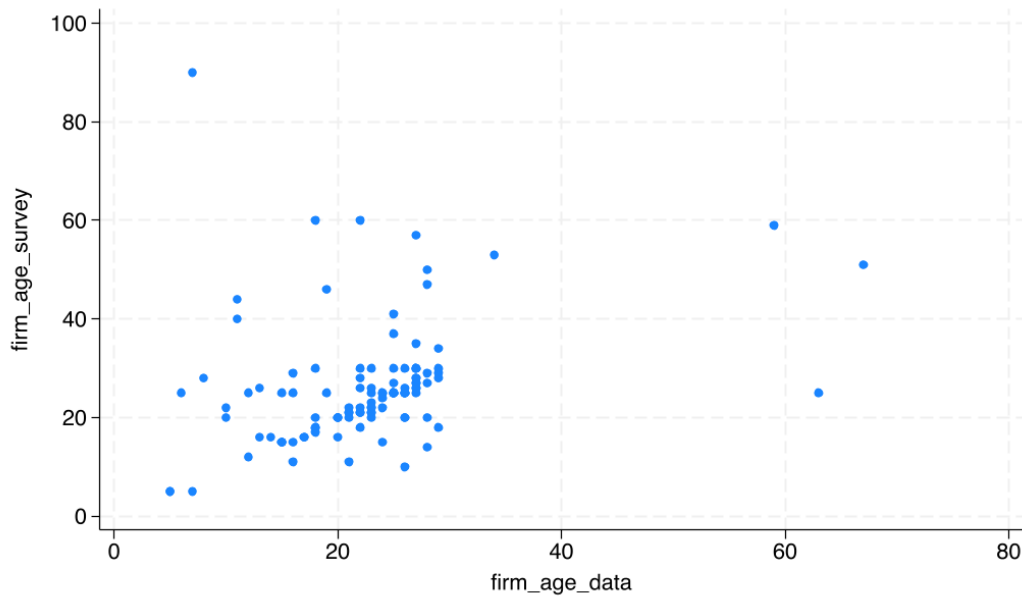
10 surveyors

Funnel

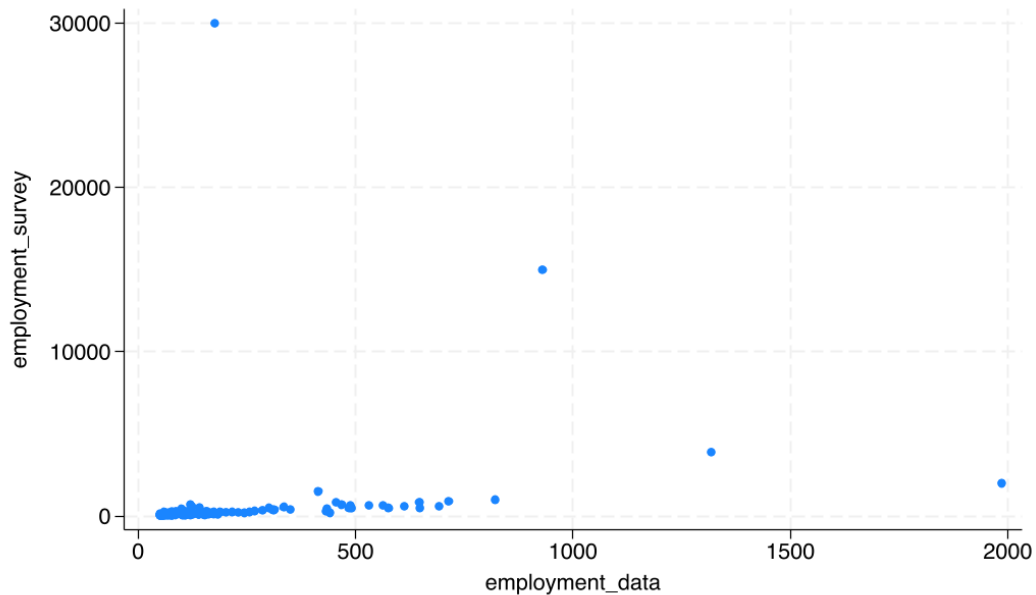
- 1 762 firms contacted by phone
- 2 281 (37%) resulted in direct contact to manager
- 3 144 (51%) scheduled an interview
- 4 126 (87%) completed the interview
- 5 118 (94%) usable responses

