

New research finds CEOs who appear on CNBC can see their pay rise over \$200,000 per year

June 12 2017



Credit: Institute for Operations Research and the Management Sciences

New research that examined 4,452 CEOs from 2,666 U.S. firms, as well as 104,129 news articles and 6,567 CNBC interviews, found that CEOs who appeared in CNBC interviews could expect their compensation to increase by \$210,239 on average, notwithstanding firm performance and other mitigating factors.

The study, "The Relationship Between CEO Media Appearances and

Compensation," will be published in the upcoming volume of the INFORMS journal *Organization Science*.

The research authors, Jingoo Kang of the Nanyang Business School and Andy Han Kim of the SKKU Business School, found the relationship between media appearances and compensation between 1997 and 2009 was strongest when the CEO was from a smaller firm or one that demonstrated a strong stock market performance in the wake of increased media visibility. Improved stock performance serves as strong supporting evidence to the employer of the CEO's role in increasing the company's visibility and that of its stock. This in turn provided the CEO with increased bargaining power for greater compensation, up to \$130,925 more than their counterparts in larger firms.

"For highly visible CEOs of larger [firms](#), media appearances will only have a small visibility-enhancing effect," said Kang. "On the other hand, for CEOs of smaller companies who are less well known, media appearances will have a strong visibility-enhancing effect."

For CEOs in larger, well-known companies that already have a high degree of visibility, the additional visibility-enhancing effect of media appearances was weaker for those CEOs, as there was little additional growth that corresponded to the CEO's presence in the media. In addition, when the CEO had a high equity ownership or was the founding CEO, that positive relationship disappeared.

The tone of media coverage also had an impact on the relationship between CEO media appearance and compensation, but primarily when the coverage was a CNBC interview.

"When the tone of the media is more negative, the positive relationship between the media appearance and compensation becomes weaker," said Kim. "In contrast, in the CEO news article models, we did not find a

statistically significant interaction."

More information: Jingoo Kang et al. The Relationship Between CEO Media Appearances and Compensation, *Organization Science* (2017).

[DOI: 10.1287/orsc.2017.1128](https://doi.org/10.1287/orsc.2017.1128)

Provided by Institute for Operations Research and the Management Sciences

Citation: New research finds CEOs who appear on CNBC can see their pay rise over \$200,000 per year (2017, June 12) retrieved 8 June 2023 from <https://phys.org/news/2017-06-ceos-cnbc-year.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.