Billionaire CEOs are Different from You and Me: Surprise Wealth, Attention, and Firm Behavior

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From Billionaire Wealth to Corporate Decisions

COMMENTARY

WHAT YOU'VE SUSPECTED IS TRUE: BILLIONAIRES ARE NOT

The Youngest Self-Made Female Billionaire Thinks You Should Take More Risks

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Lucy Guo is firing on all cylinders, al

She wakes up before the sun rises to
four back-to-back classes at Barry's I
license and scuba diving license, alth
electric scooter. Even the speed at wh

In that sense, her professional succes
which she operates.

In the last decade alone, Guo has bee
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intelligence firm Scale AI, left Scale A
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as the world's youngest self-made fe
billion, which largely stems from her
firm achieved unicorn status in 2019
Founders Fund.)

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NIKO LUSIANI *May 15, 2024*

ma's 33-year-old billionaire CEO s he tells his team to ignore stock ce volatility: 'We don't control that mber, we control the inputs'

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s going to take time."

TECH

Lisa Su is CEO of AMD — and Jensen Huang's cousin. Here's how she became a billionaire.

By Hasan Chowdhury + Follow

AMD to acquire server builder ZT Systems for $4.9 billion in cash and stock

By Max A. Cherney

August 19, 2024 4:59 PM GMT+1 · Updated August 19, 2024

Aug 19 (Reuters) - AMD (AMD.O) said on Monday it plans to acquire server maker ZT Systems for $4.9 billion as the company seeks to expand its portfolio of artificial intelligence chips and hardware and battle Nvidia (NVDA.O).

AMD plans to pay for 75% of the ZT Systems acquisition with cash and the remainder in stock. The company had $5.34 billion in cash and short-term investments as of the second quarter.

The computing requirements for AI have dictated that tech companies string together thousands of chips in clusters to achieve the necessary amount of data crunching horsepower. Stringing together the vast numbers of chips has meant the makeup of whole server systems has become increasingly important, which is why AMD is acquiring ZT Systems.

Wealth as a Salient Threshold

Standard Agency Theory

- Executive wealth enters corporate finance models mainly as a continuous incentive variable.
- Prior models usually treat executive wealth and incentives through continuous variables such as ownership, delta, vega, wealth level, risk aversion, career concerns, and bargaining power.
- Under the standard continuous-incentive view, crossing from $990 million to $1.01 billion should not matter very much once we control for the CEO's underlying wealth path and incentive exposure.

The Billionaire Threshold

- Wealth also operates through salient thresholds.
- Crossing $1 Billion is not merely incremental as it can carry residual economic content. **It may change:**
  - how the CEO sees themselves,
  - how the board sees the CEO,
  - how counterparties perceive the CEO,
  - and how costly dismissal or monitoring becomes.
- It can create a a discrete shift in symbolic status, internal authority, and career concern

Research Question: Does crossing the **$1 billion** threshold generate discrete changes in CEOs' corporate decision-making?

First Identification Challenge: Billionaire Transitions are Highly Predictable

- CEOs who become billionaires typically lead high-growth firms, hold large equity stakes, and operate in environments where future wealth trajectories are readily foreseeable.
  - As a result, observed post-crossing changes in corporate behavior may simply reflect selection and anticipation rather than causal effects of becoming a billionaire.

- Therefore, a simple before-and-after comparison conflates three distinct forces:
  - the linear effect of wealth accumulation,
  - anticipation of a future crossing,
  - and the realized impact of billionaire status itself

Our Strategy: Condition on ex-ante probability of the crossing to isolate the "surprise" component

- We construct a **monthly**, **mark-to-market** measure of CEOs' publicly invested wealth and identify the first sustained crossing of the $1 billion threshold.
- We then estimate an out-of-sample rolling rare-events logit model to predict **the ex-ante probability** of a CEO crossing the billion-dollar threshold.
  - This measure captures how anticipated a given crossing is based on observable firm performance, wealth trends, and incentive characteristics.
- A **high ex-ante probability crossing is close to the standard continuous story**: the CEO was already on a visible path to billionaire status, so boards, investors, and the CEO may already have adjusted.
- A **low ex-ante probability crossing is closer to a surprise status shock**: the same nominal threshold is crossed, but it was not fully anticipated.
  - **If effects are concentrated there, that is evidence that the billionaire label/status has incremental content beyond smooth wealth accumulation.**

Second Identification Challenge: Attention

➢ **Billionaire status is a public label.**

- Attention shocks alone drive firm behavior. Heightened visibility and media coverage might trigger policy changes independently of the CEO's public-stake wealth.

