The Impact of IPOs on Workers

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Abstract

We study how initial public offerings affect workers. Going public significantly impacts the relationship between firms and employees: firms raise salaries and offer more stable wages, especially to long-tenured workers. These changes in employment contracts affect household finances and family decisions. After an IPO, workers take on more investment risk and are more likely to purchase a home; they are also more likely to marry and have children. To identify these effects, we use stock market return variations during the book building period as an instrument for IPO completion.

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JEL Classification Codes: G32, G34, G50, M52, J31, J12, J13

I   Introduction

Going public is one of the most important events in a firm's life cycle. The initial public offering (IPO) often represents the largest single equity issuance a company makes and marks an important transition in terms of regulatory landscape, ownership structure, and informational environment. It is thus unsurprising that IPOs have long been a subject of interest for academics and practitioners. Policymakers also view access to public equity markets as crucial for growth, which is reflected in recent initiatives that aim to facilitate the process of going public. For example, one of the main objectives of the Jumpstart Our Business Startups (JOBS) Act, passed with bipartisan support in the United States and signed into law by former president Obama in 2012, was to make it easier for small companies to go public and to raise the capital they need to hire new employees. Similarly, several European stock exchanges have made changes to their listing requirements to be able to attract more firms to list on their exchanges.

Despite substantial research on IPO pricing, timing, and firm performance, we know surprisingly little about how IPOs affect workers. This is a critical gap, as employees' welfare is deeply tied to the financial health and strategic decisions of their employers. In this paper, we study how going public affects workers' employment contracts, as well as the repercussions for household finance and family decisions.

IPOs can affect workers' employment contracts in several ways. By easing financial constraints, going public may allow the firm to raise wages to attract and retain talented employees. In particular, early-joiners of the firm, who may have accepted low wages when the firm was financially constrained, may be compensated with a wage increase in the event of a successful IPO. Beyond wage levels, IPOs may also impact the riskiness of employment contracts. This is important because surveys show that workers place great value on income stability, even more so than on pay levels (Rothwell and Crabtree, 2019). Whether public listing leads to an increase or a decrease in the riskiness of employment contracts is ex-ante ambiguous. On the one hand, access to public equity may allow the firm to offer more security to its workers through lower wage volatility. Unlike private owners with undiversified equity stakes, diversified owners of a listed firm can better absorb

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idiosyncratic shocks, potentially providing greater pay stability. On the other hand, pressure from the stock market could lead the firm to increase the pass-through of performance shocks onto its workers, making employment contracts at public firms riskier than those at private firms.

In turn, the changes in wage level and volatility, along with changes in career pressure after an IPO, may affect workers' lives beyond the workplace. For example, higher and more stable income may allow workers to take more risks in their investment portfolios. An increase in the level and stability of labor income following an IPO may also allow workers to become home owners and increase the likelihood of getting married and starting a family. Thus, the consequences of IPOs may extend beyond firm boundaries, shaping household investment decisions and life trajectories.

Empirically studying these issues is, however, challenging. Detailed employer-employee matched data is required to track labor force dynamics, individual employee characteristics, and compensation around IPOs. In addition, one needs to deal with the selection bias that is inherent in this setting: IPOs are not exogenous events. Omitted factors that determine the firm's decision to go public may also affect the evolution of employment contracts, individual finances, and family choices. This makes causal inference difficult.

To overcome these obstacles, we employ detailed employer-employee matched data from Sweden. The granularity of the data allows us to document the impact of IPOs on the employment contracts of workers, including the level and volatility of wages, as well as to track household finance decisions and family outcomes of individual workers around the IPO events. To deal with the identification challenges in this setting, we adopt the empirical strategy of Bernstein (2015) and focus on the subset of firms that file for IPO. While all the firms in our sample show an interest in going public, some eventually withdraw. Firms that withdraw from the IPO serve as a counterfactual for the evolution of worker outcomes in the absence of the IPO event. Because the withdrawal is itself an endogenous decision, we use the returns on a broad Swedish stock market index during the book building phase as an instrument for the decision to go public versus to withdraw.

We find that going public leads to significant changes in employment contracts. Equipped with the financial resources obtained in the IPO and future access to public equity markets, public firms offer more generous compensation packages to their workers. On average, workers experience wage

increases around 10–19%. In addition, firms that successfully complete an IPO offer greater wage stability to their employees than firms that filed for, but eventually do not complete, an IPO. Wage sensitivity is reduced by about 19% after the IPO, on average. These effects are more pronounced for long-tenured workers, which suggests that long-term implicit contracts are a key feature of employment agreements at privately-held firms.

Furthermore, the transition to a publicly-listed firm is associated with significant changes in the personal finances and family choices of workers. After an IPO, workers invest a larger fraction of their financial portfolio in equities, borrow more, and increase their investments in real estate– after their employer goes public, workers are more likely to buy a primary residence and a holiday home than workers of firms whose IPO failed. Moreover, going public impacts the family life of workers. After an IPO, workers are more likely to get married, have children, and devote time to child rearing (as measured by the use of parental leave).

Our paper connects several strands of literature in finance and economics. First, it relates to the literature that studies the causes and consequences of IPOs. Prior work has studied the timing (e.g., Pastor and Veronesi, 2005; Chemmanur and He, 2011), share allocation (e.g., Benveniste and Spindt, 1989), pricing (e.g., Rock, 1986; Beatty and Ritter 1986; Ljungqvist and Wilhelm, 2003; Loughran and Ritter, 2004), and performance of IPOs (e.g., Ritter, 1991). Ritter and Welch (2002) and Lowry et al. (2017) review the recent IPO literature. We contribute to the literature by focusing on the largely unexplored impact that IPOs have on one of the most important stakeholders of the firm: its workers. Our paper is thus especially related to and complements the studies by Bernstein (2015), Borisov et al. (2021), Babina et al. (2024), and Bias et al. (2022) who also study labor effects of going public.

Bernstein (2015) examines the impact of IPOs on innovation and in doing so, analyzes the transition of inventors to and from public firms. Relatedly, Babina et al. (2024) and Bias et al. (2022) study the evolution of the firm's workforce around IPOs. Babina et al. (2024) document that going public leads to significant labor reallocation, with entrepreneurial-minded workers more likely to abandon firms after an IPO. Bias et al. (2022) show that following an IPO, firms hire more managers and experience significant turnover in professional staff, leading to the professionalization

of the workforce. Unlike previous work that focuses on the composition of the labor force, we study how IPOs affect employees. We show that not only do wage levels increase, but income risk is also significantly reduced after firms go public. These effects are more pronounced for long-tenured workers, suggesting that the relaxation of financial constraints due to the IPO enables firms to honor long-term implicit contracts.

Moreover, we introduce new dimensions—household finance and family formation—into the study of corporate finance's spillover effects. We document that after an IPO, workers alter their financial and real investment behavior. Specifically, we find that workers of firms that go public increase their investments in risky financial assets and in real estate. Workers' marriage and fertility rates also rise after an IPO by their employer. This suggests that the income smoothing associated with public ownership plays a pivotal role in shaping broader socioeconomic outcomes.

This evidence complements the findings of the existing literature. The changes in income dynamics that we document help to understand why more entrepreneurial-minded workers, who may not place high value on wage stability, are those most likely to depart in the aftermath of the IPO (as documented in Babina et al., 2024). These contractual changes may also help explain the evolution of innovation output in firms that go public, as well as the increased attractiveness of public firms to specialized professional staff, as documented by Bernstein (2015) and Bias et al. (2022).

More broadly, our paper contributes to the growing literature on the interactions between labor and corporate finance. A large share of this literature has analyzed how leverage affects and is affected by human capital (e.g., Brown and Matsa (2016), Caggese et al. (2019), and Baghai et al. (2021)); for recent reviews of this literature, see Matsa (2018) and Nishesh et al. (2024). Instead, in this paper, we shed light on how the issuance of public equity impacts the income dynamics of workers as well as the implications for their household financial decisions and family lives.

II Data

II.A Data

Our data are from several unique sources and encompass information on workers, firms, and the stock market. The combined data set allows us to track employees and firms over time and to study how changes in public status affects worker outcomes along three main dimensions: labor income dynamics, household finances, and family outcomes.

The main employer-employee matched data set used in the analysis is obtained by matching longitudinal data on socio-economic outcomes for Swedish individuals during 1998 – 2011 with firm-level financial information. The primary source of individual worker information is the Longitudinal Database on Education, Income and Occupation (LISA) from Statistics Sweden. LISA contains detailed employee-employer matched information for the whole Swedish population. For individuals aged 16 years or older, a large set of socio-economic information, such as age, gender, marital status, number of children, employment, and uncensored wages are available. We then link the data from LISA to additional registry data containing information on household balance sheets, where we can observe the amount of debt, investments in different financial asset classes, and ownership of real estate assets.

The data on IPO filings cover the years 1998 – 2011 and are obtained from Thomson One and Nasdaq Stockholm. The initial IPO registration is with Finansinspektionen (the Swedish government agency responsible for regulating financial markets in Sweden), but the date of the filing does not have to be made public. We use as "IPO date" the initial registration and prospectus filing date, when available. If that date is not available, we use the date that the prospectus is issued. According to Finansinspektionen, there are no systematic records of withdrawn IPOs. We obtain information on withdrawn IPOs and withdrawal dates from Thomson One. We complement these data with information from news searches in Retriever, a Swedish online media archive. IPOs that represent a spinoff of an existing firm are excluded from the sample.

The Swedish firm-level financial data are from the Serrano database. Serrano includes financial statement data (similar to Compustat in the United States). The data, available between 1998 and

2011, are adjusted for split financial years as well as accounting periods of different lengths and are converted to calendar year values for both stock and flow data. The data cover both privately and publicly held firms, which is critical for our study.

