

Executive Herding and Firm Risk

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Abstract. Executive bonus scorecards have become increasingly uniform within top management teams. Among S&P 1500 firms, the share of executive teams with fully common bonus performance metrics rose from about 60 percent in 2006 to more than 85 percent by 2022. We call this convergence executive herding and measure it using *Metric Homogeneity*, an entropy-based measure of within-team similarity in bonus-metric assignments. Greater executive herding predicts higher next-year idiosyncratic volatility, but not systematic volatility. The volatility result is not absorbed by executive pay convexity, pay-performance sensitivity, or annual-bonus incentive intensity. The relation is stronger when firm-specific operating uncertainty is high and weaker when authority is more concentrated, consistent with common metrics shaping the team’s information set rather than merely changing incentive intensity. Using ASC 842 as a shock to the information content of accounting metrics, we find that lease-intensive firms make scorecards less common and more differentiated, consistent with boards using bonus metrics to shape information flows within the executive team. Executive herding is also associated with changes in real activity: higher R&D intensity, greater operating cash-flow volatility, and greater patent economic value. Using COVID as a shock to firm risk, firms with greater *Metric Homogeneity* experience larger increases in firm-specific volatility. Taken together, the evidence suggests that bonus metrics do more than provide incentives: they shape the information architecture of the executive team, with commonality potentially increasing firm-specific risk.

Keywords: Executive compensation; bonus metrics; team incentives; executive herding; idiosyncratic volatility; information aggregation; corporate risk-taking.

JEL Classification: G32; G34; J33; M12; M52.

1 Introduction

Over the past two decades, executive bonus plans within U.S. public firms have become markedly more uniform. In S&P 1500 firms, the share of executive teams in which every member has the exact same set of performance metrics has risen from roughly 60 percent in 2006 to 85 percent by 2022. The metric menu itself remains broad; what changes is the within-team assignment of that menu. We label this convergence *executive herding* and measure it using *Metric Homogeneity*, an entropy-based index that captures the similarity of bonus-metric assignments across the members of a top management team. Higher *Metric Homogeneity* indicates more homogeneous scorecards. Prior research highlights an important benefit of common scorecards: when executives are evaluated on the same metrics, they coordinate activities more effectively and monitor each other more closely (Guay, Kepler, and Tsui 2019; Holmstrom 1982; Che and Yoo 2001). In this paper, we document evidence of a tradeoff—one that suggests bonus metrics do more than align incentives; they also shape the information architecture of the executive team, with meaningful consequences for firm risk.

Our central finding is that executive herding is systematically associated with higher firm-specific risk. An interquartile increase in *Metric Homogeneity* predicts a next-year increase in idiosyncratic return volatility equal to about 3.2 percent of its sample standard deviation. This relation is not absorbed by traditional incentive-intensity measures, such as the convexity (vega) or pay-performance sensitivity (delta) of executive compensation, or by annual-bonus expected payout, payout range, and equity share measured at both the executive-team and CEO levels. It also does not appear in systematic volatility, where the coefficient is statistically indistinguishable from zero. Together, these patterns suggest that executive herding is associated with firm-specific uncertainty rather than market-wide risk exposure.

Why would uniform bonus metrics raise firm-specific risk? We propose an *information architecture* channel built on correlated judgment errors. When executives are evaluated on differentiated metrics, they attend to partly distinct signals: the CFO may see liquidity and balance-sheet constraints, the COO may see operating bottlenecks, and the commercial executive may see demand-side changes. These signals are noisy, but their errors are imperfectly correlated. Deliberation can therefore average out idiosyncratic mistakes. Common scorecards change this error structure. They direct executives toward the same signals, the same accounting thresholds, and the same definition of success. Even if each executive remains individually informed, the team’s errors become more correlated. The risk channel is therefore not simply that common metrics reduce information; it is that they reduce the diversification of judgment errors. This is the informational analogue of Sah and Stiglitz’s (1986, 1991) argument that concentrated decision systems produce more variable outcomes because they forgo aggregation across fallible judgments.

Common scorecards can also weaken internal challenge. A shared metric frame is valuable for coordination, but it can make dissent less natural: when executives evaluate strategic decisions through the same performance lens, alternative role-specific concerns are less likely to enter

deliberation. This logic echoes the classic groupthink framework of Janis (1972) and related economic models in which organizational consensus suppresses disagreement (Bénabou 2013). It also connects to the diversity-and-risk literature, where heterogeneous boards appear to moderate extreme decisions and reduce firm risk by bringing different perspectives to the decision process (Bernile, Bhagwat, and Yonker 2018). Our setting differs because the diversity is not demographic or appointment-based; it is information diversity created by bonus contract-design choices. But the economic logic is parallel: when the decision body processes less differentiated information, fewer errors are challenged before they enter firm policy.

Our evidence is consistent with this informational interpretation. The effect of *Metric Homogeneity* on idiosyncratic volatility is significantly larger in industries with high operating environment uncertainty, where the value of diverse, decentralized information is greatest. It is also weaker in governance settings where authority is more concentrated, including firms with more co-opted boards, combined CEO-chair roles, and longer-tenured CEOs. This sign pattern is consistent with authority and decision rights shaping how strongly common metrics can discipline the executive team’s information set. A separate team-design result concerns formal roles: broader executive-title coverage attenuates the relation, consistent with role breadth limiting how strongly common metrics dominate the team’s information environment. Finally, using the Li et al. (2021) culture measures, only the teamwork dimension interacts with *Metric Homogeneity*. In firms with a stronger teamwork-oriented culture, common metrics may become more salient where coordination norms are stronger. Together, these patterns are hard to explain solely through incentive power or conventional risk-taking incentives. They suggest that common metrics also shape which information enters executive decision-making.

We next test whether boards adjust within-team metric assignment when the informativeness of common accounting metrics changes, as the information-architecture view predicts. To do so, we use ASC 842, the lease accounting standard that took effect in 2019 (FASB ASU 2016-02). By requiring operating leases to be recognized on the balance sheet, ASC 842 changed the information properties and contracting implications of lease-related accounting measures. This design builds on evidence that accounting-standard shocks can shift firms’ internal information quality and, in turn, shape performance-metric selection (Guay, Kim, and Timmermans 2026). If bonus metrics help structure executive information, we would expect lease-intensive firms to reduce uniform assignment of affected accounting metrics and move toward more selective, executive-specific assignment. Using a difference-in-differences design that leverages predetermined, firm-level lease exposure, we find evidence consistent with that prediction. After ASC 842, *Metric Homogeneity* declines significantly for lease-heavy firms, with affected accounting metrics, including EPS and net income, shifting from common to more selective assignment. A parallel analysis of ASC 606 (revenue recognition) yields no such redesign, which is consistent with the interpretation that boards are reacting to a change in metric informativeness, not to accounting changes in general. This within-firm evidence supports the view that bonus metrics form part of the firm’s information system.