Our strategy: Use the Forbes billionaire list publication month as a placebo attention shock.

We Examine Whether Surprise Billionaire Crossings Affect:

- **Corporate Investments**
  - M&As: Acquisition Activity, Acquirer Returns, Takeover Premiums, Stock Payment, Private Targets
  - Innovation: R&D, Patents, Citations

- **Internal Governance**
  - Independent Directors,
  - Board Turnover,
  - CEO Entrenchment
  - CEO Compensation

Summary of the Findings

- We find that **surprise billionaire crossings**, those with a low ex-ante predicted probability, trigger persistent shifts in corporate behavior, whereas anticipated transitions do not.

- Conditional on expectations, **billionaire crossings** are associated with:
  - increases in acquisition activity
  - improvements in acquisition deal quality
  - higher levels of innovation
  - weaker governance and larger CEO power
    - lower board independence
    - increased board turnover
    - higher entrenchment
    - higher CEO compensation

Interpretation of the Findings and Further Validation

- The coexistence of expanded CEO influence and improved strategic outcomes is consistent with the "**power-with-alignment**" mechanism that operates in extreme-wealth settings.

- We show that the improvements in deal quality are more visible among CEOs whose wealth is most sensitive to stock price performance.

- Second, the governance shifts are more pronounced among CEOs who already possess significant bargaining leverage, such as founders or those with a high proportion of co-opted directors.

- These patterns suggest that the **transition to billionaire status simultaneously enhances managerial influence** and **strengthens incentive alignment** through large equity-linked wealth exposure.

Data

Sample period: Monthly CEO-firm panel of U.S.-listed firms from 1997 to 2024.

Main sources: BoardEx & ExecuComp (CEO biography and compensation), CRSP (Stock prices and returns), Compustat (Fundamentals).

Wealth calculation: CEO public-stake wealth = equity wealth + option wealth

- Equity wealth: CEO shareholdings × firm's monthly closing stock price
- Option wealth: the fair value of the CEO's outstanding options

The "No-Flicker" crossing rule: Defined as the first time that wealth hits $1 billion and stays at or above for at least 2 consecutive months.

Sample size: 167 Billionaire CEOs identified.

Descriptive Statistics

	Billionaire CEOs				Non-billionaire CEOs					
Variable	Obs	Mean	Median	Std.Dev.	Obs	Mean	Median	Std.Dev.	Diff	P-value
CEO characteristics										
Female CEO	19,595	0.027	0	0.163	882,790	0.042	0	0.2	-0.014	0.000***
CEO age (years)	19,595	58.966	59	10.065	882,790	56.612	57	8.005	2.35	0.000***
CEO tenure (years)	19,595	14.53	12	9.242	882,790	8.282	7	6.485	6.248	0.000***
CEO-chair duality	19,595	0.655	1	0.475	882,790	0.41	0	0.492	0.245	0.000***
CEO education	19,595	0.478	0	0.5	882,790	0.261	0	0.439	0.217	0.000***
CEO Delta ($000s)	19,595	6471.316	5,577.461	5,276.52	835,474	456.021	106.866	1402.068	6015.295	0.000***
CEO Vega ($000s)	19,595	613.401	205.984	819.964	835,474	135.449	21.441	356.315	477.953	0.000***
Firm characteristics										
Size ($ millions)	19,595	24,648.03	6,228	40,706.03	877,556	6,349.347	971.2	18,870.38	18,298.69	0.000***
ROA	18,923	0.157	0.151	0.127	814,444	0.043	0.084	0.233	0.114	0.000***
Leverage	19,559	0.222	0.176	0.209	874,511	0.239	0.187	0.228	-0.017	0.000***
BM ratio	18,587	0.32	0.235	0.302	839,634	0.59	0.48	0.55	-0.27	0.000***
Stock volatility	19,525	0.36	0.311	0.21	872,349	0.433	0.355	0.284	-0.073	0.000***
Sales growth	19,321	0.132	0.107	0.224	820,575	0.081	0.067	0.299	0.051	0.000***
Co-opted board	18,995	0.31	0.278	0.263	861,697	0.27	0.231	0.221	0.04	0.000***

Who becomes a billionaire CEO?