Finally, the stock market data are from Finbas, a database of Swedish financial data maintained by the Swedish House of Finance. To construct the instrument for our analysis, we use the returns on the SIX Index, a broad stock market index for Sweden.

II.B   Main variables

The main goal of the paper is to study how workers are affected by an IPO, in particular, with respect to wage level, wage variability, household finance decisions, and family outcomes. We construct the following variables.

Ln(Wage) is the natural logarithm of the total annual compensation received from the employer. We estimate a Mincer (1958)-style regression to construct two additional variables: *Wage residual* is the residual obtained from a regression of *Ln(Wage)* on employee fixed effects, year fixed effects, the logarithm of the years of education, employee age and age-squared, work experience and the square thereof; $\mathbb{E}[Ln(Wage)]$ is the predicted wage based on this regression.

To test whether an IPO changes the riskiness of the employment relationship between workers and firms, we study the stability and predictability of wages using two distinct variables. *Wage volatility* is the volatility of wages over a three year period (the current year, last year, and next year). *Distance from linear wage* is constructed as follows. For each worker that is employed by the firm for three consecutive years, we first calculate what the wages of the current year would be if wages followed a linear progression between the previous and the following year. We then compute the difference (in absolute value) between the actual wages and the linear predicted wages as a measure of compensation volatility and predictability. A value of *Distance from linear wage* close to zero means that wages follow a predictable linear growth pattern, while deviations from zero imply that wages do not grow at a stable rate.

We decompose the standard deviation of wages into two components that separately measure the riskiness of the firm and the pass-through of firm risk towards wages, with the variables $\sigma(\frac{Sales}{Employees})$

and *Wage sensitivity*, respectively. $\sigma(\frac{Sales}{Employees})$, our measure of firm risk, is the standard deviation of sales per employee. *Wage sensitivity* is the ratio of the standard deviation of wages and the standard deviation of sales per employee. As in the case of the standard deviation of wages, we compute these standard deviations using three-year rolling windows.[1]

To study how the household finances of employees are affected by IPOs, we construct the following variables. *Risky share* is the fraction of a worker's total assets that is invested in equities. *Ln(Debt)* is the natural logarithm of a worker's total debt. *Home owner* is a dummy variable that takes the value of one if the worker owns either a single-dwelling house or has a tenant-owned dwelling with a positive market value. *Holiday home* is a dummy variable that takes the value of one if the worker has a holiday home with a positive market value.

An IPO may affect not only a worker's career and finances, but may also impact personal and family outcomes. To study how going public affects workers' family lives, we analyze the following outcome variables. *Married* is an indicator variable that takes the value of one if the worker is married, and takes the value of zero otherwise.[2] *Divorced* is an indicator variable that takes the value of one if a worker is divorced. *Has children* is an indicator variable that takes the value of one if a worker has children younger than 18 years old. *Number of children* is the number of children that a worker has that are younger than 18 years old. *Parental leave* is a dummy variable that takes the value of one if a worker takes parental leave in a given year.

We employ the following control variables in various tests. *Tenure* is the number of years worked at the current firm. *Experience* is the number of active years in the labor market.[3] *Ln(Education)* is the natural logarithm of the number of years of education. *Female* is a dummy variable that

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[1]These variables are motivated by the idea that wage fluctuations stem either from variation in firm performance or in the sensitivity of wages to that performance. Formally, we assume the following wage function:

$$w_{ift} = a_{if} + \beta_f \cdot y_{ft}$$

Where β and y are the sensitivity of wage to firm performance and firm performance, respectively. Assuming that β and y are independent random variables, and that β is constant within a given 3 year period, we can calculate wage sensitivity as:

$$Wage\ sensitivity = \left[\frac{V(w)}{V(y)}\right]^{0.5}$$

where w are the wages of individual workers and firm performance is measured as sales per employee.

[2]We consider workers to be married if they are legally married or are in registered partnership.

[3]A worker is considered active in a given year and firm, if they earn at least minimum wage.

takes the value of one if the worker is female, and takes the value of zero if the worker is male. *Age* is the age of the worker in years.

The main explanatory variables are *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes an IPO. *Post* is a dummy variable that takes the value of one in the period after the IPO, or in the case of withdrawal, in the period after the withdrawal from the IPO. Therefore, the interaction coefficient on $IPO \times Post$ can be interpreted as a difference-in-differences estimate, which captures the differential evolution of the different worker outcomes of firms that complete an IPO relative to those that withdraw.

Our empirical methodology exploits variation in the evolution of the overall Swedish stock market during the IPO book building phase as a source of exogenous variation for the decision to complete versus withdraw from the IPO (Bernstein, 2015). We use the variable *SIX Index returns* as an instrument for IPO. *SIX Index returns* are the returns on the SIX Sweden Index (SIXSWE) in the three months prior to the completion or withdrawal date.

The regression specification that we use includes controls that account for potential confounding effects that may be correlated with the IPO. Most of the regressions include individual worker fixed effects to account for time-invariant unobservable worker characteristics, like innate ability or overall worker quality. In addition, we employ year fixed effects and time to event (IPO completion or withdrawal) fixed effects to capture any macroeconomic trends that may impact the wage streams, household finances, and family outcomes of employees.

The event window in our regressions is from two years prior to the IPO (filing) until two years thereafter. Workers are in our main sample if they work at the IPO (filing) firm in at least one of the two years prior to the IPO. In several analyses, we focus on specific worker sub-samples. We denote workers as "stayers" if they work at the firm for at least one year both before and after the IPO. That is, these workers do not have to be at the IPO firm during the whole event period; for example, they can join the firm in the year before the IPO and leave the firm in the year thereafter. We track the workers during the event window even if they no longer work at the IPO firm. Furthermore, we classify workers as "long-tenured" if they have tenure above the top 25th percentile of tenure in the year of the IPO (based on the distribution of tenure within

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each IPO filing firm). Similarly, "short-tenured" workers are those with tenure below the bottom 25th percentile of tenure as of the year of the IPO. We list the main variables used in the analysis together with their definitions in Appendix Table A1.

The final sample covers the period 1998 to 2011 and contains 153 firms that file for IPO, 43 of which withdraw. These firms employ a total of 18,813 unique workers in the five-year event window around the IPO or withdrawal (from two years before to two years after the event). Figure 1 depicts the frequency of IPO filings by event (completion or withdrawal) year. Table 1 presents the summary statistics for the main variables of interest.

III   Stock market returns and IPO completion

The main goal of this paper is to empirically study how IPOs impact workers. One important challenge we face is the inherent endogeneity of the decision to go public. Therefore, one worry that arises is that public firms may be fundamentally different from private firms. If that is the case, a simple comparison between the outcomes of workers of public and private firms would not allow us to identify the causal effect of going public. To address this issue, we first restrict the sample of firms to those that file for an IPO. While private firms that never file for an IPO may be different in many (possibly unobservable) dimensions from public firms, the fact that all firms in our sample had planned to go public, should alleviate these concerns. Despite filing for an IPO, some firms decide to later withdraw, which allows us to establish comparisons between firms that complete IPOs relative to those that do not.

Because the decision to complete the IPO or to withdraw is itself endogenous, one may still worry that firms with worse prospects are more likely to withdraw, while firms with better expected future performance are more prone to obtaining a favorable response from investors during the book building and ultimately complete the IPO. If that was the case, the IPO completion would not only identify a change in public status but could also proxy for the strength of the business fundamentals of the firm or the quality of its workforce. To circumvent this issue, we follow Bernstein (2015) and use the evolution of the overall stock market during the book building phase to identify exogenous

withdrawals. The evolution of the overall stock market is not driven by the performance of the private firms in our sample, nor does it reflect individual firms' prospects. However, it may still act as a determinant of IPO completion if firms prefer going public in "hot" relative to "cold" stock markets. We start by testing whether this is the case.

The first step in our empirical analysis is to show that among the set of firms that file for an IPO, the decision to ultimately complete the IPO is indeed affected by the evolution of the overall stock market during the book building phase. In particular, we test whether, after filing, firms are more likely to withdraw from the IPO during bear than during bull stock markets. Consistent with the evidence in Brau and Fawcett (2006) and Bernstein (2015), in Table 2, we find a statistically significant and economically strong association between stock market conditions and IPO completion. When SIX index returns are high, firms are more likely to complete the IPO than when SIX index returns are low.

This can also be seen in Figure 2, where we plot the relationship between the returns of the SIX Index during the book building phase and the IPO completion probability. We observe that the likelihood of withdrawal increases dramatically when the stock market conditions deteriorate. On the other hand, the probability of withdrawal is relatively low and not strongly responsive to SIX Index returns, when these returns are positive. This is strikingly similar to what Bernstein (2015) finds in a sample of U.S. IPOs (see Fig. 3 in Bernstein, 2015).

In Table 3, we compare the characteristics of firms that completed and those that withdrew, in the two years leading up to the IPO completion or withdrawal. We document that prior to the event, these firms look very similar: the differences in observable characteristics between the two groups of firms are economically and statistically insignificant. Table A2 in the Appendix reports a comparison of the ex-ante characteristics of firms that face good stock market conditions during the book building phase vs. those that face bad overall market conditions. These results confirm the economically and statistically insignificant differences among these two groups of firms prior to the event date. This suggests that firms that face good stock market conditions during the book building (and ended up completing the IPO) were a priori not different from firms that did not complete the IPO because they faced bad market conditions.

