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Articles

# Powerful CEOs and capital structure decisions: evidence from the CEO pay slice (CPS)

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## Abstract

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Keywor...
powerful CEOs

JEL Classification: G32 G34

# Notes

[1] Several recent studies also use CPS as a proxy for CEO power. For instance, CPS has been shown to have a significant impact on credit ratings and bond yields (Liu and Jiraporn, 2010) and on corporate social responsibility (CSR, Jiraporn and Chintrakarn, 2013).

[2] Free cash flows are calculated as net income plus depreciation and amortization minus capital expenditures.

[3] We also run another regression based on the variation across firms only. The results are not significant. Thus, the effect of CEO power on leverage is driven by the variation within firms over time, rather than the variation across firms. These results are remarkably consistent with those in Jiraporn et al. (2012).