	Billionaire		
Variable	(1)	(2)	(3)
Female CEO	-0.581***	-0.959***	-1.123***
	(0.097)	(0.111)	(0.117)
CEO age	-1.216***	-1.669***	-2.189***
	(0.086)	(0.098)	(0.107)
CEO tenure	1.196***	0.924***	1.135***
	(0.021)	(0.023)	(0.024)
CEO-chair duality	0.062**	-0.278***	-0.439***
	(0.028)	(0.031)	(0.032)
CEO education	0.738***	0.750***	0.652***
	(0.025)	(0.028)	(0.029)
Founder-CEO	0.898***	0.391***	0.784***
	(0.028)	(0.032)	(0.036)
CEO ownership		5.434***	9.265***
		(0.138)	(0.165)
CEO pay slice		0.969***	1.316***
		(0.093)	(0.094)
CEO delta		0.818***	0.530***
		(0.010)	(0.010)
CEO vega		-0.083***	-0.124***
		(0.007)	(0.006)
Size			0.570***
			(0.011)
ROA			0.464***
			(0.118)
Leverage			-0.989***
			(0.078)
BM ratio			-1.300***
			(0.057)
Stock volatility			-0.278***
			(0.089)
Sales growth			0.735***
			(0.064)
Constant	-1.705***	-3.225***	-5.007***
	(0.394)	(0.444)	(0.483)
Industry fixed effects	YES	YES	YES
Year fixed effects	YES	YES	YES
Number of obs.	662,821	662,821	662,821
Pseudo R-squared	0.169	0.426	0.431

If billionaire crossings are foreseeable, then the appropriate counterfactual for a realized billionaire CEO is a near-threshold CEO with similar ex ante probabilities of crossing who does not in fact cross.

This insight motivates our ex-ante probability framework

Step 1: Ex-ante Probability Prediction

CEOs whose wealth is already near $1 billion may adjust firm policies before the crossing occurs, implying that post-crossing differences could partly reflect selection and anticipation rather than the realized attainment of billionaire status

We use a rolling out-of-sample rare-event logit model (36-month window) to predict the likelihood of crossing $1B (King and Zeng, 2001).

$$Ex\ ante\ prob_{i,t} = Pr\left(Cross_{i,t+1} = 1 \middle| X_{i,t}\right)$$

Predictors:

- Wealth distance to $1B.
- 12-month wealth growth and volatility.
- Firm size, ROA, BM, leverage, stock return volatility
- CEO age, tenure, founder status, and incentive (Delta and Vega).

Control group: "Near-probability, distance-matched" CEOs

- similar crossing probabilities (0.01 caliper)
- but do not cross

Step 2: Stacked Event Study Specification

Stacked event-study design with ±36 months window around each event.

$$
\begin{aligned}
&Y_{i,t} \\
&= \beta_1 Post - billionaire_{i,t} + \beta_2 Ex\ ante\ prob_{i,t-1} \\
&+ \beta_3 \left(Post - billionaire_{i,t} \times Ex\ ante\ prob_{i,t-1} \right) + \Gamma' X_{i,t} + \mu_i + \lambda_t + \epsilon_{i,t}
\end{aligned}
$$

$Post - billionaire$ is an indicator variable that equals:

1 in all months after the CEO first crosses the $1 billion wealth threshold

0 in all months before the crossing and in all months for non-billionaire CEOs

$Ex\ ante\ prob$ is the predicted probability that the CEO will cross the threshold in the next month.

Step 2: Stacked Event Study Specification

Coefficient interpretation

$$Y_{i,t} = \beta_1 Post - billionaire_{i,t} + \beta_2 Ex\ ante\ prob_{i,t-1} + \beta_3 \left(Post - billionaire_{i,t} \times Ex\ ante\ prob_{i,t-1}\right) + \Gamma' X_{i,t} + \mu_i + \lambda_t + \epsilon_{i,t}$$

β_1: Baseline effect (prob=0). The pure surprise wealth-shock treatment effect.

β_2: Anticipation effect. Reflects systematic differences associated with being on a high-probability crossing path .