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IV The impact of going public on workers' compensation

IV.A The impact of going public on the level of wages

In the previous section, we showed that broad stock market returns affect the probability of IPO completion. We now turn to the main goal of the paper: to study whether and how going public affects workers. A key channel is wages. The financial slack created by a successful IPO may allow the firm to raise pay to attract and retain talent. In addition, previously constrained firms may have obtained "credit" from employees in the form of below-market wages (as in Guiso et al., 2012). The relaxation of financial constraints due to the IPO could allow the firm to honor these implicit contracts with long-tenured employees, leading to a subsequent increase in wages, especially for those who have sacrificed income in the past.

We use the variable *Ln(Wage)* to analyze the evolution of the compensation of individual workers at firms that complete IPOs relative to those at firms that file for, but later withdraw. First, Panel A of Table 4 examines the evolution of wages for all workers employed prior to the IPO filing. The regression model in column 1 controls for worker fixed effects, year fixed effects, and years to (proposed) IPO fixed effects. The estimate implies that the average wage of workers employed in IPO firms increases by roughly 11%, relative to the pre-IPO period, and relative to the evolution of wages in firms that withdraw from the IPO. This estimate is statistically significant at the 10% level. We obtain estimates of similar magnitude in column 2, where individual worker controls (worker experience, tenure, and education) are added to the specification, as well as in column 3, where we replace individual fixed effects with filing firm fixed effects and add the variables *Female* and *Age* as controls. However, the estimates in columns 2 and 3 are not statistically significant at conventional levels.

Workers who leave firms around IPOs may not experience the impact of going public on wages, because they depart before the post-IPO compensation policies are put in place. Therefore, in Panel B of Table 4, we focus on the subset of workers who stay at the firm after the completed or failed IPO date. Because these workers stayed at least one year following the proposed transaction, they may provide a more informative picture of how working at a public firm affects worker pay. We focus

on "stayers" both in firms that complete and those that withdraw from the IPO, so the selection criterion to be included in this sample is the same for treated and control workers. We find that for those workers who remain in the firm, IPOs have an economically and statistically significant positive impact on wages. In the specification reported in column 1, we find that controlling for individual, year, and time to (proposed) IPO fixed effects, wages of stayers increase by 18% around the IPO completion date. This estimate is statistically significant at the 1% level. In column 2 of Panel B, when we control for worker tenure, experience, and education, we obtain coefficients that are similar both in terms of economic magnitude and statistical significance. The same pattern is present in column 3, when we include filing firm fixed effects instead of individual worker fixed effects and add *Age* and *Female* as controls.

To understand the timing of the effect, Figure 3 plots the dynamics of the impact of going public on the wages paid to workers around the IPO date. Two patterns stand out. First, there are no pre-trends, reinforcing the validity of our empirical design. Wages of workers in firms that go public due to a favorable evolution of the overall stock market behave similarly to those in firms that withdraw prior to the event date. Second, one can observe a stark increase in wages in the post-IPO period. Wages in firms that complete the IPO increase significantly relative to those in firms that withdraw. The wage increase occurs immediately in the year of the IPO and does not increase significantly further after that, consistent with the results of Babina et al. (2024).

Figure 3 is also informative about the nature of the IPO-driven increase in labor income. The immediate increase in income that occurs in the year of the IPO suggests that compensation in the form of equity may help explain our findings. Moreover, the fact that the income level remains elevated one and two years after the IPO (relative to pre-IPO levels) suggests that the impact of IPOs on workers' pay is not exclusively driven by workers liquidating their equity stakes.

One question that arises in light of the previous analysis is whether the increase in wages is justified by employee characteristics, or whether instead, the wage increase is a manifestation of a change in the rent-sharing between workers and firms. To investigate this, we employ the variables $E[Ln(Wage)]$ and *Wage residual*. $E[Ln(Wage)]$ is the expected wage based on time-invariant worker traits and time-varying attributes, such as age, marital status, and labor market

experience. *Wage residual* captures the deviation of wages from their predictable component, that is, the difference between the wage a worker receives and $E[Ln(Wage)]$. A positive wage residual implies that the worker earns more than is expected, given both the fixed and time-varying worker characteristics.

We report results of this analysis in columns 4 to 6 of Panel A of Table 4. We find that on average, $\mathbb{E}[Ln(Wage)]$ increases by $4 - 7\%$, suggesting that the changes in compensation that are observed in columns 1 to 3 are, at least in part, justified by the characteristics of workers. However, columns 7 to 9 reveal positive and mostly statistically significant effects on the *Wage residual*. This suggests that after the IPO, workers also enjoy a wage premium above and beyond what would be expected given their characteristics.

We repeat this analysis for the sample of stayers and report results in columns 4 to 9 of Panel B of Table 4. An interesting pattern emerges. Part of the wage increase experienced by workers who remain at the firm around the IPO completion is indeed explained by employee characteristics that are valued in the labor market. However, there is also an increase in the unexplained component of wages, suggesting that workers may be compensated above and beyond the arms-length value of their work. This interpretation is consistent with an implicit contract in which workers who remain at the firm enjoy a post-IPO wage premium to compensate them for wage sacrifices prior to the IPO. We return to this issue in Section IV.C, below.

One caveat with this analysis is that it is difficult to conclusively distinguish excessive compensation from changes in matching quality. In other words, because the wage residual does not account for worker-firm effects, a rise in the wage residual may simply reflect higher productivity of the worker-firm pair in the newly listed firm; this may result in the wages of workers to be higher in the IPO firm than in other employment relationships of the same worker. However, our findings that stayers, workers who remain with the firm after the IPO, also experience wage increases, makes this interpretation less plausible. For these workers, the worker-firm match did not change, making changes in match quality an unlikely driver of the observed wage premium.

IV.B The impact of going public on wage stability

Beyond pay levels, workers value labor income stability. Surveys consistently show that wage stability ranks above pay in job preferences. For example, in a 2019 survey conducted by Gallup (Rothwell and Crabtree, 2019), 92% of respondents rated "stable and predictable pay" as important–the highest among all job attributes. Despite its importance for workers, wage risk is a contractual dimension that is rarely studied in Finance.

We measure labor income risk using two alternative variables, *Wage volatility* and *Distance from linear wage*. As in the previous section, we estimate an instrumental variables model in which the IPO completion is instrumented with the stock market returns in the three months prior to the IPO (withdrawal) date. All specifications include year, time-to-event, and either worker or filing firm fixed effects. In addition, in some specifications we enrich the regression model with time-varying employee controls (employee education, work experience, tenure, age, and a female dummy). We report these results in Table 5.

In Panel A, the sample includes all workers who were at IPO filing firms before the completion or withdrawal dates. In columns 1 to 3, we find that the wage volatility of pre-IPO workers decreases following IPO completion. Furthermore, the predictability of pay based on deviations from a linear wage growth pattern, which we capture with the variable *Distance from linear wage*, is negative, but statistically insignificant (columns 4 to 6).

In Panel B of Table 5, we focus on workers who remain at the IPO filing firms after the withdrawal or completion, the "stayers." The picture that emerges is consistent with that of Panel A, although the results are economically and statistically stronger in Panel B. Workers who stay at the firm after the IPO completion enjoy wages that are less volatile (columns 1 to 3) and more predictable (columns 4 to 6). In terms of magnitudes, relative to the sample mean, these coefficients represent a reduction of about one third of wage volatility and one third of the average deviations from a predictable linear wage growth. These coefficients are not only economically relevant, but are also statistically significant at the 1% level.

Figure 4 depicts the evolution of wage volatility for workers at firms that complete an IPO relative to those at firms that withdraw. As with the level of wages, we observe a drop in wage

volatility in the event year and the years thereafter for workers whose firm completed an IPO; there are no detectable differential trends prior to the event.

The overall reduction in the volatility of labor income may be driven by two non-mutually exclusive economic forces. First, a public firm may be less exposed to shocks, which would naturally result in less risky wages. Second, access to public equity markets may affect the degree to which firms pass-through shocks towards workers. In particular, even if the overall business risk does not change around the IPO, public firms may be more able and willing than private firms to "insure" workers against fluctuations in firm performance, by offering stable and predictable pay. To understand the extent to which these two economic mechanisms may be driving the reduction in labor income risk that we document above, we separately study the evolution of the volatility of firm performance (measured by the volatility of firm sales per employee, variable $\sigma(\frac{Sales}{Employees})$) and the sensitivity of worker wages with respect to firm performance (measured as the sensitivity of a worker's wage with respect to sales per employee). The results presented in Table 6 suggest that the reduction in wage volatility is primarily driven by a lower pass-through of firm performance shocks towards workers (for "stayers" and all "pre-existing" workers alike), while business risk does not appear to decrease significantly after the IPO.

IV.C   Implicit contracts and the post-IPO changes in income dynamics

The fact that wage increases and stability gains are more pronounced for workers who stay with the firm after the IPO supports the role of implicit employment contracts. In particular, workers who have experienced low and unstable pay when the firm was financially constrained may be rewarded with higher and more stable wages following the IPO, when the firm becomes less financially constrained.

To investigate this possibility further, we compare workers with long tenure at the time of IPO filing to more recent hires. Implicit contracts that allowed the firm to finance itself using deferred compensation from workers should apply primarily to long-tenured workers who accepted low and unstable pay under the pre-IPO firm's financial constraints. By contrast, recent hires are unlikely to have "financed" the firm this way. Therefore, if such implicit contracts are at play, we would

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expect to find not only stronger wage and stability effects for stayers than for leavers, but also stronger effects for long- than for short-tenure workers.

