Labor Market Collusion through Common Leadership

(Elena Prager and co-authors)

Abstract

We study an alleged scheme involving more than fifty tech companies' "no-poach" agreements, illegal agreements to suppress labor market competition by ceasing to recruit one another's workers. Using data on the networks of firm executives and board members, we first show that pairs of firms disproportionately enter no-poach agreements after they begin to share common high-level leaders. This is consistent with the illegal nature of the agreements, which makes the agreements unenforceable in court and therefore requires other mechanisms of enforcement. We then use microdata on workers' employment profiles to show suggestive evidence that the agreements depressed departures of senior employees from colluding firms. Aggregate employment and hiring do not appear to be affected.