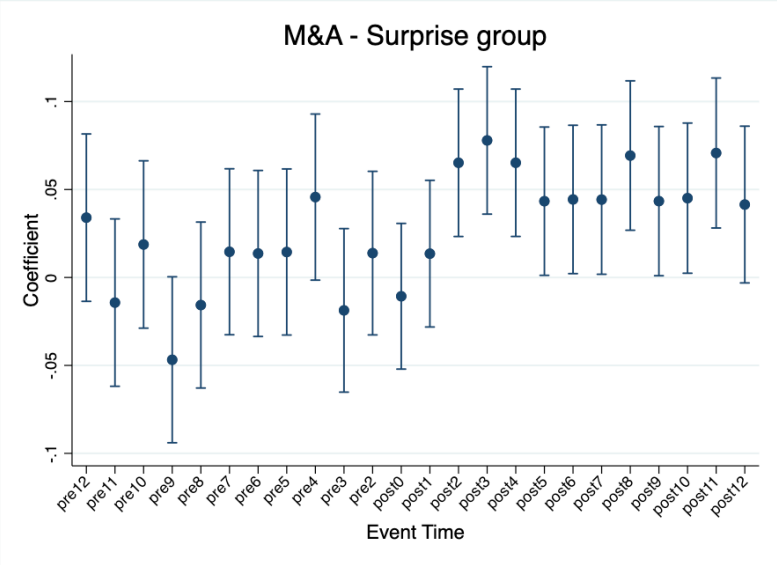
β_3: How the incremental effect changes as anticipation increases.

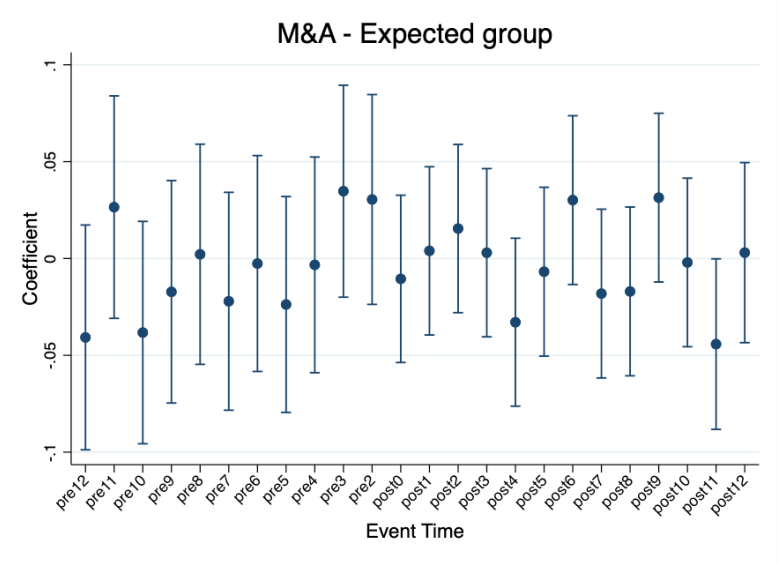
The total treatment effect at a given probability level: $\beta_1 + \beta_3 Ex\ ante\ prob$

β_1 and β_3 have opposite signs ⇒ surprise effect ⇒ the effect stronger when unexpected (low probability).

β_1 and β_3 have the same sign ⇒ anticipated effect ⇒ the effect stronger when expected (high probability).

Parallel Trend Test - M&A as an Example





- No evidence of differential pre-trends between treated and control firms.
- The post-crossing divergence is sharply concentrated in the "surprise" group.
  - This supports the interpretation that post-crossing adjustments reflect incremental effects of the realized status transition rather than pre-existing trends or anticipation.

Results: M&A Activity

Variable	M&A	
Post-billionaire	**0.026*** **	
	(0.009)	
Post (0)		0.014
		(0.021)
Post (1,12)		0.049***
		(0.012)
Post (13,24)		-0.000
		(0.010)
Post (25,36)		0.027*
		(0.014)
Ex ante prob	0.339*	0.357*
	(0.185)	(0.189)
Post-billionaire × Ex ante prob	**-0.642****	-0.722***
	(0.255)	(0.264)
CEO controls	YES	YES
Firm controls	YES	YES
Firm & Year FE	YES	YES
Number of obs.	16,255	16,255
R-squared	0.139	0.140

- Post-crossing, CEOs are 2.6 percentage points more likely to announce an acquisition (57% relative to baseline).
- Firms with high crossing probability are already more acquisitive (selection effect)
- Effects attenuate with anticipation (**i.e., stronger with surprise**).

Results: M&A Outcomes

Variable	CAR (-1,1)	Stock payment	Private target
Post-billionaire	0.028**	-0.177**	0.321***
	(0.013)	(0.082)	(0.080)
Ex ante prob	-0.120	-1.036***	-0.298
	(0.090)	(0.386)	(0.689)
Post-billionaire × Ex ante prob	-0.214**	1.218***	-1.773**
	(0.092)	(0.445)	(0.731)
CEO controls	YES	YES	YES
Firm controls	YES	YES	YES
Firm & Year FE	YES	YES	YES
Number of obs.	871	871	871
R-squared	0.427	0.179	0.285

Market reaction: Higher announcement returns (CAR)