We investigate these predictions in Tables 7 and 8. We find evidence consistent with the view that IPO completion allows the firm to honor long-term implicit contracts and to repay the credit it has received from long-tenured workers in the form of suppressed wages (as in Guiso et al., 2012). Specifically, we observe that both the increase in the level of wages and the reduction in the volatility of wages are confined to workers who have been with the IPO filing firm for a long period of time prior to the IPO. In contrast, workers who joined the firm just before the IPO filing ("short-tenured workers") do not seem to experience statistically significant changes in wage streams after the firm goes public.

Credit within the firm may be easier to obtain from high-wage workers, who have greater capacity to defer income. In contrast, low-wage employees are more likely to be liquidity constrained and may not afford to exchange wages today for an uncertain payout in the future. Therefore, the "implicit credit within the firm" contract may manifest itself via a larger wage effect in high- than in low-wage workers. Table 9 splits workers by their position in the wage distribution of the firm prior to the proposed IPO date. The results are consistent with the notion that implicit contracts are an important feature of the employment relationship in private firms: we find that workers whose wages are above the median wage prior to the IPO benefit most from the transition to public firm, both in terms of wage increases and reductions in wage volatility.

V   The impact of going public on household finances

The impact of IPOs on the compensation of workers may significantly affect their personal financial decisions. In particular, the increase in wage level and the reduction in wage volatility that result from the IPO may affect workers' investments in financial and real assets. We focus on three key areas: the risk profile of workers' financial investments, household debt, and real asset holdings.

V.A   The impact of going public on workers' financial assets and liabilities

The added stability that going public brings to the labor income stream of workers may allow them to take more risks in their financial portfolios. To better understand how IPOs affect the riskiness of financial portfolios of workers, we study the evolution of *Risky share*, which is the fraction of a worker's assets that is invested in equities. In these tests, we employ IPO firm, year, and years-to-event fixed effects, as well as the time-varying controls *Tenure, Experience, Ln(Education), Age*, and *Female*. Column 1 of Table 10 reports that workers at firms that complete an IPO increase the risky share of their portfolios by 10.8 percentage points, relative to workers at firms that withdraw for exogenous reasons. Figure 5 depicts the dynamic evolution of *Risky share*: we observe a sharp increase in the year of the IPO, while there are no differential trends in the risky share of "treated" vs. "control" workers prior to the event.

In column 2, we analyze the evolution of the amount of debt owed by workers around IPO events. While on the one hand, safer wages post-IPO may allow workers to take on more debt, the higher level of income may also reduce workers' reliance on loans. Our findings suggest that the former channel may dominate, as completing an IPO is associated with a 68% increase in outstanding debt. The rise in debt may reflect various sources, including consumption loans, borrowing to invest in financial assets, or mortgages. In the next subsection, we turn to real estate.

V.B   The impact of going public on workers' real estate portfolio

IPOs may affect not only financial investments, but also real asset holdings. We examine this using information on ownership of real estate assets. In particular, we study whether a worker owns a primary residence or a holiday home. Because real estate investments require medium- to long-term commitments, workers with safe and predictable income streams may be better positioned to finance the acquisition of a property. This is indeed what we find. In columns 3 and 4 of Table 10, we show that both the likelihood of owning a home as well as the likelihood of owning a holiday home increase following a successful IPO event.[4] In terms of magnitudes, the likelihood

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[4]Holiday home ownership in Sweden is widespread; the median price paid for a holiday home in Sweden in 2024/25 was SEK 1,350,000 (around USD 142,000) according to a 2025 survey carried out by MFM and Hemnet.

of becoming a home owner increases by 13.5 percentage points around the IPO event, and the likelihood of owning a holiday home increases by 6.1 percentage points.

Figure 6 depicts the evolution of the difference in the likelihood of owning a primary residence for workers in firms that complete an IPO relative to workers in firms that file for an IPO but eventually withdraw. We observe an elevated likelihood of owning a home after the event year, although none of the yearly coefficients are statistically significant. As was the case with other outcome variables, there is no evidence of a pre-trend.

VI   The impact of going public on family outcomes

Beyond wages and household finances, IPOs may impact workers' personal life choices. The long-term nature of marital and parental commitments may be especially dependent on the level and stability of labor income. Given that going public significantly increases the level and reduces the volatility of workers' wages, it is natural to ask whether greater financial security and income predictability due to the IPO is associated with a higher willingness to make long-term family commitments, such as getting married or having children. To test these hypotheses, we investigate marital and parental outcomes of workers around the IPO date, comparing workers who are employed at firms that go public to those at firms that withdraw from IPOs.

VI.A   The impact of going public on workers' marital status

Marriage is an important determinant of individual well-being. Therefore, understanding whether going public affects the likelihood of getting married is crucial to assess the welfare impact of listing a company. We test whether IPOs affect the marital status of workers using regression specifications similar to those of Table 10, but we employ different dependent variables. Specifically, we analyze whether going public affects the likelihood of marriage among unmarried individuals (using the indicator variable *Married*) and the likelihood of divorce among married workers (using the indicator variable *Divorced*).

We present the results in Table 11. In column 1, we find that the likelihood of getting married

post-IPO increases by approximately 2.2 percentage points compared to cases where the IPO is withdrawn. Given that 44% of workers in our sample are married (Table 1), relative to the average marriage rate in our sample, this represents a 5% increase in the likelihood of being married. In column 2, we focus on divorce. While the coefficient on the interaction $IPO \times Post$ is negative, suggesting that going public may help preserve the stability of existing marriages, the estimate is not economically or statistically significant.

VI.B   The impact of going public on parenthood

In addition to changes in marital status, the income stability gained in publicly traded firms may influence workers' decisions to have children. We test this hypothesis in regressions reported in columns 3 and 4 of Table 11. In column 3, we observe that the likelihood of becoming a parent increases by 4.4 percentage points, representing a 12% rise relative to the sample mean.[5] Furthermore, in column 4, we use *Number of children* as an outcome variable to capture not only the extensive margin of parenthood, but also the intensive margin, that is, the possibility that IPOs affect the number of children, not just the decision of whether or not to have children. We find that successfully completing an IPO is associated with an increase in the number of children among the firm's workers. Given that the point estimate on *Number of children* is larger than for the outcome variable *Has children*, we can conclude that IPOs positively affect both the extensive margin (the decision to become a parent) and the intensive margin (the number of children) of parenthood for workers.[6]

Figure 8 depicts the evolution of the difference in the likelihood of having children between workers of firms that complete vs. those that withdraw from an IPO, around the proposed IPO date. The figure shows that prior to the event year, both "treated" and "control" series evolve in parallel, but the likelihood of having children increases for workers whose firms go public, relative to that of workers whose firms do not complete the IPO, after the event.

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[5]The findings from the previous section that IPOs are associated with an increase in likelihood of owning a home may provide an additional channel through which IPOs affect fertility decisions (Fazio et al., 2024).

[6]In other words, if the only change were that childless individuals began having children, the coefficients on *Has children* and *Number of children* would be similar. But since the coefficient on *Number of children* is larger, it suggests that not only are more people having their first children, but those who already have children are having more.

VI.C   The impact of going public on home production

Finally, we examine whether going public affects workers' commitment to home production. In particular, we test whether IPOs affect workers' ability and willingness to take parental leave. Given the increase in the likelihood of having children associated with an IPO, documented above, workers of publicly listed companies may face more family constraints than workers in firms that remained private. At the same time, the change in listing status may be associated with a relaxation of financial constraints that could allow workers to achieve greater work-life balance. The test reported in column 5 of Table 11 suggests that the likelihood of taking parental leave increases by 2.4 percentage points after the IPO, relative to before, compared with the evolution of *Parental leave* for workers whose firm filed for but ultimately did not complete an IPO. Relative to the sample mean, this represents an 11% increase in the use of parental leave.

VII   Robustness and additional discussion

We conducted a series of additional tests to confirm the validity and robustness of our findings.

Table A3 in the Appendix shows that the main results are robust to using different event windows. In the main analysis, we restrict the sample to the period from the two years before to the two years after the proposed IPO date (a 5-year window). However, we note that we obtain similar results when we use data from three years before to three years after (7-year window reported in Panel A), or four years before to four years after the proposed IPO date (9-year window reported in Panel B).

In Table A4 of the Appendix, we also present the results from estimating OLS regression specifications instead of the IV methodology employed in the tables reported in this paper. Running OLS alongside IV provides a useful benchmark. A significant gap between the two estimates may suggest large endogeneity in the regressor of interest, and implausibly large IV estimates may signal weak instruments or a failure of exclusion restrictions. However, we find that the OLS results on how IPOs affect the level and volatility of wages exhibit patterns similar to those in the main tests, both in terms of statistical and economic significance.

The tests in Sections V and VI above focus on the subsample of "stayers," who better represent how being employed at a publicly traded firm differs from being employed at a private firm. Tables A5 and A6 in the Appendix show that similar patterns are obtained when the analysis is performed on the sample that includes all workers who were present at IPO-filing firms before the IPO completion or withdrawal (that is, when not requiring workers to stay at the firm post-IPO).

Finally, we conducted placebo tests to ensure that firms that ultimately withdraw from the IPO would not have evolved differently from firms that complete the IPO, in the absence of the IPO. We have shown in Figures 3 to 8 that there are no pre-trends in the timing of the effects, that is, the changes we document occur at the time of and after the IPO but not before. We now conduct formal tests of parallel trends. In these tests, we restrict the sample to the years before the IPO completion or withdrawal. We then create the placebo variable *Placebo Post* which takes the value of one in the years t-3, t-2, and t-1 relative to the IPO completion or withdrawal, and takes the value of zero in the years prior to that (t-5 and t-4). We then replicate the analysis in our main tables (Tables 4 and 5) but instead of focusing on the event window around the IPO, we focus on a placebo event period before the IPO. These results are presented in Table A7 of the Appendix. When we analyze the evolution of wages for firms that will eventually go public relative to those that withdraw, we do not find any significant differences in the period prior to going public. These results indicate that there are no significant differences between the two groups of firms in the absence of the IPO event. While all firms in our sample file for an IPO and follow a similar evolution prior to the event, exogenous movements in the stock market around the proposed IPO date drive the decision to ultimately complete the deal. We conclude that our estimates can be interpreted in a causal manner.