Because stock-return volatility can reflect the capital-market information environment, not only

real operating risk, we also examine firm-risk measures used in prior work, including R&D-based risk-taking and volatility measures (Armstrong, Glaeser, Huang, and Taylor 2019) and cash-flow volatility (Irvine and Pontiff 2009). Firms with higher *Metric Homogeneity* exhibit greater R&D intensity and higher operating cash-flow volatility. This consistency across R&D and cash-flow volatility suggests that the main relation is not limited to stock-price volatility. Additional evidence points to a related shift in corporate policy: firms with higher *Metric Homogeneity* make fewer acquisitions, hold more cash, and produce patents with higher measured economic value. These patterns are consistent with more internal experimentation and innovation-oriented investment, a margin emphasized in theories of innovation incentives (Manso 2011). Taken together, the real-outcome evidence is consistent with executive herding being associated with more internal experimentation and operating volatility, less acquisition activity, and more liquidity.

We also examine the COVID-19 crisis as a powerful setting where the value of decentralized, role-specific information is likely to be especially high. Using a within-firm design, we find that firms with higher pre-pandemic *Metric Homogeneity* experienced significantly larger increases in idiosyncratic volatility during COVID, with no corresponding increase in systematic volatility. This result provides corroborating evidence that the risk relevance of herding is greater when firms face large, unfamiliar shocks that demand diverse information inputs. Because COVID is an aggregate shock with heterogeneous industry and firm exposures, we interpret this evidence as corroborating rather than decisive.

Our paper makes several contributions. First, we document a new time-series fact about executive bonus contracts: within-team metric homogeneity has increased sharply over the sample period. Guay, Kepler, and Tsui (2019) show that most executive teams already use highly overlapping bonus metrics and interpret this pattern as consistent with bonus plans supporting teamwork and mutual monitoring. We show that this homogeneity is not merely a cross-sectional feature of executive bonus design; it has become increasingly common over time. This finding complements Cabezón (2025), who documents a broader movement toward one-size-fits-all executive compensation across firms, while contrasting with Albuquerque, Carter, Guo, and Lynch (2025), who study the complexity of CEO compensation packages. Both studies focus on CEOs; our object is the within-team allocation of performance metrics across executives. We show that one-size-fits-all compensation design also applies inside the executive team: over time, executives within the same firm are increasingly evaluated on the same bonus metrics. This within-team convergence also suggests that contract complexity, if viewed at the team level using Metric Homogeneity, is not increasing.

Second, we connect the executive compensation and performance measure choice literatures by shifting the design margin from incentive strength or firm-level metric selection to the within-team allocation of performance metrics. Prior work shows that the distribution of incentives across top managers matters for firm performance and that observed compensation is better rationalized when top managers are modeled as a team rather than as isolated agents (Bushman, Dai, and Zhang 2016; Li 2024). A separate literature studies which measures enter contracts, how measures differ

in congruity, noise, and informativeness, and why firms use financial, nonfinancial, or shielded measures (Feltham and Xie 1994; Ittner, Larcker, and Rajan 1997; Bushman, Indjejikian, and Penno 2000; Bloomfield, Gipper, Kepler, and Tsui 2021; Guay, Kim, and Timmermans 2026). We bridge these literatures by showing that, holding fixed the menu of available metrics, the same measures can imply different information architectures depending on whether they are assigned uniformly across the executive team or selectively across specialized roles. The contribution is to show that within-team metric assignment creates information diversity across executives, even when the firm’s overall metric menu is held fixed.

The paper proceeds as follows. Section 2 describes the data, the construction of *Metric Homogeneity*, and the time-series trend toward executive herding. Section 3 presents the main relation between *Metric Homogeneity* and idiosyncratic volatility, together with robustness tests and the systematic-volatility placebo. Section 4 develops the information-architecture mechanism through cross-sectional moderator tests. Section 5 introduces the ASC 842 difference-in-differences analysis. Section 6 extends the analysis to corporate policy outcomes and the COVID-19 shock. Section 7 concludes.

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Table 1. Sample and Construct Descriptives

	N	Mean	SD	P25	Median	P75
<i>Panel A. Metric architecture</i>						
Metric Homogeneity	6,137	-0.164	0.321	-0.278	0.000	0.000
Metric Homogeneity, percent measure	6,137	-0.142	0.258	-0.250	0.000	0.000
Fully homogeneous team (0/1)	6,137	0.720	0.449	0.000	1.000	1.000
Mean pairwise Jaccard	6,137	0.948	0.098	0.920	1.000	1.000
CEO-Executive team Jaccard overlap	6,137	0.935	0.129	1.000	1.000	1.000
Number of distinct metrics used by the team	6,137	3.031	1.363	2.000	3.000	4.000
Number of selectively assigned metrics	6,137	0.565	1.094	0.000	0.000	1.000
<i>Panel B. Main outcomes</i>						
Total return volatility, $t + 1$	6,137	0.358	0.189	0.229	0.305	0.436
Idiosyncratic volatility, $t + 1$	6,137	0.271	0.145	0.175	0.232	0.322
Systematic volatility, $t + 1$	6,137	0.223	0.140	0.131	0.184	0.279
R&D intensity, $t + 1$	6,119	0.025	0.046	0.000	0.000	0.026
Cash-flow volatility, $t + 1..t + 3$	5,857	0.027	0.026	0.009	0.019	0.035
Acquisitions / assets, $t + 1$	6,119	0.026	0.068	0.000	0.000	0.015
Change in cash ratio, $t \rightarrow t + 1$	6,119	-0.001	0.053	-0.020	-0.000	0.020
<i>Panel C. Organizational moderators</i>						
Board cooption	5,831	0.540	0.307	0.286	0.545	0.800
CEO-chair duality	6,137	0.517	0.500	0.000	1.000	1.000
CEO tenure (years)	6,137	6.972	6.144	2.667	5.254	9.251
Number of titles	6,137	9.019	1.999	8.000	9.000	10.000
Executive team co-tenure (years)	6,137	2.976	1.434	1.952	2.600	3.667
Teamwork culture (Li et al. score)	5,433	2.021	1.105	1.236	1.759	2.520
<i>Panel D. Main controls</i>						
Team size, $t - 1$	6,137	5.330	0.623	5.000	5.000	6.000
Size: $\ln(\text{assets})$, $t - 1$	6,137	8.884	1.410	7.888	8.779	9.794
Tobin's Q, $t - 1$	6,137	2.054	1.309	1.208	1.624	2.394
Book leverage, $t - 1$	6,137	0.264	0.190	0.124	0.245	0.371
Asset tangibility, $t - 1$	6,137	0.252	0.236	0.070	0.166	0.372
Cash / assets, $t - 1$	6,137	0.138	0.138	0.034	0.092	0.198
ROA, $t - 1$	6,137	0.135	0.083	0.083	0.127	0.179
Pays dividend (0/1), $t - 1$	6,137	0.704	0.457	0.000	1.000	1.000
$\ln(1 + \text{firm age})$, $t - 1$	6,137	3.381	0.684	2.890	3.466	4.007
Annual return, $t - 1$	6,137	0.150	0.395	-0.074	0.125	0.333
CEO age, $t - 1$	6,137	56.614	6.353	52.000	57.000	61.000
Executive team gender Blau, $t - 1$	6,137	0.127	0.171	0.000	0.000	0.320
Executive team age SD, $t - 1$	6,137	5.881	2.380	4.179	5.586	7.190
Executive team tenure SD, $t - 1$	6,137	4.921	4.112	2.066	3.578	6.285