Smarter deal structures: Less reliance on all-stock deals; More private-target acquisitions; Lower acquisition premiums

Patterns: Effects attenuate with anticipation (**i.e., effect stronger with surprise**)

Interpretation: Not empire-building. Billionaire CEOs become more selective and disciplined

Results: M&A Outcomes

Variable	Premium (−1, final)	Premium (−5, final)	Premium (−20, final)
Post-billionaire	-0.542*	-0.561**	-0.684**
	(0.298)	(0.240)	(0.310)
Ex ante prob	-0.114	-1.264	-3.120**
	(1.406)	(1.194)	(1.527)
Post-billionaire × Ex ante prob	4.278**	4.326**	6.610***
	(1.928)	(1.667)	(2.046)
CEO controls	YES	YES	YES
Firm controls	YES	YES	YES
Firm & Year FE	YES	YES	YES
Number of obs.	360	360	360
R-squared	0.203	0.138	0.183

- **Lower takeover premiums**
- **Patterns:** Effects attenuate with anticipation (i.e., stronger with surprise).

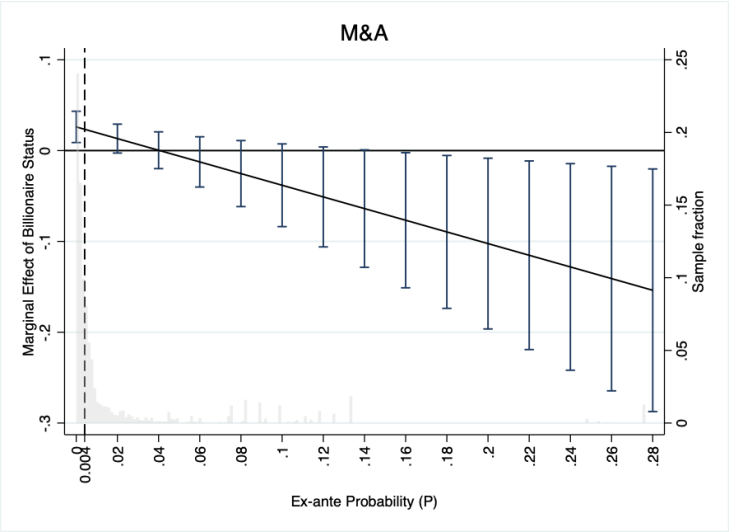
Results: Innovation Activity

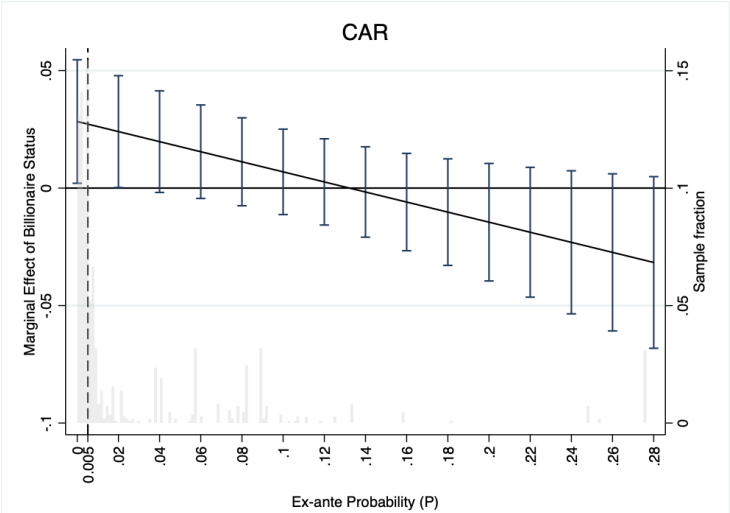
Variable	R&D expenses		Patent grants		Patent citations	
Post-billionaire	**0.014*** **		**0.234*** **		**0.006** **	
	(0.005)		**(0.077)**		**(0.002)**	
Post (0)		0.013**		0.182**		0.001
		(0.005)		(0.071)		(0.002)
Post (1,12)		0.015***		0.221***		0.005**
		(0.006)		(0.080)		(0.002)
Post (13,24)		0.016**		0.230***		0.006***
		(0.006)		(0.079)		(0.002)
Post (25,36)		0.011*		0.264**		0.005*
		(0.006)		(0.103)		(0.003)
Ex ante prob	0.179**	0.180**	0.983	0.958	0.027	0.027
	(0.084)	(0.085)	(0.642)	(0.660)	(0.021)	(0.021)
Post-billionaire × Ex ante prob	**-0.183****	-0.188**	**-1.324****	-1.232*	**-0.044****	-0.043**
	(0.079)	(0.083)	**(0.600)**	(0.653)	**(0.020)**	(0.021)
CEO controls	YES	YES	YES	YES	YES	YES
Firm controls	YES	YES	YES	YES	YES	YES
Firm & Year FE	YES	YES	YES	YES	YES	YES
Number of obs.	16,255	16,255	16,255	16,255	16,255	16,255
R-squared	0.810	0.810	0.792	0.792	0.548	0.548