VIII   Conclusion

In this paper, we study whether and how a firm's initial public offering affects the employment relation between workers and firms, the household finances of workers, and their family outcomes. To circumvent the identification challenges associated with the endogeneity of the decision to go

public, we use as counterfactual the evolution of the employee outcomes of firms that file for an IPO but ultimately withdraw. As an instrument for IPO completion, we use the overall stock market conditions during the book building phase (following Bernstein, 2015). While both groups of firms and their respective workers look similar prior to the event, they diverge significantly afterwards.

We document that post-IPO, firms increase wages and offer more stable income streams to workers. Moreover, this change in corporate ownership structure has significant implications beyond the workplace, influencing key household financial variables and personal life decisions of employees. Specifically, we find that going public affects workers' investments in financial and real assets. The share of financial wealth invested in risky securities increases, as does the likelihood that workers own primary and secondary residences. Going public also affects marital and parental outcomes of workers, as the likelihood of marriage and parenthood rises significantly after an IPO.

These results are stronger for workers with longer tenure in the IPO firm, suggesting that the relaxation of financial constraints and the financial stability provided by public equity markets may enable firms to honor long-term implicit contracts.

Our findings reveal that IPOs are not merely corporate financial events—they serve as catalysts for profound socioeconomic shifts, reshaping workers' careers, financial security, and personal well-being. Understanding how financial actions of firms impact workers is a vital ingredient to assess their welfare consequences. Future research could explore how other corporate actions influence these critical dimensions of workers' lives.

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Figure 1: **IPO Completions and Withdrawals by Year**

This figure shows the number of IPOs that are completed and withdrawn by year, during the period 1998–2011.
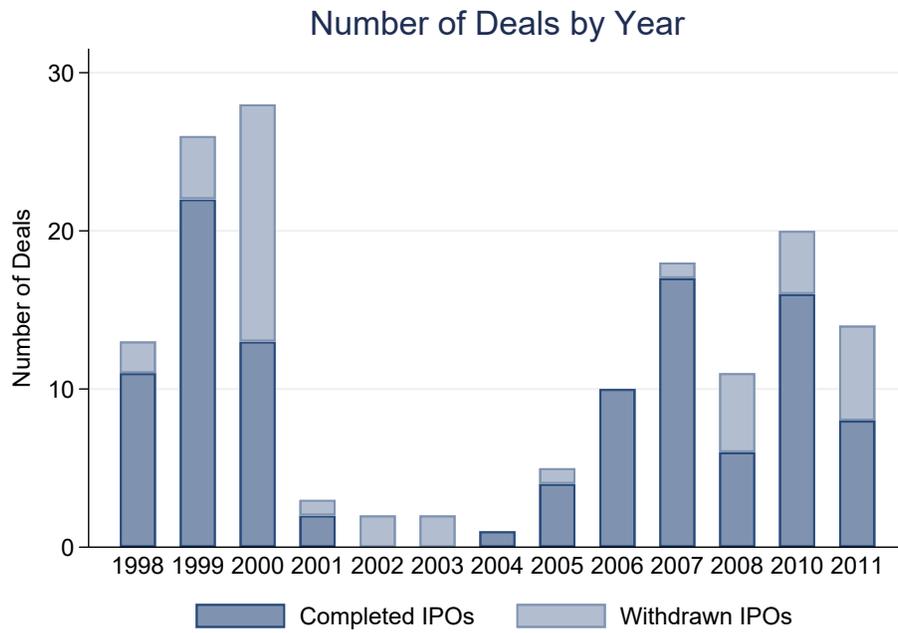
Figure 2: **SIX Index Returns and IPO Completion**

This figure shows the relationship between the returns on a broad stock market index in Sweden, the SIX Return Index, and the probability of completing the IPO. The sample spans the period 1998–2011.
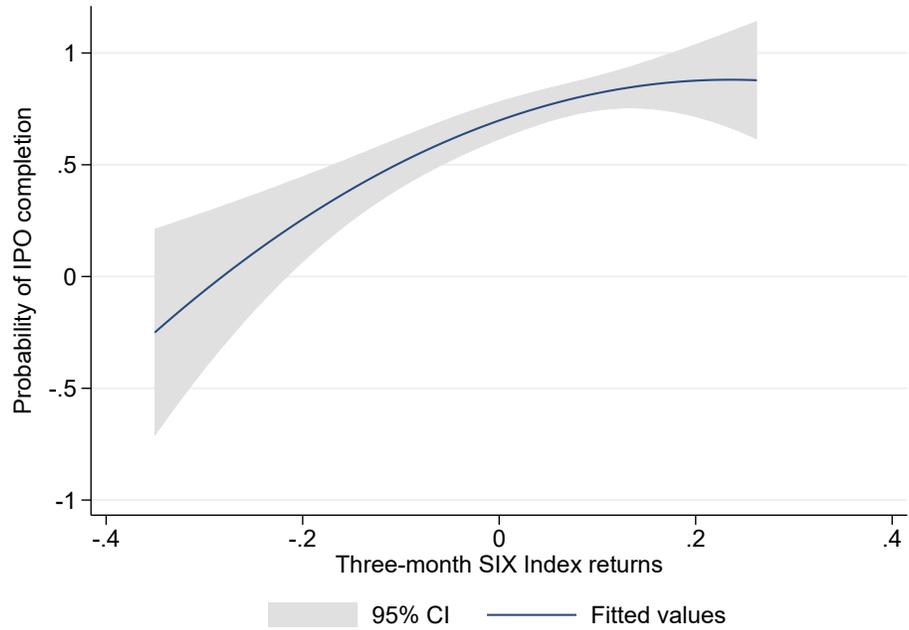
Figure 3: **The Impact of IPOs on the Level of Wages**

This figure shows the evolution of the level of wages of workers employed by firms around IPOs. We report coefficients obtained from estimating a regression of *Ln(Wage)* on the interaction of *IPO* and event-time dummies; we control for person fixed effects, calendar year fixed effects, time to event fixed effects, and individual controls (*Experience*, *Tenure*, and *Ln(Education)*). The sample includes "stayers" and spans the period 1998–2011. Standard errors are clustered at the firm level.
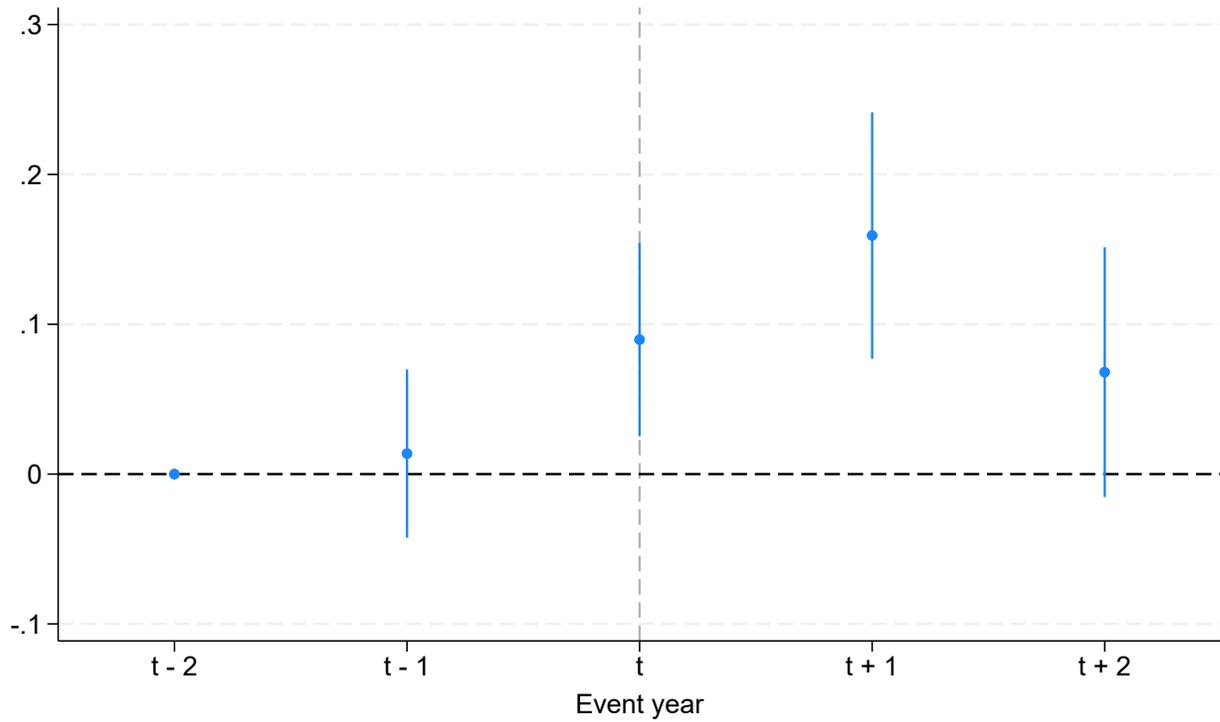
Figure 4: **The Impact of IPOs on Wage Volatility**