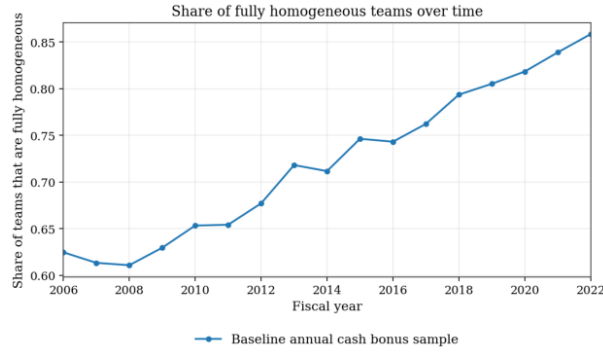
Notes. This table reports descriptive statistics for the variables used in the main paper. Reported statistics are for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls. Reported statistics are at the firm-year level. Number of selectively assigned metrics counts metric categories assigned to at least one but not all executives in the team-year. Fully homogeneous team is an indicator equal to one when all executives are assigned the same set of metrics. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year.

Table 2. Bonus Metric Usage Hierarchy

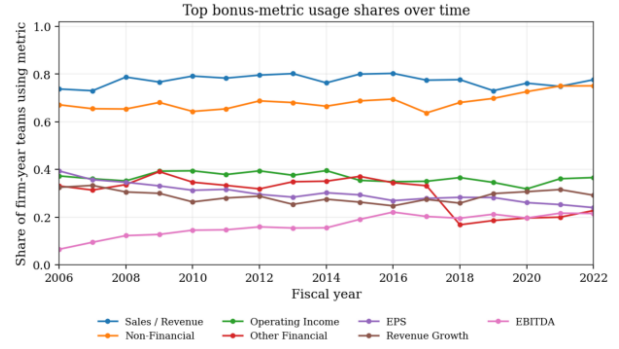
	N	% teams using	% teams using commonly	% common among users
Earnings (any)	6,137	92.0	89.3	97.1
EPS	6,137	31.6	28.2	89.2
NetIncome	6,137	14.4	9.3	64.6
OperatingIncome	6,137	37.5	29.2	77.9
EBITDA	6,137	15.8	13.9	88.0
EBT	6,137	9.1	7.2	79.1
EBIT	6,137	7.3	5.7	78.1
OtherEarnings	6,137	6.6	3.8	57.6
Revenue (any)	6,137	42.4	37.4	88.2
SalesRevenues	6,137	32.8	28.2	86.0
RevenueGrowth	6,137	12.1	9.6	79.3
Returns on Capital (any)	6,137	13.8	11.9	86.2
ROIC	6,137	7.1	6.1	85.9
ROE	6,137	4.8	4.4	91.7
ROA	6,137	2.9	2.0	69.0
Cash Flow (any)	6,137	22.6	19.9	88.1
OperatingCashflow	6,137	13.2	10.5	79.5
FreeCashflow	6,137	10.3	8.9	86.4
Other Financial	6,137	29.2	20.0	68.5
Non-Financial	6,137	66.7	57.6	86.4
Market Returns	6,137	2.5	2.1	84.0

Notes. This table reports the share of teams using each bonus metric category, the share using the category commonly, and the common-use rate among teams that use the category in S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls. A team is defined as using a metric category if at least one executive in the team-year is assigned a metric in that category. A metric is commonly assigned if every executive in the team-year is assigned that metric; for category rows, common use means every executive has at least one metric in the category. The common-among-users column reports the percentage of teams in which the metric is used commonly, conditional on the metric being used by at least one executive. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year.

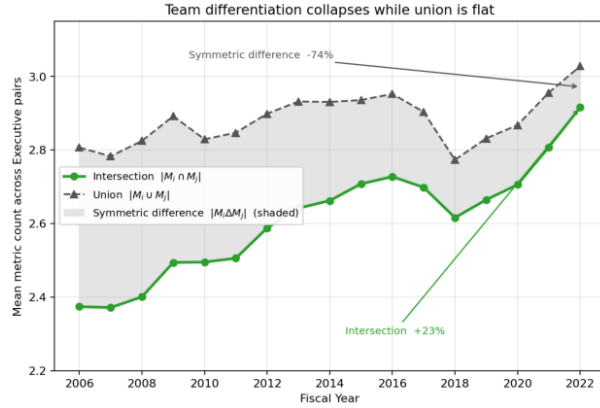
Panel A. Fully homogeneous teams



Panel B. Metric usage shares



Panel C. Pairwise overlap



Panel D. Uniform assignment by metric

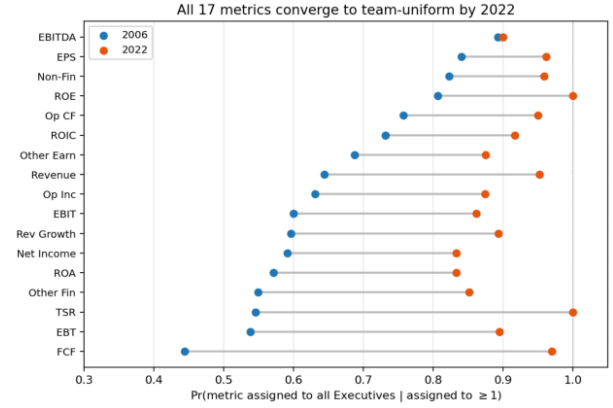


Figure 1. Bonus-metric homogeneity and metric-use trends. Panel A plots the share of firm-year executive teams that are fully homogeneous in annual cash bonus metric assignments. Panel B plots annual team-level usage shares for the seven most commonly used annual cash bonus metric categories; categories are not mutually exclusive, so shares need not sum to one. Panel C plots pairwise metric overlap and differentiation within the executive team. Panel D plots metric-level uniform assignment patterns across the 17 metric categories. The sample is S&P 1500 firm-years with annual cash bonus plans, one-year vesting, and an executive team of at least five executives including the CEO. Shares are plotted on a 0–1 scale.

