**Human Capital Portability and Worker Career Choices: Evidence from M&A Bankers**

**ASIA**

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### Motivation: Firms Have Become More Human Capital-intensive


**HC portability:**
- Human capital is accumulated and portable:
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- difficult to quantify (endogeneity of firm-level shocks).

1. We build a dynamic model that endogenizes:
   - how human capital is accumulated and portable;
   - work/life switch decisions.
2. Estimated using a new data set that contains granular data:
   - quantity of non-portability of human capital (12%–44%).
3. The estimated degree of HC portability matters for individual workers and the composition of the M&A advisory industry.

### Timeline

- **Banker detection**
- **Banker learns & HC accumulates**
- **We create a measure collaboration intensity:**
  - how many deals you have co-advised with your current colleague.

### HC Non-portability and Worker Heterogeneity:

- **Banker detection**
- **High collaboration intensity**
- **Banker learns & HC accumulates**

### How Does HC (non-)portability Influence Sectoral Dynamics?

- starting point: the fraction of boutique banks is exaggerated at 10% (matches the share prior to 2000).
- simulate under with counterfactual HC gap (baseline: 88%-56%=32%).

### We Estimate Our Model by Matching the Following Datasets:

- **Mergermarket**
  - Information on lead investment bankers in charge of an M&A deal (distinguishing feature from other conventional M&A databases).

- **FINRA + Wall Street Oasis**
  - Match quality improves on average;
  - Human capital takes a hit due to non-portability.
  - Joint effect (that determines change in deal number) can go in either direction; portability is 60% in hedge v.s. 50% in boutique.

### What Happens in a Job Transition?

- **Deal number**
- **Human capital**

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- **Deal number**
- **Human capital**