This figure shows the evolution of the wage volatility of workers employed by firms around IPOs. We report coefficients obtained from estimating a regression of *Wage volatility* on the interaction of *IPO* and event-time dummies; we control for person fixed effects, calendar year fixed effects, time to event fixed effects, and individual controls (*Experience*, *Tenure*, and *Ln(Education)*). The sample includes "stayers" and spans the period 1998–2011. Standard errors are clustered at the firm level.
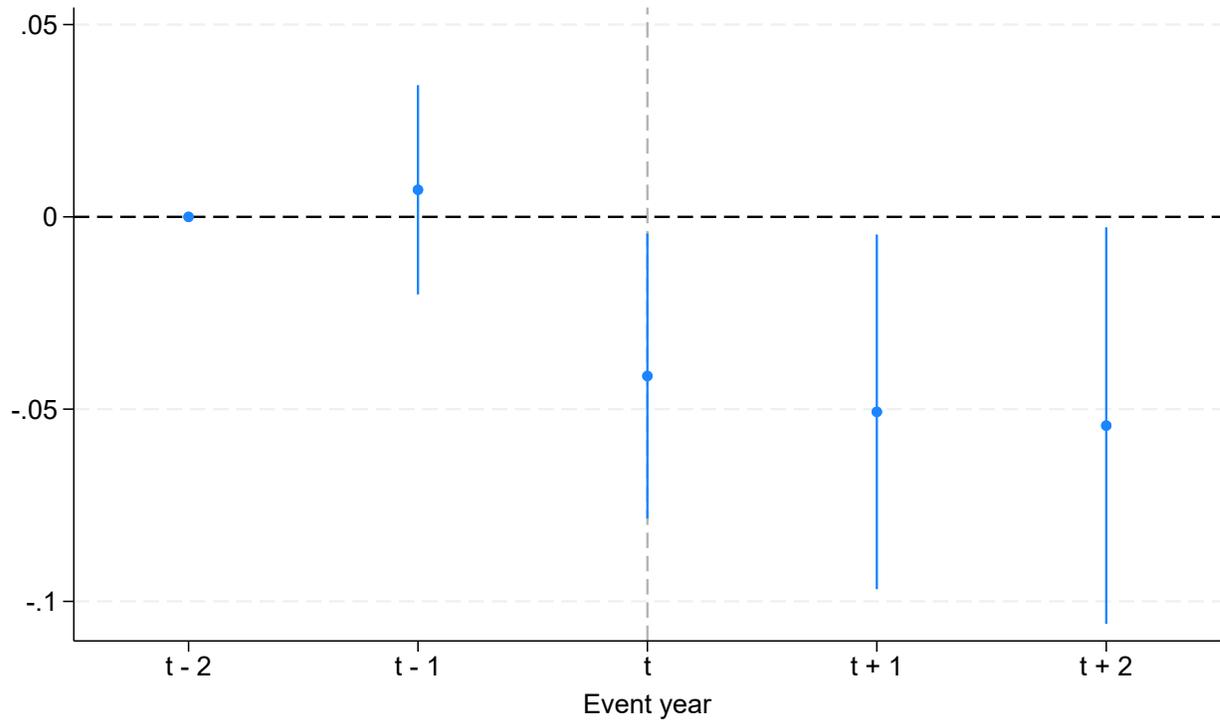
Figure 5: **The Impact of IPOs on Risky Share**

This figure shows the evolution of the financial risk-taking by workers employed by firms around IPOs. We report coefficients obtained from estimating a regression of *Risky share* on the interaction of *IPO* and event-time dummies; we control for person fixed effects, calendar year fixed effects, time to event fixed effects, and individual controls (*Experience*, *Tenure*, and *Ln(Education)*). The sample includes "stayers" and spans the period 1998–2011. Standard errors are clustered at the firm level.
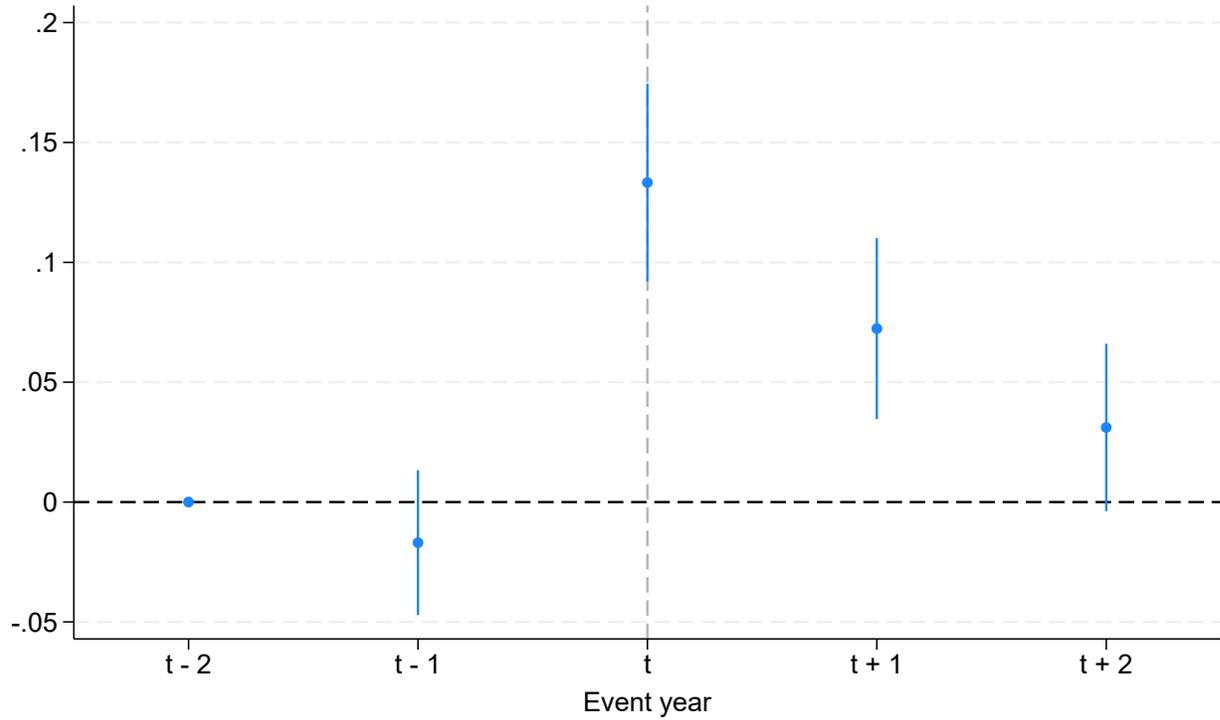
Figure 6: **The Impact of IPOs on the Probability of Owning a House**

This figure shows the evolution of home ownership of workers employed by firms around IPOs. We report coefficients obtained from estimating a regression of *Home owner* on the interaction of *IPO* and event-time dummies; we control for person fixed effects, calendar year fixed effects, time to event fixed effects, and individual controls (*Experience*, *Tenure*, and *Ln(Education)*). The sample includes "stayers" and spans the period 1998–2011. Standard errors are clustered at the firm level.
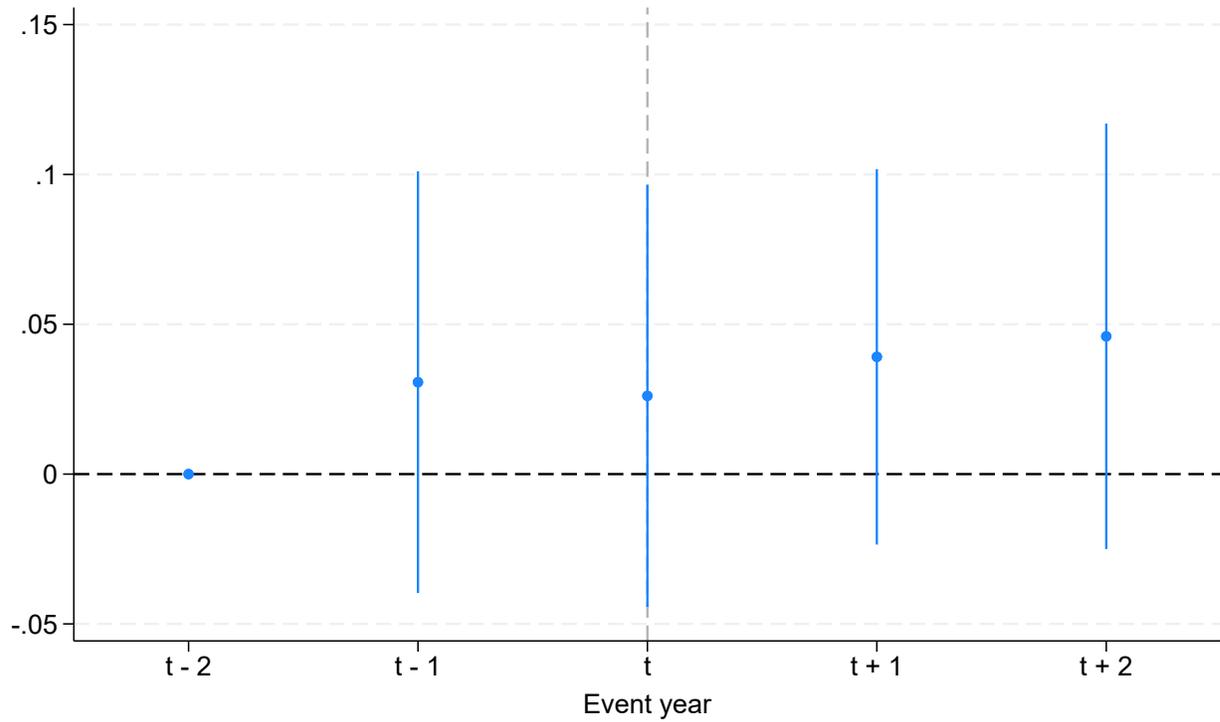
Figure 7: **The Impact of IPOs on Probability of Being Married**