Table 3. Metric Homogeneity and Next-Year Return Volatility

	(1) <i>Total volatility</i> tvol_t1	(2) <i>Idiosyncratic volatility</i> ivol_t1	(3) <i>Systematic volatility</i> systvol_t1
Metric Homogeneity	+0.0142* (+1.95)	+0.0166*** (+2.69)	+0.0027 (+0.56)
Controls	Yes	Yes	Yes
Fiscal-year FE	Yes	Yes	Yes
SIC2 FE	Yes	Yes	Yes
Observations	6,137	6,137	6,137
Firms	870	870	870
Adjusted R^2	0.152	0.183	0.070

Notes. This table reports regressions of next-year return volatility on Metric Homogeneity for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls. Metric Homogeneity is measured in fiscal year t , controls are measured at $t - 1$, and dependent variables are measured at $t + 1$ unless explicitly stated otherwise. Metric Homogeneity is increasing in within-team uniformity of executive annual cash bonus metric assignments; higher values indicate more homogeneous scorecards. Specifications include fiscal-year and SIC2 fixed effects; standard errors are firm-clustered. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin's Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD), all measured at $t - 1$ unless otherwise stated. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. The total, idiosyncratic, and systematic volatility triplet follows the return-volatility decomposition in Campbell, Lettau, Malkiel, and Xu (2001). Column 3 reports systematic volatility as the within-table market-risk placebo. t -statistics based on firm-clustered standard errors are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

Table 4. Idiosyncratic Volatility: Full Control Specification

	(1) <i>MH + FE only</i>	(2) <i>+ Team</i>	(3) <i>+ Firm fundamentals</i>	(4) <i>+ CEO power</i>	(5) <i>+ TMT diversity</i>	(6) <i>Full preferred</i>
Metric Homogeneity	+0.0270*** (+3.71)	+0.0255*** (+3.56)	+0.0182*** (+2.95)	+0.0180*** (+2.89)	+0.0166*** (+2.69)	+0.0166*** (+2.69)
<i>Team</i>						
Number of titles		-0.0051*** (-3.87)	-0.0019* (-1.71)	-0.0009 (-0.79)	-0.0009 (-0.78)	-0.0009 (-0.78)
Team size		+0.0175*** (+4.88)	+0.0132*** (+3.93)	+0.0110*** (+3.25)	+0.0107*** (+3.22)	+0.0107*** (+3.22)
<i>Firm fundamentals</i>						
ln(Assets)			-0.0230*** (-9.50)	-0.0228*** (-9.43)	-0.0221*** (-9.28)	-0.0221*** (-9.28)
Tobin's Q			-0.0091*** (-3.89)	-0.0085*** (-3.57)	-0.0083*** (-3.50)	-0.0083*** (-3.50)
Leverage			+0.1017*** (+5.77)	+0.0995*** (+5.67)	+0.0969*** (+5.49)	+0.0969*** (+5.49)
Asset tangibility			+0.0551*** (+2.76)	+0.0574*** (+2.90)	+0.0591*** (+2.96)	+0.0591*** (+2.96)
Cash / assets			+0.0666*** (+3.40)	+0.0654*** (+3.35)	+0.0634*** (+3.23)	+0.0634*** (+3.23)
ROA			-0.2499*** (-6.52)	-0.2486*** (-6.47)	-0.2433*** (-6.41)	-0.2433*** (-6.41)
Pays dividend			-0.0521*** (-7.29)	-0.0511*** (-7.22)	-0.0511*** (-7.24)	-0.0511*** (-7.24)
ln(1 + Firm age)			-0.0030 (-0.64)	-0.0018 (-0.39)	-0.0011 (-0.23)	-0.0011 (-0.23)
Annual return			-0.0136*** (-2.95)	-0.0143*** (-3.12)	-0.0145*** (-3.19)	-0.0145*** (-3.19)
<i>CEO power</i>						
CEO-chair duality				-0.0083* (-1.75)	-0.0089* (-1.86)	-0.0089* (-1.86)
CEO age				-0.0004 (-1.03)	-0.0005 (-1.06)	-0.0005 (-1.06)
CEO tenure				-0.0007* (-1.85)	-0.0003 (-0.76)	-0.0003 (-0.76)
<i>TMT diversity</i>						
TMT gender Blau					+0.0135 (+1.06)	+0.0135 (+1.06)
TMT age SD					+0.0010 (+0.99)	+0.0010 (+0.99)
TMT tenure SD					-0.0015*** (-2.72)	-0.0015*** (-2.72)
Fiscal-year FE	Yes	Yes	Yes	Yes	Yes	Yes
SIC2 FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,137	6,137	6,137	6,137	6,137	6,137
Firms	870	870	870	870	870	870
Adjusted R^2	0.005	0.014	0.177	0.181	0.183	0.183

Notes. This table reports the control ladder for the regression of next-year idiosyncratic volatility on Metric Homogeneity for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls. Metric Homogeneity is measured in fiscal year t , controls are measured at $t-1$, and dependent variables are measured at $t+1$ unless explicitly stated otherwise. Metric Homogeneity is increasing in within-team uniformity of executive annual cash bonus metric assignments; higher values indicate more homogeneous scorecards. Specifications include fiscal-year and SIC2 fixed effects; standard errors are firm-clustered. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin's Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD), all measured at $t-1$ unless otherwise stated. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. Columns 1–5 trace the standard control ladder, beginning with Metric Homogeneity alone and adding successive control blocks. Column 6 is the preferred full-control specification, identical to Column 5 in sample and fixed effects but with every control coefficient displayed. Control blocks group team controls, firm fundamentals, CEO-power controls, and executive-team demographic-diversity controls. t -statistics based on firm-clustered standard errors are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

Table 5. Pay Convexity and Pay-Performance Sensitivity as Moderators

	(1) <i>CEO vega</i>	(2) <i>Executive-team mean vega</i>	(3) <i>CEO delta</i>	(4) <i>Executive-team mean delta</i>
Metric Homogeneity	+0.0184*** (+2.86)	+0.0183*** (+2.85)	+0.0177*** (+2.89)	+0.0180*** (+2.94)
Pay-design moderator	−0.0057*** (−4.98)	−0.0073*** (−5.14)	−0.0225*** (−9.54)	−0.0270*** (−9.96)
Metric Homogeneity × Pay-design moderator	+0.0006 (+0.25)	+0.0001 (+0.03)	−0.0067* (−1.74)	−0.0080* (−1.75)
Controls	Yes	Yes	Yes	Yes
Fiscal-year FE	Yes	Yes	Yes	Yes
SIC2 FE	Yes	Yes	Yes	Yes
Observations	5,881	5,888	5,881	5,881
Firms	821	823	821	821

Notes. This table reports moderator regressions of next-year idiosyncratic volatility on Metric Homogeneity, the indicated pay-design moderator, and their interaction for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls. Metric Homogeneity is measured in fiscal year t , controls are measured at $t - 1$, and dependent variables are measured at $t + 1$ unless explicitly stated otherwise. Metric Homogeneity is increasing in within-team uniformity of executive annual cash bonus metric assignments; higher values indicate more homogeneous scorecards. Specifications include fiscal-year and SIC2 fixed effects; standard errors are firm-clustered. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin's Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD), all measured at $t - 1$ unless otherwise stated. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. Vega is the dollar pay sensitivity to a one-percentage-point increase in stock-return volatility; delta is the dollar pay sensitivity to a one-percent change in stock price. CEO vega and CEO delta enter as $\ln(1 + \text{vega})$ and $\ln(1 + \text{delta})$; executive-team variants enter as team means. Maximum-team variants are not shown here. Metric Homogeneity and the moderators are centered at their estimation-sample means before forming interactions. t -statistics based on firm-clustered standard errors are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