Validation

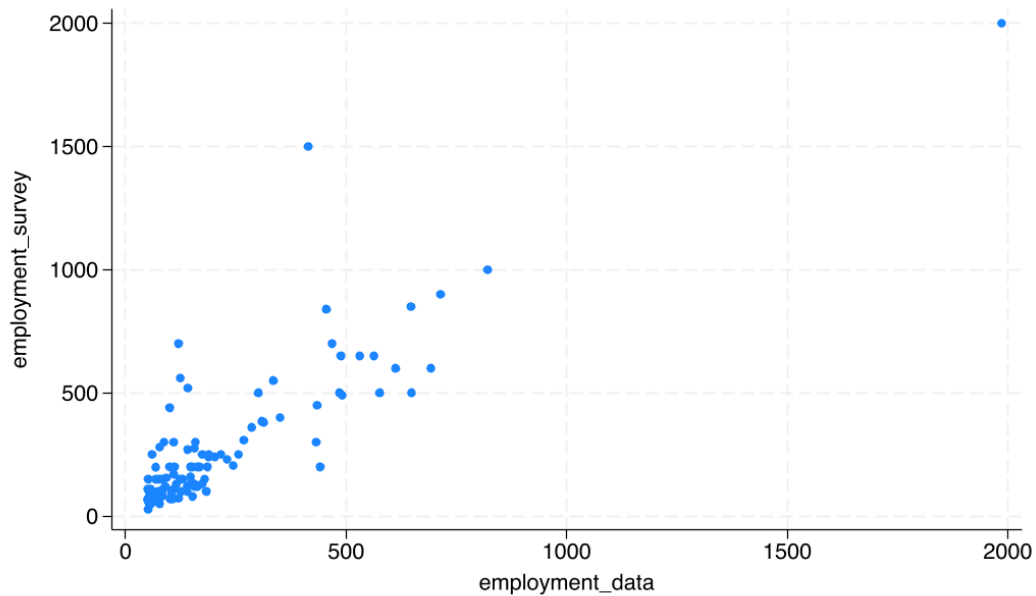
How old is your firm?



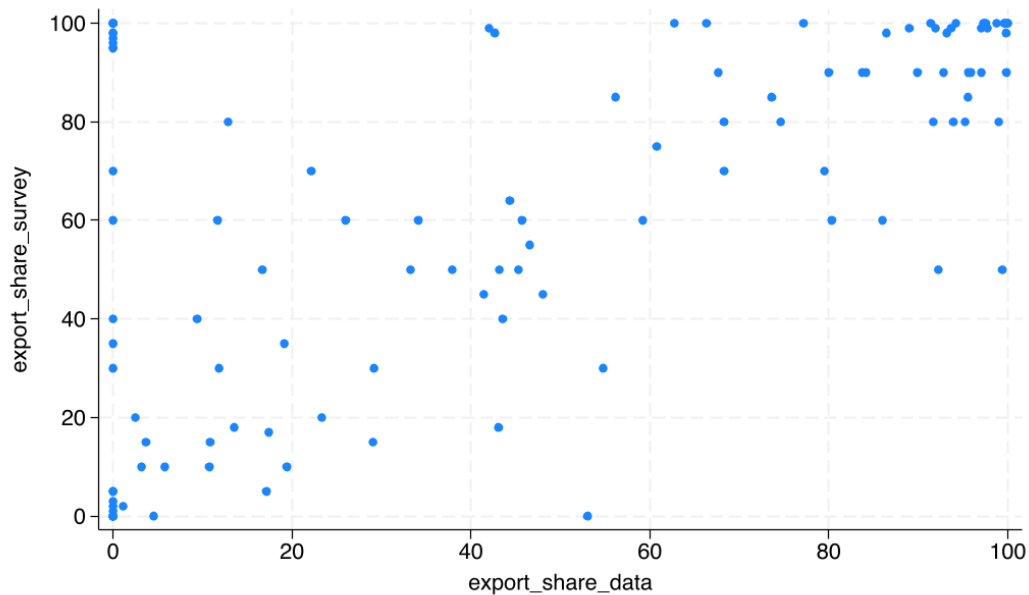
How many employees does your firm have?



