
Spreading the Style: Firm Leaders' Early Life Experiences and Employees' Behavior and Performance

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Abstract

The personal traits of firm leaders, shaped by early life experiences, influence their preferences over work activities. Such preferences, in turn, can affect employee behavior and performance at work. In the context of Chinese securities companies, we show that chairpersons' adolescent experience as “sent-down youths” (SDYs) during the Cultural Revolution, which contributes to a higher willingness to engage in fact finding and reality checking, increases site visits to listed firms and accuracy of earnings forecasts by securities analysts under the chairperson's leadership. Thus, the “style” of a firm leader spreads within an organization.