Table 6. Annual Cash Bonus Incentive Intensity as a Moderator

	Idiosyncratic volatility			R&D intensity		
	(1) <i>Expected payout</i>	(2) <i>Payout range</i>	(3) <i>Equity share</i>	(4) <i>Expected payout</i>	(5) <i>Payout range</i>	(6) <i>Equity share</i>
<i>Panel A. Executive-team incentive measures</i>						
Metric Homogeneity	+0.0174*** (+2.86)	+0.0216*** (+3.27)	+0.0168*** (+2.71)	+0.0077*** (+2.79)	+0.0066*** (+2.64)	+0.0075*** (+2.71)
Team incentive moderator	+0.0971*** (+3.73)	+0.0062 (+1.29)	+0.0419*** (+2.75)	-0.0242*** (-3.41)	+0.0010 (+0.52)	+0.0203*** (+3.99)
Metric Homogeneity $\times$ Team incentive moderator	-0.0404 (-0.55)	+0.0047 (+0.42)	+0.0480 (+1.58)	-0.0030 (-0.12)	-0.0026 (-0.57)	-0.0095 (-0.57)
Observations	6,140	4,500	6,140	6,143	4,502	6,143
Firms	872	705	872	873	706	873
<i>Panel B. CEO incentive measures</i>						
Metric Homogeneity	+0.0176*** (+2.93)	+0.0224*** (+3.38)	+0.0169*** (+2.73)	+0.0077*** (+2.78)	+0.0060** (+2.32)	+0.0076*** (+2.75)
CEO incentive moderator	+0.0825*** (+4.22)	+0.0073 (+1.40)	+0.0343*** (+2.71)	-0.0192*** (-3.22)	+0.0012 (+0.59)	+0.0162*** (+3.81)
Metric Homogeneity $\times$ CEO incentive moderator	-0.0395 (-0.74)	-0.0015 (-0.11)	+0.0376 (+1.39)	-0.0065 (-0.35)	-0.0064 (-1.35)	-0.0074 (-0.61)
Observations	6,140	4,447	6,140	6,143	4,449	6,143
Firms	872	700	872	873	702	873
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Fiscal-year FE	Yes	Yes	Yes	Yes	Yes	Yes
SIC2 FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes. This table reports moderator regressions of next-year idiosyncratic volatility and next-year R&D intensity on Metric Homogeneity, the indicated annual cash bonus incentive moderator, and their interaction for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls. Metric Homogeneity is measured in fiscal year t , controls are measured at $t - 1$, and dependent variables are measured at $t + 1$ unless explicitly stated otherwise. Metric Homogeneity is increasing in within-team uniformity of executive annual cash bonus metric assignments; higher values indicate more homogeneous scorecards. Specifications include fiscal-year and SIC2 fixed effects; standard errors are firm-clustered. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin's Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD), all measured at $t - 1$ unless otherwise stated. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. Panel A uses executive-team incentive measures: expected payout is the team mean of expected bonus payout as a percentage of target, payout range is the team mean range between maximum and minimum bonus payout, and equity share is the team mean equity-compensation share. Panel B uses the corresponding CEO measures built from CEO grant rows in the ISS Incentive Lab-ExecuComp annual cash bonus sample. Metric Homogeneity and moderators are centered at their estimation-sample means before forming interactions. t -statistics based on firm-clustered standard errors are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

Table 7. Operating-Environment Uncertainty as Moderator

	Panel A: All industries			Panel B: Ex. financials & utilities		
	<i>Total</i> tvol_t1	<i>Idiosyncratic</i> ivol_t1	<i>Systematic</i> systvol_t1	<i>Total</i> tvol_t1	<i>Idiosyncratic</i> ivol_t1	<i>Systematic</i> systvol_t1
Metric Homogeneity	+0.0122* (+1.69)	+0.0148** (+2.44)	+0.0018 (+0.37)	+0.0107 (+1.29)	+0.0137* (+1.93)	+0.0017 (+0.32)
Operating-environment uncertainty	+0.0662*** (+2.76)	+0.0616*** (+2.99)	+0.0339** (+2.37)	+0.0106 (+0.47)	+0.0151 (+0.79)	+0.0075 (+0.55)
Metric Homogeneity $\times$ Operating-environment uncertainty	+0.0351* (+1.74)	+0.0318* (+1.92)	+0.0150 (+1.08)	+0.0531** (+2.09)	+0.0547** (+2.49)	+0.0106 (+0.65)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Fiscal-year FE	Yes	Yes	Yes	Yes	Yes	Yes
SIC2 FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,137	6,137	6,137	4,911	4,911	4,911
Firms	870	870	870	706	706	706

Notes. This table reports moderator regressions of next-year return volatility on Metric Homogeneity, operating-environment uncertainty, and their interaction for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls. Metric Homogeneity is measured in fiscal year t , controls are measured at $t - 1$, and dependent variables are measured at $t + 1$ unless explicitly stated otherwise. Metric Homogeneity is increasing in within-team uniformity of executive annual cash bonus metric assignments; higher values indicate more homogeneous scorecards. Specifications include fiscal-year and SIC2 fixed effects; standard errors are firm-clustered. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin's Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD), all measured at $t - 1$ unless otherwise stated. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. Operating-environment uncertainty at industry-year (SIC2, t) is the average of the pooled within-industry standard deviations of ROA and sales growth over the ten fiscal years ending at $t - 1$, following Cassell, Huang, Manuel, and Sanchez (2012). Both Metric Homogeneity and the moderator are centered at their estimation-sample means. Panel B excludes financials (SIC 60–69) and utilities (SIC 49). t -statistics based on firm-clustered standard errors are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

Table 8. Organizational Boundary Conditions

	(1)	(2)	(3)
<i>Panel A. Authority concentration</i>			
	<i>Board cooption</i>	<i>CEO-chair duality</i>	<i>CEO tenure</i>
Metric Homogeneity	+0.0167*** (+2.74)	+0.0172*** (+2.81)	+0.0181*** (+2.99)
Moderator	−0.0036 (−0.50)	−0.0125*** (−2.70)	−0.0007** (−2.04)
Metric Homogeneity × Moderator	−0.0374* (−1.96)	−0.0225** (−2.07)	−0.0027*** (−2.86)
<i>Panel B. Team information infrastructure</i>			
	<i>Number of titles</i>	<i>Executive-team co-tenure (high)</i>	<i>Teamwork culture</i>
Metric Homogeneity	+0.0172*** (+2.75)	+0.0163*** (+2.63)	+0.0148** (+2.40)
Moderator	+0.0013 (+1.32)	−0.0133*** (−3.73)	+0.0194*** (+4.29)
Metric Homogeneity × Moderator	−0.0046** (−2.08)	−0.0149 (−1.59)	+0.0206** (+1.97)
Controls	Yes	Yes	Yes
Fiscal-year FE	Yes	Yes	Yes
SIC2 FE	Yes	Yes	Yes
Observations (Panel A)	5,831	6,133	6,129
Firms (Panel A)	813	870	870
Observations (Panel B)	6,137	6,137	5,433
Firms (Panel B)	870	870	810