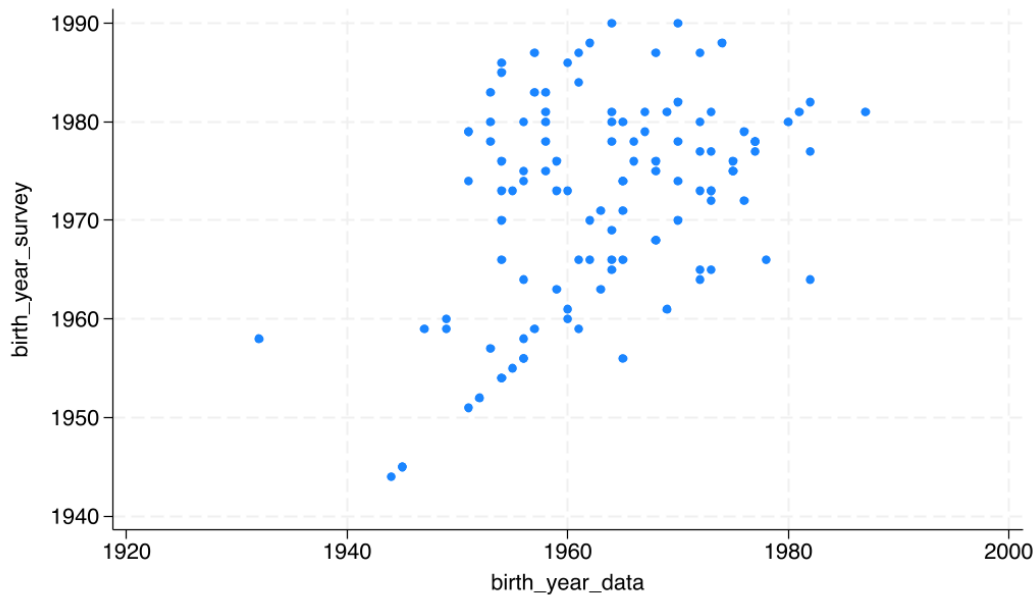
...zooming in



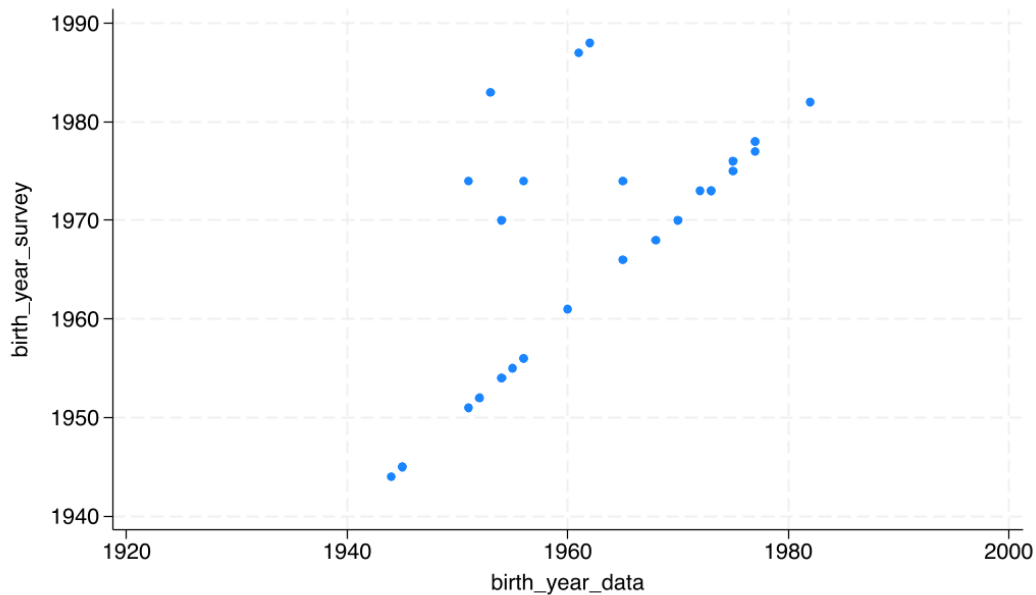
What percentage of your revenue is coming from exports?