This figure shows the evolution of the marital status of workers employed by firms around IPOs. We report coefficients obtained from estimating a regression of *Married* on the interaction of *IPO* and event-time dummies; we control for person fixed effects, calendar year fixed effects, time to event fixed effects, and individual controls (*Experience*, *Tenure*, and *Ln(Education)*). The sample includes "stayers" and spans the period 1998–2011. Standard errors are clustered at the firm level.
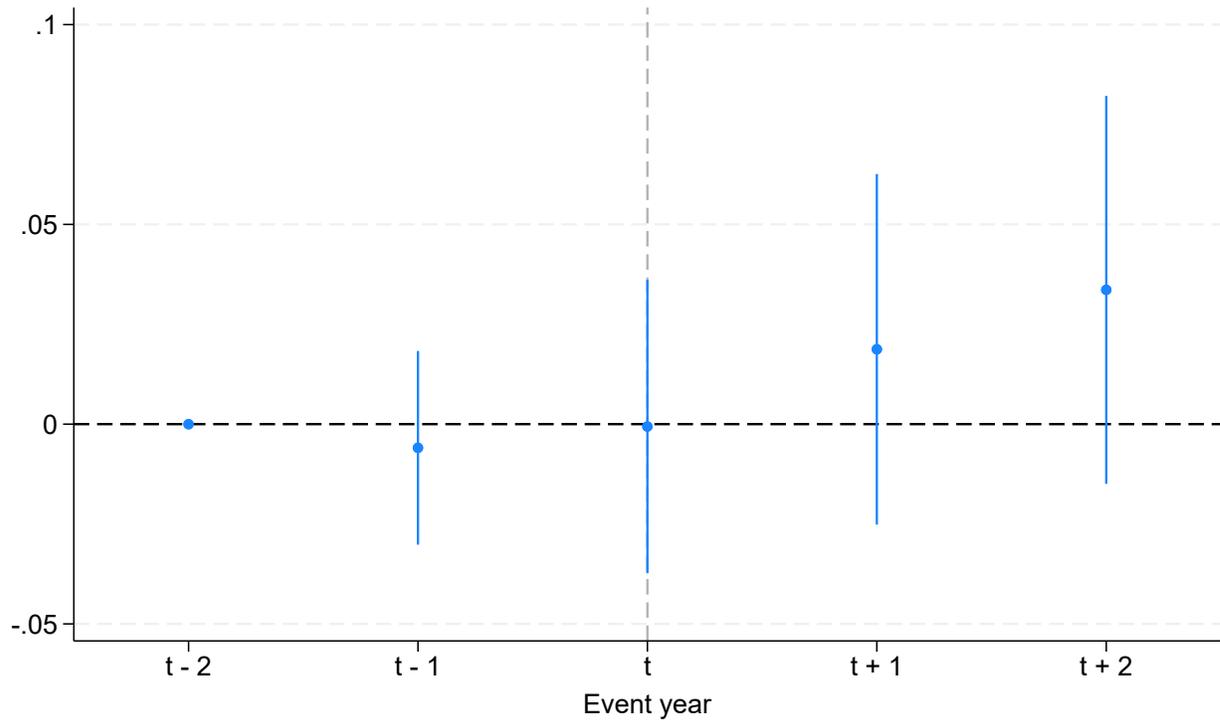
Figure 8: **The Impact of IPOs on Probability of Having Children**

This figure shows the evolution of parenthood of workers employed by firms around IPOs. We report coefficients obtained from estimating a regression of *Has children* on the interaction of *IPO* and event-time dummies; we control for person fixed effects, calendar year fixed effects, time to event fixed effects, and individual controls (*Experience*, *Tenure*, and *Ln(Education)*). The sample includes "stayers" and spans the period 1998–2011. Standard errors are clustered at the firm level.
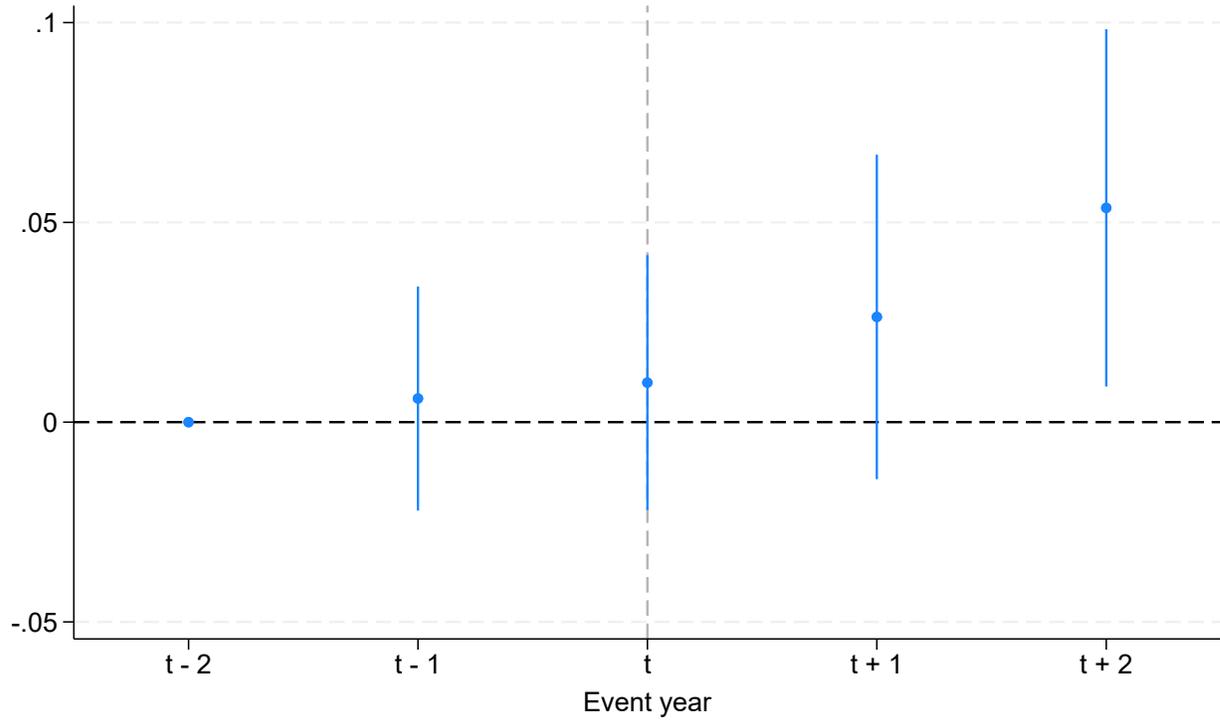
Table 1: Summary Statistics

This table presents the summary statistics for the worker-level variables used in the paper. Panel A covers all employees present in firms that complete or withdraw from an IPO between 1998 and 2010 before the event. Panel B covers all employees present in firms that complete or withdraw from an IPO between 1998 and 2010 before and after the event ("stayers"). Variables are defined in Section II and Appendix Table A1.

	Panel A: Pre-existing workers			
	Obs	Mean	Median	Stand. Dev.
Age	66,767	38.24	36.00	12.41
Distance from linear wage	62,002	0.05	0.01	0.08
Ln(Education)	66,767	2.47	2.48	0.24
Experience	66,767	9.31	9.00	3.87
Tenure	66,767	4.67	4.00	3.44
Ln(Wage)	66,767	7.46	7.69	1.05
$\mathbb{E}[Ln(Wage)]$	65,126	7.48	7.56	0.70
Wage residual	65,126	0.07	0.11	0.53
Wage volatility	62,002	0.27	0.13	0.34

	Panel B: Stayers			
	Obs	Mean	Median	Stand. Dev.
Ln(Debt)	27,001	11.96	12.32	1.67
Distance from linear wage	44,046	0.03	0.01	0.07
Divorced	46,519	0.09	0.00	0.28
Ln(Education)	46,519	2.46	2.48	0.26
Experience	46,519	9.77	9.00	3.64
Female	46,519	0.44	0.00	0.50
Has children	46,519	0.37	0.00	0.48
Home owner	32,394	0.42	0.00	0.49
Holiday home	32,394	0.12	0.00	0.33
Married	46,519	0.44	0.00	0.50
Number of children	46,519	0.67	0.00	0.97
Parental leave	46,519	0.22	0.00	0.42
Risky share	28,572	0.08	0.00	0.20
$\sigma(\frac{Sales}{Employees})$	35,254	0.14	0.07	0.18
Tenure	46,519	5.87	5.00	3.31
Ln(Wage)	46,519	7.63	7.74	0.88
$\mathbb{E}[Ln(Wage)]$	45,900	7.57	7.63	0.64
Wage residual	45,900	0.10	0.11	0.47
Wage sensitivity	33,789	0.11	-0.41	1.31
Wage volatility	44,046	0.21	0.08	0.30