Notes. This table reports moderator regressions of next-year idiosyncratic volatility on Metric Homogeneity, the indicated organizational moderator, and their interaction for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls. Metric Homogeneity is measured in fiscal year t , controls are measured at $t - 1$, and dependent variables are measured at $t + 1$ unless explicitly stated otherwise. Metric Homogeneity is increasing in within-team uniformity of executive annual cash bonus metric assignments; higher values indicate more homogeneous scorecards. Specifications include fiscal-year and SIC2 fixed effects; standard errors are firm-clustered. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin's Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD), all measured at $t - 1$ unless otherwise stated. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. Panel A groups authority-concentration moderators (board cooption, CEO-chair duality, CEO tenure). Panel B groups team-information-infrastructure moderators (number of titles, executive-team co-tenure, teamwork culture). Each panel-by-column cell is a separate regression. t -statistics based on firm-clustered standard errors are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

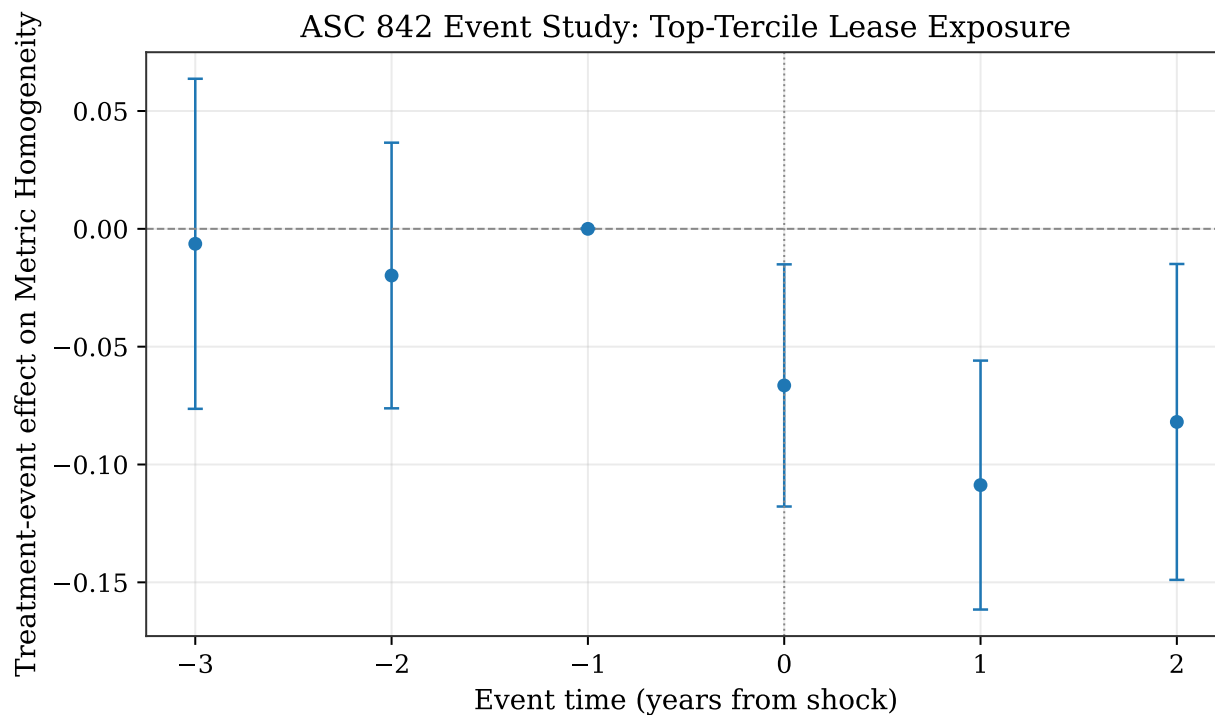


Figure 2. ASC 842 event study. This figure plots event-study coefficients from regressions of Metric Homogeneity on top-versus-bottom-tercile pre-ASC 842 lease exposure interacted with event-year indicators; middle-tercile firms are dropped. Event time 0 is FY 2019, and event time -1 is omitted. The sample includes S&P 1500 firm-years from FY 2016–2021 with annual cash bonus plans, one-year vesting, and an executive team of at least five executives including the CEO, excluding financial firms. Specifications include firm and fiscal-year fixed effects, lagged controls, and firm-clustered standard errors. Bars report 95% confidence intervals.

Table 9. ASC 842 Difference-in-Differences

	(1)	(2)
	<i>Continuous lease exposure</i> $\times$ <i>Post-842</i>	<i>Top-tercile lease exposure</i> $\times$ <i>Post-842</i>
Treatment $\times$ Post-842	−0.0273 (−0.60)	−0.0585*** (−2.95)
Controls	Yes	Yes
Firm FE	Yes	Yes
Fiscal-year FE	Yes	Yes
Observations	2,012	2,012
Firms	522	522

Notes. This table reports difference-in-differences regressions of Metric Homogeneity on lease exposure interacted with a Post-842 indicator for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls; financial firms (SIC 60–69) are excluded because their lease accounting is structurally non-comparable under ASC 842. Metric Homogeneity is the dependent variable and is measured at fiscal year t ; controls are measured at $t - 1$. Treatment and post-period indicators are defined in the column descriptions. Metric Homogeneity is increasing in within-team uniformity of executive annual cash bonus metric assignments; higher values indicate more homogeneous scorecards. Specifications include firm and fiscal-year fixed effects; standard errors are firm-clustered. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin’s Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD), all measured at $t - 1$ unless otherwise stated. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. Post-842 equals one for fiscal years 2019 and after. Continuous lease exposure is the firm’s pre-842 lease obligation scaled by assets; the top-tercile indicator equals one for firms in the top tercile of pre-842 lease exposure. The estimation window is 2016–2021. Financial firms (SIC 60–69) are excluded. t -statistics based on firm-clustered standard errors are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

Table 10. Accounting Shocks and Role-Specific Scorecard Redesign

<i>Panel A. ASC 842 — Architecture decomposition (firm-year level)</i>					
	(1) <i>Metric Hom.</i>	(2) <i># Common</i>	(3) <i># Selective</i>	(4) <i>Share selective</i>	(5) <i>New selective added</i>
Treat × Post	−0.074*** (−3.16)	−0.284*** (−2.62)	+0.275*** (+3.21)	+0.065*** (+3.07)	+0.101** (+2.26)
<i>N</i>	1,280	1,280	1,280	1,280	1,280
Firms	360	360	360	360	331
<i>Panel B. ASC 842 — Earnings-metric reallocation (common → selective)</i>					
	(1) <i>Common→selective: Acct</i>	(2) <i>EPS common</i>	(3) <i>EPS selective</i>	(4) <i>NI common</i>	(5) <i>NI selective</i>
Treat × Post	+0.067** (+2.35)	−0.103*** (−2.73)	+0.054** (+2.43)	−0.041** (−2.26)	+0.034* (+1.77)
<i>N</i>	1,280	1,280	1,280	1,280	1,280
Firms	331	360	360	360	360
<i>Panel C. ASC 606 — Revenue-recognition comparison shock</i>					
	(1) <i>Metric Hom.</i>	(2) <i># Common</i>	(3) <i>New selective added</i>	(4) <i>RevGrowth selective</i>	(5) <i>SalesRev selective</i>
Treat × Post	−0.015 (−0.68)	−0.137 (−1.58)	+0.046 (+1.13)	+0.017 (+1.19)	+0.003 (+0.15)
<i>N</i>	2,084	2,084	2,084	2,084	2,084
Firms	606	606	548	606	606