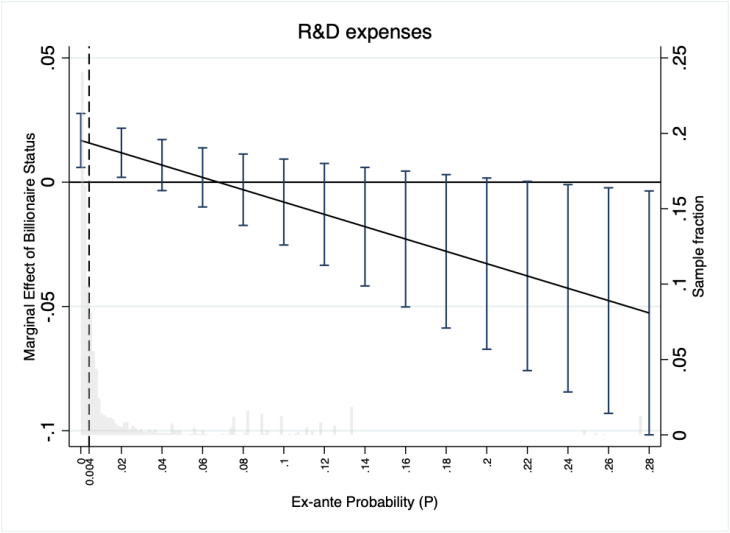
Results: Governance

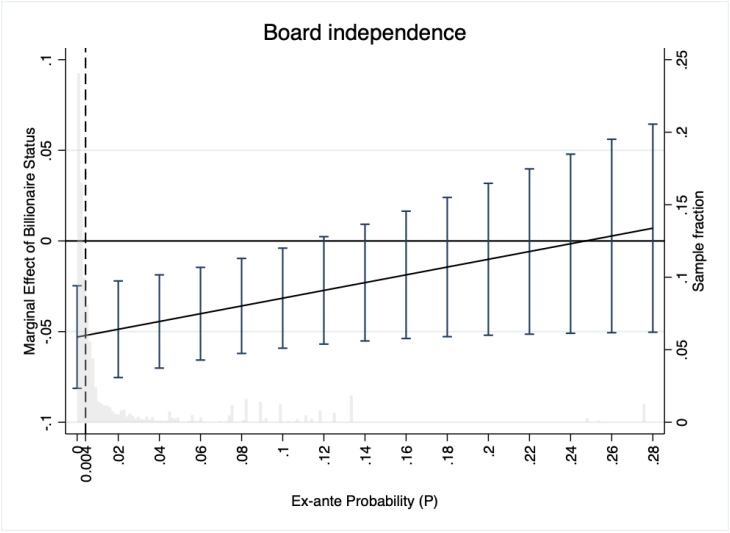
Variable	Board independence		Board turnover		E-index		CEO compensation	
Post-billionaire	**-0.053*** **		**0.042*** **		**0.301*** **		**0.999*** **	
	(0.014)		**(0.008)**		**(0.101)**		**(0.250)**	
Post (0)		-0.040***		0.025***		0.225**		1.058***
		(0.013)		(0.008)		(0.092)		(0.279)
Post (1,12)		-0.054***		0.034***		0.288***		1.102***
		(0.015)		(0.008)		(0.097)		(0.273)
Post (13,24)		-0.055***		0.048***		0.317***		0.940***
		(0.017)		(0.009)		(0.117)		(0.256)
Post (25,36)		-0.050***		0.047***		0.310**		0.920***
		(0.018)		(0.009)		(0.123)		(0.281)
Ex ante prob	-0.191*	-0.191*	0.002	-0.008	0.307	0.285	2.355	2.471
	(0.115)	(0.116)	(0.061)	(0.061)	(0.722)	(0.727)	(1.614)	(1.620)
Post-billionaire × Ex ante prob	**0.214***	0.218*	**-0.204** **	-0.167*	**-2.288*** **	-2.212***	**-4.193** **	-4.662**
	(0.116)	(0.128)	**(0.090)**	(0.092)	**(0.761)**	(0.759)	**(2.096)**	(2.183)
CEO controls	YES	YES	YES	YES	YES	YES	YES	YES
Firm controls	YES	YES	YES	YES	YES	YES	YES	YES
Firm & Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Number of obs.	16,255	16,255	16,255	16,255	16,255	16,255	16,255	16,255
R-squared	0.826	0.826	0.588	0.590	0.848	0.876	0.876	0.878