Birth year of respondent and the CEO



...if the respondent **is** the CEO



Management Scores

Larger foreign firms are better managed

VARIABLES	(1) management	(2) management	(3) management
lnL	0.455*** (0.0593)	0.361*** (0.0589)	0.326*** (0.0665)
foreign		0.461*** (0.109)	0.437*** (0.111)
exporter			0.196 (0.158)
Constant	0.568* (0.318)	0.856*** (0.302)	0.890*** (0.306)
Observations	118	118	118
R^2	0.284	0.369	0.380

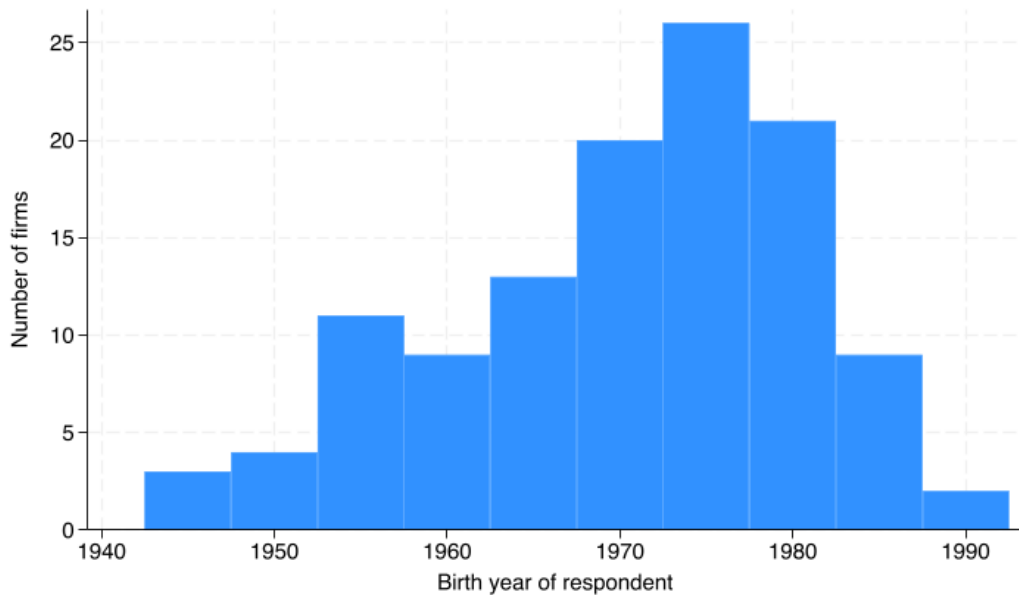
Robust standard errors in parentheses

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

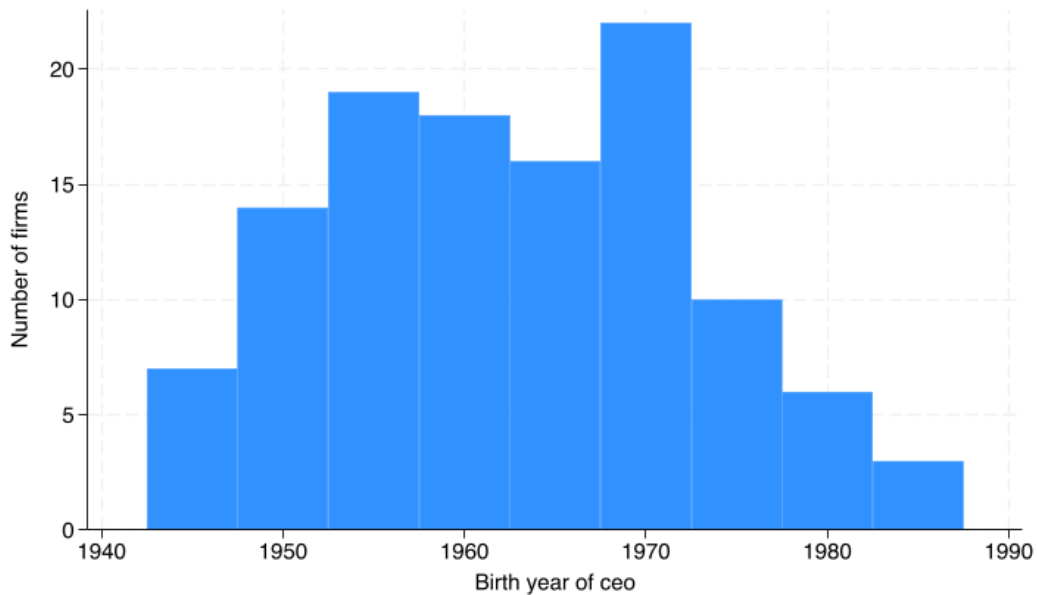
Owner-managed firms are worse

Cohort Effects

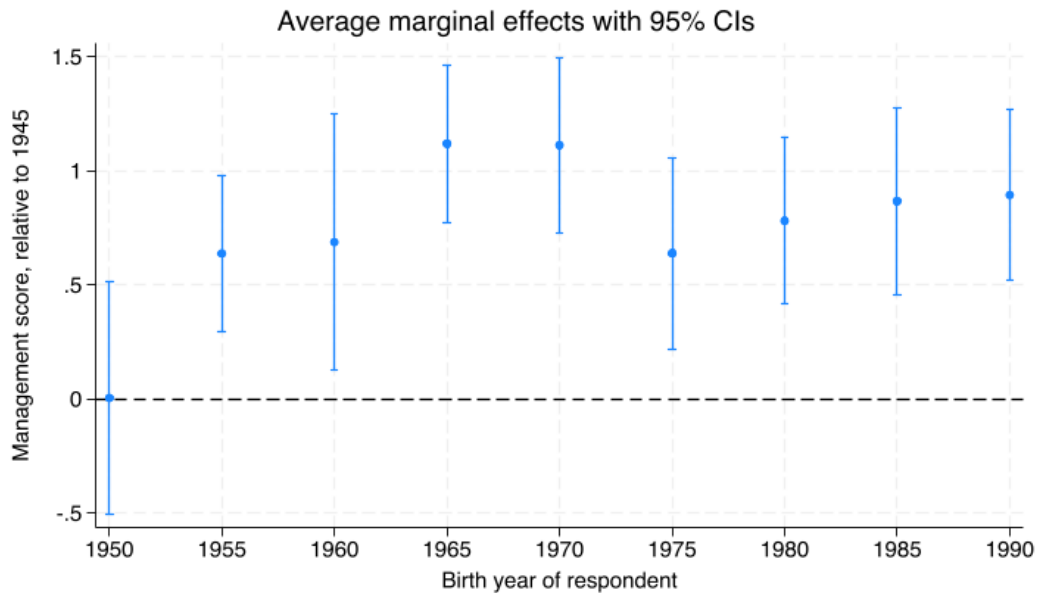
Distribution of birth years of respondents