Notes. This table reports difference-in-differences estimates for scorecard architecture and metric-assignment outcomes around ASC 842 and ASC 606. Panels A and B use FY 2016–2021 with Post-842 equal to one in FY 2019 and after; Panel C uses FY 2015–2020 with Post-606 equal to one in FY 2018 and after. *Treat* is a top-versus-bottom pre-shock intensity tercile indicator; middle-tercile firms are dropped. ASC 842 treatment is the top tercile of $(mrct + mrcta)/at$ averaged over FY 2016–2018, and ASC 606 treatment is the top tercile of $(drc + drlt)/sale$ averaged over FY 2015–2017. Dependent variables are named in the column headers. All specifications include firm and fiscal-year fixed effects and lagged controls for size, Tobin’s Q , leverage, ROA, cash, tangibility, $\ln(\text{firm age})$, annual return, and dividend payer; financial firms (SIC2 60–69) are excluded. Continuous dependent variables (Metric Homogeneity and share selective) are winsorized at the 1st and 99th percentiles by fiscal year; integer-count and binary dependent variables are not winsorized. *# Common* is the count of metrics, out of 17, used by every team member. *# Selective* is the count used by some but not all team members. *Share selective* is *# Selective* divided by the sum of *# Common* and *# Selective*. *New selective added* counts metrics that move from not used at $t - 1$ to selectively assigned at t ; smaller firm counts reflect the nonmissing $t - 1$ requirement. *Common→selective: Acct* counts metrics that move from common at $t - 1$ to selectively assigned at t within the 13-metric lease/accounting family: EBITDA, EBIT, EBT, Operating Income, Net Income, Free Cash Flow, Operating Cash Flow, ROA, ROE, ROIC, Other Earnings, Other Financial, and EPS. EPS is included because ASC 842’s reclassification of operating-lease cost into right-of-use depreciation and lease-liability interest flows through net income to EPS. *Common* and *selective* are firm-year indicators for whether all, or some but not all, team members are assigned the named metric. Standard errors are firm-clustered by *gokey*; t -statistics are reported in parentheses below each coefficient. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

Table 11. Corporate Policy Transmission

	(1) <i>R&D intensity</i> rd_intensity_t1	(2) <i>Cash-flow volatility</i> cfo_vol_t1	(3) <i>Acquisitions / assets</i> aqc_scaled_t1	(4) <i>Cash / assets</i> cash_t1	(5) <i>Patent value / assets</i> xi_at_t1
Metric Homogeneity	+0.0078*** (+2.85)	+0.0036*** (+2.81)	−0.0090*** (−2.83)	+0.0069** (+2.46)	+0.0242*** (+3.72)
Controls	Yes	Yes	Yes	Yes	Yes
Fiscal-year FE	Yes	Yes	Yes	Yes	Yes
SIC2 FE	Yes	Yes	Yes	Yes	Yes
Observations	6,124	5,862	6,124	6,124	5,340
Firms	869	829	869	869	787
Adjusted R^2	0.322	0.103	0.017	0.653	0.261

Notes. This table reports regressions of corporate-policy outcomes on Metric Homogeneity for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls; per-column samples vary with DV availability and are reported in the observations row. Metric Homogeneity is measured in fiscal year t , controls are measured at $t - 1$, and dependent variables are measured at $t + 1$ unless explicitly stated otherwise. Metric Homogeneity is increasing in within-team uniformity of executive annual cash bonus metric assignments; higher values indicate more homogeneous scorecards. Specifications include fiscal-year and SIC2 fixed effects; standard errors are firm-clustered. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin's Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD), all measured at $t - 1$ unless otherwise stated. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. The patents column, if present, uses fiscal years 2006–2021 because the KPSS patent data truncate at 2021. t -statistics based on firm-clustered standard errors are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

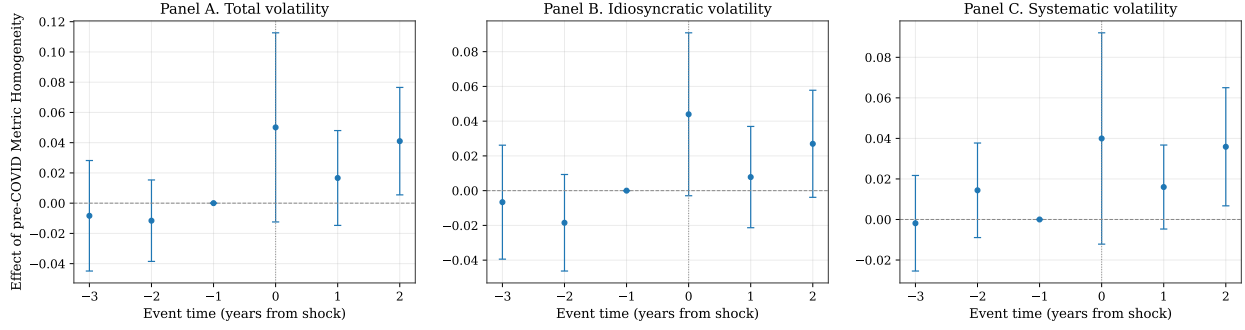


Figure 3. COVID event study. The figure plots event-time coefficients on pre-COVID Metric Homogeneity for next-year total, idiosyncratic, and systematic volatility. Event time is defined by the outcome-return window relative to calendar 2020; event time -1 is omitted. Pre-COVID Metric Homogeneity is the firm's average Metric Homogeneity over pre-shock fiscal years. The sample includes S&P 1500 firm-years with annual cash bonus plans, one-year vesting, and an executive team of at least five executives including the CEO. Specifications include firm and fiscal-year fixed effects, lagged controls, and firm-clustered standard errors. Bars report 95% confidence intervals.

Table 12. COVID Difference-in-Differences

	(1) <i>Total volatility</i> tvol_t1	(2) <i>Idiosyncratic volatility</i> ivol_t1	(3) <i>Systematic volatility</i> systvol_t1
Post-COVID $\times$ Pre-COVID MH	+0.0346** (+1.98)	+0.0305** (+2.32)	+0.0207 (+1.42)
Controls	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Fiscal-year FE	Yes	Yes	Yes
Observations	2,167	2,167	2,167
Firms	558	558	558

Notes. This table reports difference-in-differences regressions of next-year return volatility on the interaction of Pre-COVID Metric Homogeneity with the post-COVID indicator for S&P 1500 firm-years with annual cash bonus plans, one-year vesting, an executive team of at least five executives including the CEO, and nonmissing controls; the COVID sample aligns outcome years to calendar 2020 such that DV-aligned event time $k = 0$ corresponds to fiscal-year ends whose realized return windows fall in calendar 2020. Dependent variables are next-year volatility measures; Pre-COVID Metric Homogeneity is measured before the shock and controls are measured at $t - 1$. Metric Homogeneity is increasing in within-team uniformity of executive annual cash bonus metric assignments; higher values indicate more homogeneous scorecards. Specifications include firm and fiscal-year fixed effects; standard errors are firm-clustered. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin's Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD), all measured at $t - 1$ unless otherwise stated. All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. Pre-COVID Metric Homogeneity is the firm's average Metric Homogeneity over the pre-shock fiscal years. The post-COVID indicator equals one for fiscal-year ends whose realized return windows fall in calendar 2020 and after. t -statistics based on firm-clustered standard errors are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