Marginal Effects









Attention

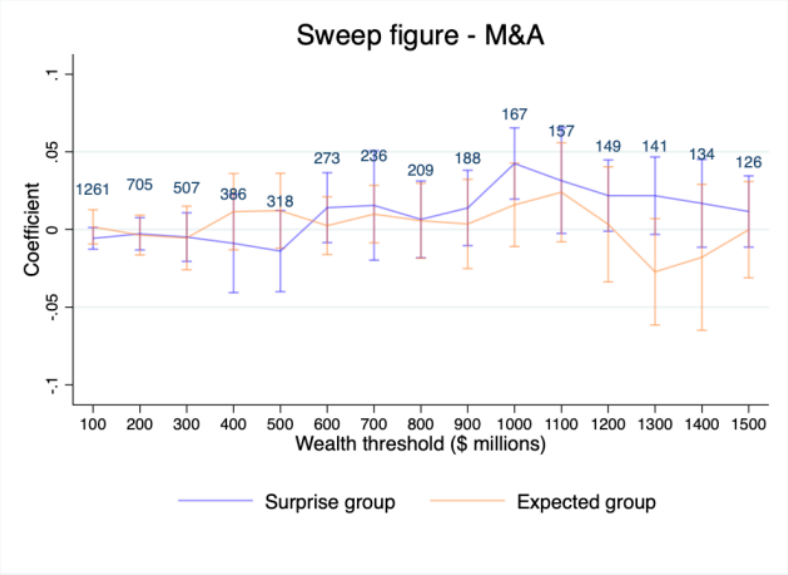
Variable	Analyst coverage	Institutional ownership	Media coverage
Post-billionaire (Forbes)	0.317***	0.096***	0.559***
	(0.083)	(0.029)	(0.175)
Ex ante prob	0.536	0.049	2.300**
	(0.768)	(0.172)	(1.110)
Post-billionaire-F × Ex ante prob	-3.095***	-0.717***	-2.034**
	(1.004)	(0.246)	(0.877)
Real crossing	0.087	0.025	-0.155
	(0.059)	(0.023)	(0.119)
CEO controls	YES	YES	YES
Firm controls	YES	YES	YES
Firm & Year FE	YES	YES	YES
Number of obs.	15,090	15,090	15,090
R-squared	0.286	0.819	0.931

Attention (Forbes Publication as a Placebo)

Variable	M&A Activity	Patent Grants	Board Independence
Post-billionaire (Forbes)	-0.012	-0.077	0.007
	(0.022)	(0.082)	(0.010)
Ex ante prob	-0.008	0.363	-0.231*
	(0.192)	(0.816)	(0.133)
Post-billionaire-F × Ex ante prob	0.285	-0.761	-0.061
	(0.336)	(0.522)	(0.090)
Real crossing	0.007	0.214**	-0.016
	(0.015)	(0.097)	(0.017)
CEO controls	YES	YES	YES
Firm controls	YES	YES	YES
Firm & Year FE	YES	YES	YES
Number of obs.	15,090	15,090	15,090
R-squared	0.113	0.796	0.863

Is $1 Billion Special? Threshold Sweep Analysis

Re-estimate the baseline model across multiple wealth cutoffs from $100M to $1.5B and zoom in on the region around the billionaire threshold.



- Across lower thresholds, the estimated coefficients are generally small and statistically indistinguishable from zero, with no consistent pattern of increasing effects as wealth rises.
- However, a pronounced break emerges around the $1 billion threshold for the “Surprise” group.
- In contrast, the “Expected” group shows no such jump at any threshold, with coefficients remaining flat throughout the distribution and often statistically insignificant from zero.