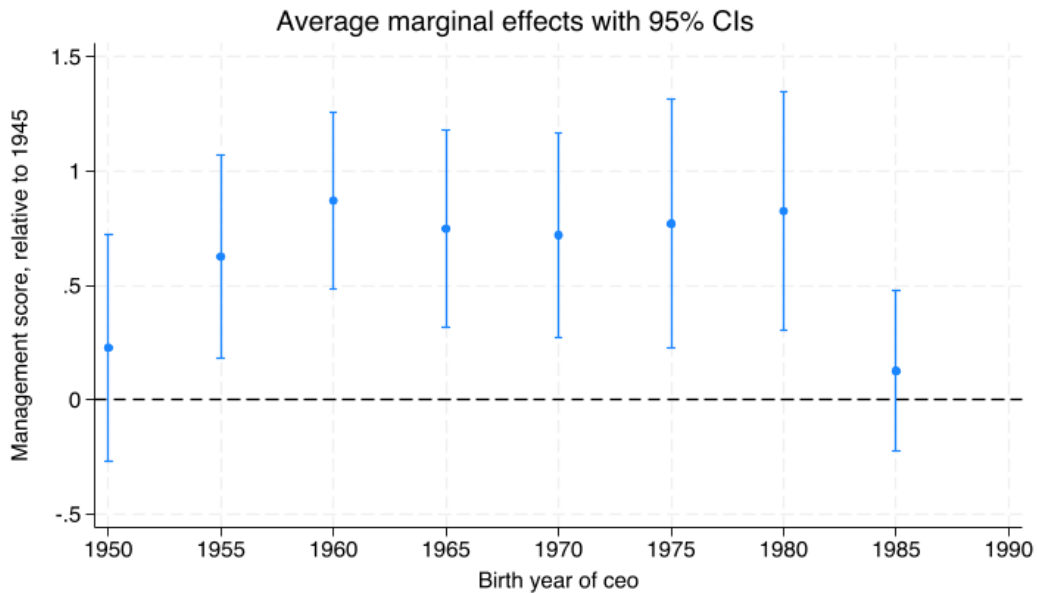
Distribution of birth years of CEOs



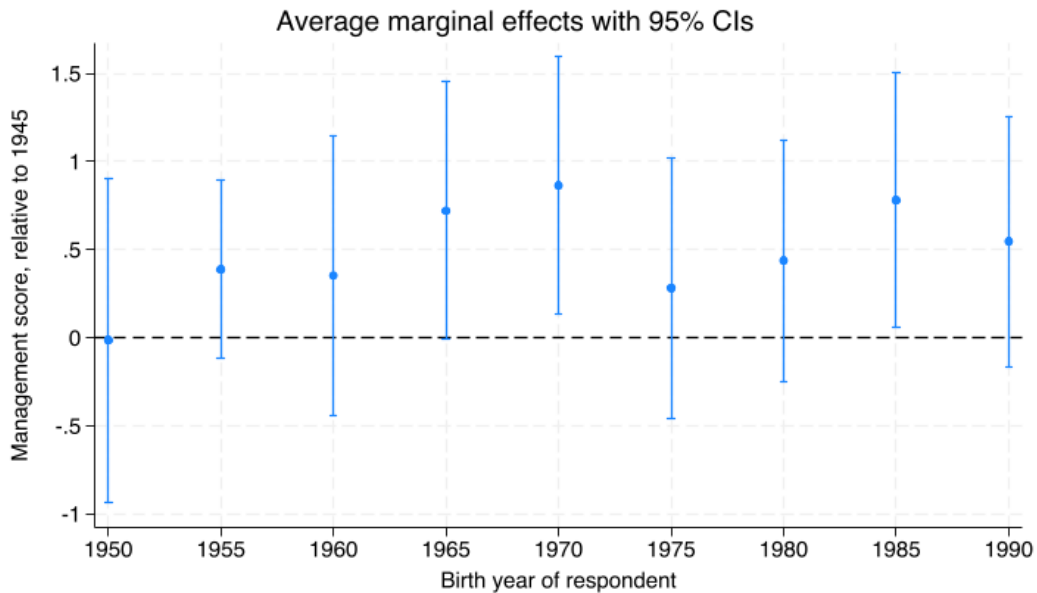
Older cohorts are worse managers



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Cohort effects only matter for domestic firms