Table 13. Alternative Metric Homogeneity Measures

	(1) <i>Fully homogeneous team</i>	(2) <i>Metric Homogeneity (percent)</i>	(3) <i>Mean pairwise Jaccard</i>	(4) <i>CEO-Executive Jaccard</i>
Alternative homogeneity proxy	+0.0042** (+2.03)	+0.0035* (+1.75)	+0.0047** (+2.22)	+0.0061*** (+3.20)
Controls	Yes	Yes	Yes	Yes
Fiscal-year FE	Yes	Yes	Yes	Yes
SIC2 FE	Yes	Yes	Yes	Yes
Observations	6,137	6,137	6,137	6,137

Notes. This table reports robustness tests that replace Metric Homogeneity with alternative proxies for within-team uniformity in annual cash bonus metric assignments. The dependent variable is next-year idiosyncratic volatility. All proxies are measured in fiscal year t , controls are measured at $t - 1$, and idiosyncratic volatility is measured at $t + 1$. All proxies are standardized to have mean zero and unit standard deviation and are oriented so that higher values indicate more homogeneous common scorecards and less information diversity across executives. The percent proxy is the negative of the fraction of the team's distinct metrics that are selectively assigned. Mean pairwise Jaccard is the average pairwise overlap in executives' metric sets, and CEO-Executive Jaccard is the overlap between the CEO's metric set and the union of non-CEO executives' metric sets. Specifications include fiscal-year and SIC2 fixed effects; standard errors are clustered by firm. Controls comprise team controls (number of titles, team size), firm fundamentals (ln assets, Tobin's Q, leverage, asset tangibility, cash, ROA, dividend indicator, ln firm age, annual return), CEO-power controls (CEO-chair duality, CEO age, CEO tenure), and TMT demographic-diversity controls (gender Blau, age SD, tenure SD). All continuous variables are winsorized at the 1st and 99th percentiles by fiscal year. t -statistics are reported in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively, using two-tailed tests.

Table A1. Variable Definitions

Variable	Definition
Scorecard architecture	
Metric Homogeneity	Focal firm-year measure of within-team uniformity in annual cash bonus metric assignments. For each of the 17 ISS Incentive Lab metric categories, let p_k be the share of executives assigned metric k . Metric Homogeneity is $\sum_k p_k \ln p_k$, with $0 \ln 0 \equiv 0$. The measure equals zero when every metric used by the team is assigned to every executive and becomes more negative as metrics are assigned selectively. Higher values, closer to zero, indicate more homogeneous common scorecards and less information diversity across executives.
Metric Homogeneity, percent measure	Negative of the fraction of the team's distinct metrics that are selectively assigned. Higher values indicate more common scorecards.
Fully homogeneous team	Indicator equal to one when every metric used in the team-year is assigned to every executive.
Mean pairwise Jaccard	Average across all unordered executive pairs in the team-year of the Jaccard similarity of their assigned metric sets.
CEO-Executive team Jaccard overlap	Jaccard similarity between the CEO's metric set and the union of metric sets across non-CEO executives in the team-year.
Number of distinct metrics used by the team	Count of the 17 metric categories assigned to at least one executive in the team-year; captures the breadth of the team's bonus-metric menu.
Number of common metrics	Count of metric categories assigned to every executive in the team-year.
Number of selectively assigned metrics	Count of metric categories assigned to at least one but not all executives in the team-year; captures metric-based information diversity across roles.
Share selective	Number of selectively assigned metrics divided by the sum of common and selectively assigned metrics.
New selective metrics added	Count of metrics that move from unused at $t - 1$ to selectively assigned at t .
Acct. common-to-selective metrics	Count of affected accounting metrics that move from common assignment at $t - 1$ to selective assignment at t in the ASC 842 mechanism tests.
Risk outcomes	
Total volatility, $t + 1$	Annualized standard deviation of daily returns over the 252-day window ending at the fiscal-year end of $t + 1$.
Idiosyncratic volatility, $t + 1$	Annualized standard deviation of daily Fama-French three-factor model residuals over the 252-day window ending at the fiscal-year end of $t + 1$.
Systematic volatility, $t + 1$	Annualized beta-adjusted volatility component over the same window; used as a market-risk placebo.
Corporate policy outcomes	
R&D intensity, $t + 1$	R&D expense in fiscal year $t + 1$ divided by total assets in fiscal year t .
Cash-flow volatility, $t + 1..t + 3$	Three-year forward rolling standard deviation of operating cash flow scaled by assets.
Acquisitions / assets, $t + 1$	Acquisition expenditure in fiscal year $t + 1$ divided by total assets in fiscal year t .
Cash / assets, $t + 1$	Cash and short-term investments divided by total assets, evaluated in fiscal year $t + 1$.
Patent value / assets, $t + 1$	KPSS patent economic value for patents filed in fiscal year $t + 1$ divided by total assets in fiscal year t .
Moderators and boundary conditions	
Operating-environment uncertainty	Industry-year five-year rolling standard deviation of sales growth and ROA, standardized within fiscal year.
Board cooption	Coles, Daniel, and Naveen (2014) measure of the share of independent directors appointed during the current CEO's tenure.
CEO-chair duality	Indicator equal to one when the CEO also chairs the board.
CEO tenure	Years since the CEO assumed the role.
Number of titles	Number of formal executive titles represented in the team-year; captures role-coverage breadth.
Executive-team co-tenure	Average across non-CEO executives of years of overlap with the current CEO.
Teamwork culture	Li, Mai, Shen, and Yan (2021) earnings-call teamwork-culture score.

Variable	Definition
CEO and executive-team vega	Pay sensitivity to a one-percentage-point increase in stock-return volatility, measured separately for the CEO and the executive-team mean.
CEO and executive-team delta	Pay sensitivity to a one-percent change in stock price, measured separately for the CEO and the executive-team mean.
Annual bonus incentive intensity	Expected payout, payout range, and equity-share measures used to test whether the Metric Homogeneity relation is distinct from annual-bonus incentive strength.
Shock variables	
ASC 842 lease exposure	Pre-shock operating lease obligations scaled by assets, averaged over FY 2016–2018; treatment compares top- and bottom-tercile exposure firms.
Post842	Indicator equal to one for fiscal years 2019 and after.
ASC 606 deferred-revenue exposure	Pre-shock deferred revenue intensity, $(drc + drlt)/sale$, averaged over FY 2015–2017; treatment compares top- and bottom-tercile exposure firms.
Post606	Indicator equal to one for fiscal years 2018 and after.
Pre-COVID Metric Homogeneity	Firm-level average Metric Homogeneity over the pre-pandemic fiscal years used in the COVID tests.
Post-COVID	Indicator equal to one for outcome-return windows that fall in calendar 2020 and after.