Mechanism: Incentive Alignment

High-delta and low-delta groups

	CAR (-1,1)		Stock payment		Private target	
Variable	**High-delta**	**Low-delta**	**High-delta**	**Low-delta**	**High-delta**	**Low-delta**
Post-billionaire	0.055**	0.009	-0.380***	-0.042	0.316***	0.004
	(0.022)	(0.022)	(0.132)	(0.063)	(0.094)	(0.143)
Ex ante prob	-0.145	-0.193	-1.894*	0.056	0.457	-1.201
	(0.250)	(0.124)	(1.003)	(0.302)	(1.097)	(1.000)
Post-billionaire × Ex ante prob	-0.237	-0.249	2.149**	0.161	-2.235***	3.004***
	(0.201)	(0.176)	(0.894)	(0.594)	(0.775)	(1.129)
CEO controls	YES	YES	YES	YES	YES	YES
Firm controls	YES	YES	YES	YES	YES	YES
Firm & Year FE	YES	YES	YES	YES	YES	YES
Number of obs.	439	448	439	448	439	448
R-squared	0.565	0.159	0.199	0.293	0.286	0.310

Mechanism: Bargaining Power

High and low co-opted board groups

	Board independence		Board turnover		E-index		CEO compensation	
Variable	**High co-opted board**	**Low co-opted board**	**High co-opted board**	**Low co-opted board**	**High co-opted board**	**Low co-opted board**	**High co-opted board**	**Low co-opted board**
Post-billionaire	-0.079***	-0.013	0.050***	0.016	0.466***	0.039	1.757***	-0.303
	(0.020)	(0.012)	(0.012)	(0.010)	(0.147)	(0.123)	(0.357)	(0.195)
Ex ante prob	-0.421**	0.126	-0.060	0.036	3.957**	-0.456	5.310*	-3.380*
	(0.180)	(0.103)	(0.088)	(0.074)	(1.678)	(0.763)	(2.722)	(1.855)
Post-billionaire × Ex ante prob	0.569**	-0.068	-0.457*	-0.079	-8.974***	-0.434	-17.378	3.180**
	(0.253)	(0.102)	(0.236)	(0.096)	(2.687)	(0.756)	(11.400)	(1.507)
CEO controls	YES	YES	YES	YES	YES	YES	YES	YES
Firm controls	YES	YES	YES	YES	YES	YES	YES	YES
Firm & Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Number of obs.	9,464	8,308	9,464	8,308	9,464	8,308	9,464	8,308
R-squared	0.794	0.932	0.632	0.530	0.868	0.902	0.856	0.942

Mechanism: Bargaining Power

Founder and non-founder groups

	Board independence		Board turnover		E-index		CEO compensation	
Variable	**Founder CEO**	**Non-founder CEO**	**Founder CEO**	**Non-founder CEO**	**Founder CEO**	**Non-founder CEO**	**Founder CEO**	**Non-founder CEO**
Post-billionaire	-0.080***	-0.056***	0.071***	0.017**	0.481**	0.231**	1.867***	0.824***
	(0.023)	(0.021)	(0.016)	(0.008)	(0.198)	(0.117)	(0.431)	(0.291)
Ex ante prob	-0.238	-0.097	-0.034	-0.004	2.891*	0.156	0.879	3.297**
	(0.168)	(0.131)	(0.108)	(0.066)	(1.506)	(0.806)	(2.957)	(1.531)
Post-billionaire × Ex ante prob	0.193	0.219	-0.106	-0.134	-5.030***	-2.457**	-4.882*	-5.247**
	(0.161)	(0.163)	(0.132)	(0.092)	(1.723)	(0.978)	(2.848)	(2.327)
CEO controls	YES	YES	YES	YES	YES	YES	YES	YES
Firm controls	YES	YES	YES	YES	YES	YES	YES	YES
Firm & Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Number of obs.	6,506	11,514	6,506	11,514	6,506	11,514	6,506	11,514
R-squared	0.830	0.856	0.538	0.644	0.885	0.884	0.864	0.916

Robustness Tests

Stricter wealth-distance caliper: Additional $800 million wealth caliper for control CEOs

PSM Analysis: 1:1 nearest-neighbor matching

Valuation Shock Concern

- Valuation controls (Control for past stock performance)
- Exogenous test (Russell index reconstitution)

Bootstrap SE: Two-stage bootstrap (300 reps) to account for the generated regressor (Ex-ante probability) uncertainty

Nonlinearity Concern: Probability-Bin check

Staggered Timing: Early/late cohorts and Sun–Abraham estimator

Common monthly shocks

- Month-year fixed effects; Firm-year cluster
- Collapse the annual variables to firm-year frequency

Conclusions

- Reaching billionaire status triggers persistent shifts in acquisitions, innovation, and governance.
- Effects are concentrated in surprise crossings.
- The Forbes list publication raises attention but does not independently change substantive firm policies.
- Takeaway: Extreme personal wealth can reshape managerial incentives, internal authority, and corporate strategy through a discrete status threshold.