Table 2: First-stage: SIX index returns and IPO completion

This table shows the first stage results of the instrumental variables analysis. The dependent variable is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO, and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. The instrument is the interaction between the *SIX Index returns* during the book building and *Post*. All columns include calendar year fixed effects and time to event fixed effects. Columns 1 and 3 include individual worker fixed effects. Columns 2 and 4 include filing firm fixed effects. In columns 1 and 2, the sample includes all workers present at the firm before IPO completion or withdrawal. In columns 3 and 4, the sample includes workers that stayed at the firm during the 3 year event window. In columns 2 and 4, the regressions include *Experience* and *Tenure*. Variables are defined in Section II and Appendix Table A1. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Dependent variable:	IPO×Post			
Sample:	Pre-existing workers		Stayers	
	(1)	(2)	(3)	(4)
SIX Index returns × Post	2.491***	2.506***	2.490***	2.499***
	(0.357)	(0.361)	(0.330)	(0.332)
Post	0.434***	0.625***	0.392***	0.625***
	(0.076)	(0.067)	(0.072)	(0.074)
Experience	0.010	0.000	0.012	0.000
	(0.009)	(0.000)	(0.014)	(0.000)
Tenure	-0.002	-0.000	-0.001	-0.000
	(0.002)	(0.000)	(0.003)	(0.000)
Ln(Education)	0.069	-0.000	0.096	0.001
	(0.072)	(0.001)	(0.081)	(0.001)
Age	-0.344***	0.000		
	(0.081)	(0.000)		
Female		0.001*		0.000
		(0.000)		(0.000)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	No	Yes	No
IPO Firm F.E.	No	Yes	No	Yes
Observations	65,707	66,767	45,657	46,519
F-test first stage	48.666	48.243	56.849	56.546

Table 3: IPO Completion and Firm Characteristics

This table presents characteristics of firms that completed the IPO, compared to those of firms that withdraw from the IPO. Only firm-year observations in the two years prior to the event year are included. The last column presents the p-value of the difference in the means between the two groups. To compute these p-values we estimate a specification with time-to-event fixed effects and cluster standard errors at the firm level. In the last column, ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively. Variables are defined in Section II and Appendix Table A1.

	Completed		Withdrawn		P-Value of
	Mean	S.D.	Mean	S.D.	Difference
Average *Age*	39.51	8.81	36.92	6.45	(0.05)
Ln(Assets)	10.59	1.51	10.85	1.60	(0.36)
Average *Ln(Debt)*	12.62	0.78	12.28	0.75	(0.06)
Average *Distance from linear wage*	0.05	0.04	0.05	0.03	(0.92)
Average *Divorced*	0.07	0.11	0.06	0.06	(0.19)
Average *Ln(Education)*	2.59	0.11	2.58	0.11	(0.45)
Average *Experience*	10.54	3.54	9.75	3.50	(0.21)
Average *Female*	0.31	0.24	0.37	0.24	(0.19)
Firm Age	12.68	12.94	13.55	16.80	(0.78)
Average *Has children*	0.41	0.24	0.43	0.19	(0.61)
Average *Home owner*	0.57	0.24	0.42	0.23	(0.01)
Average *Holiday home*	0.13	0.13	0.12	0.13	(0.71)
Average *Married*	0.45	0.27	0.44	0.19	(0.75)
Average *Number of children*	0.72	0.51	0.74	0.38	(0.80)
Average *Parental leave*	0.17	0.15	0.19	0.12	(0.31)
Profitability	-0.16	0.42	-0.21	0.43	(0.49)
Average *Risky share*	0.08	0.11	0.07	0.06	(0.43)
Average *Tenure*	2.71	1.60	2.79	1.59	(0.81)
Average *Ln(Wage)*	7.68	0.71	7.61	0.68	(0.51)
Average $\mathbb{E}[Ln(Wage)]$	7.72	0.48	7.65	0.46	(0.44)
Average *Wage residual*	0.09	0.33	0.08	0.35	(0.85)
Average *Wage volatility*	0.36	0.21	0.34	0.16	(0.64)

Table 4: The Impact of Going Public on the Level of Wages

This table shows the impact of going public on the wages of individual workers. The dependent variable is *Ln(Wage)* in columns 1-3, $\mathbb{E}[Ln(Wage)]$ in columns 4-6, and *Wage residual* in columns 7-9. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns×Post*. The sample used in Panel A includes all workers and the sample used in Panel B includes only workers that were at the firm both before and after the IPO/withdrawal date. In both panels, all columns include calendar year fixed effects and time to event fixed effects. Columns 1, 2, 4, 5, 7, and 8 include individual worker fixed effects. Columns 3, 6, and 9 include filing firm fixed effects. Columns 2, 5, and 8 include *Experience, Tenure, and Ln(Education)* as controls. Columns 3, 6, and 9, include *Experience, Tenure, Ln(Education), Age, and Female*. The coefficients on these controls are not reported for brevity. Variables are defined in Section II and Appendix Table A1. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A: All Pre-existing workers

Dependent variable:	Ln(Wage)			$\mathbb{E}[Ln(Wage)]$			Wage residual		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
IPO × Post	0.114*	0.086	0.067	0.043**	0.072	0.020	0.076*	0.042**	0.046
	(0.065)	(0.068)	(0.074)	(0.020)	(0.044)	(0.027)	(0.044)	(0.016)	(0.048)
Year F.E.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Person F.E.	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
IPO Firm F.E.	No	No	Yes	No	No	Yes	No	No	Yes
Controls	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Observations	65,868	65,707	66,767	63,976	63,976	65,126	63,976	63,976	65,126
F-test first stage	48.478	48.658	48.243	49.828	50.078	49.186	49.828	50.078	49.186

Panel B: Stayers

Dependent variable:	Ln(Wage)			$\mathbb{E}[Ln(Wage)]$			Wage residual		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
IPO × Post	0.176***	0.147***	0.170***	0.051***	0.048***	0.047**	0.110***	0.107***	0.100**
	(0.042)	(0.044)	(0.050)	(0.014)	(0.012)	(0.020)	(0.039)	(0.039)	(0.046)
Year F.E.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Person F.E.	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
IPO Firm F.E.	No	No	Yes	No	No	Yes	No	No	Yes
Controls	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Observations	45,765	45,657	46,519	44,956	44,956	45,900	44,956	44,956	45,900
F-test first stage	56.815	56.849	56.546	57.518	57.579	56.870	57.518	57.579	56.870

Table 5: THE IMPACT OF GOING PUBLIC ON LABOR INCOME RISK

This table shows the impact of going public on the riskiness of wages of individual workers. The dependent variable is *Wage volatility* in columns 1-3 and *Distance from linear wage* in columns 4-6. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns*×*Post*. The sample used in Panel A includes all workers and the sample used in Panel B includes only workers that were at the firm both before and after the IPO/withdrawal date. In both panels, all columns include calendar year fixed effects and time to event fixed effects. Columns 1, 2, 4, and 5 include individual worker fixed effects. Columns 3 and 6 include filing firm fixed effects. Columns 2 and 5 include *Experience*, *Tenure*, and *Ln(Education)* as controls. Columns 3 and 6 include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female*. The coefficients on these controls are not reported for brevity. Variables are defined in Section II and Appendix Table A1. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Panel A: All Pre-existing workers					
Dependent variable:	Wage volatility			Distance from linear wage		
	(1)	(2)	(3)	(4)	(5)	(6)
IPO × Post	-0.054**	-0.050**	-0.046*	-0.007	-0.005	-0.004
	(0.024)	(0.025)	(0.024)	(0.004)	(0.005)	(0.004)
Year F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Person F.E.	Yes	Yes	No	Yes	Yes	No
IPO Firm F.E.	No	No	Yes	No	No	Yes
Controls	No	Yes	Yes	No	Yes	Yes
Observations	60,792	60,691	62,002	60,792	60,691	62,002
F-test first stage	46.947	47.120	46.631	46.947	47.120	46.631

	Panel B: Stayers					
Dependent variable:	Wage volatility			Distance from linear wage		
	(1)	(2)	(3)	(4)	(5)	(6)
IPO × Post	-0.075***	-0.071***	-0.067***	-0.010***	-0.008***	-0.008**
	(0.020)	(0.020)	(0.022)	(0.003)	(0.003)	(0.003)
Year F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Person F.E.	Yes	Yes	No	Yes	Yes	No
IPO Firm F.E.	No	No	Yes	No	No	Yes
Controls	No	Yes	Yes	No	Yes	Yes
Observations	42,875	42,811	44,046	42,875	42,811	44,046
F-test first stage	54.276	54.208	54.640	54.276	54.208	54.640

Table 6: DECOMPOSING THE IMPACT OF GOING PUBLIC ON WAGE VOLATILITY

This table decomposes the impact of going public on the riskiness of wages of individual workers by separately studying the impact of IPOs on firm risk (in columns 1 and 3) and on the sensitivity of wages to firm performance (in columns 2 and 4). The dependent variable is $\sigma(\frac{Sales}{Employees})$ in columns 1 and 3 and *Wage sensitivity* in columns 2 and 4. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns×Post*. The sample used in columns 1 and 2 includes all workers and the sample used in columns 3 and 4 includes only workers that were at the firm both before and after the IPO/withdrawal date. All columns include calendar year fixed effects, time to event fixed effects, and individual worker fixed effects. In addition, all columns include *Experience*, *Tenure*, and *Ln(Education)* as controls. The coefficients on these controls are not reported for brevity. Variables are defined in Section II and Appendix Table A1. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Sample:	Pre-existing workers		Stayers	
Dependent variable:	$\sigma(\frac{Sales}{Employees})$	Wage sensitivity	$\sigma(\frac{Sales}{Employees})$	Wage sensitivity
	(1)	(2)	(3)	(4)
IPO × Post	0.347	-1.415***	0.351	-1.425***
	(0.248)	(0.311)	(0.252)	(0.315)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Observations	34,588	32,800	33,812	32,220
F-test first stage	43.172	42.583	42.232	41.842

Table 7: Tenure and impact of going public on the level of wages

This table shows the impact of going public on the wages of individual workers separately for workers with long-tenure at the time of the proposed IPO (columns 1-3) and for workers with short-tenure at the time of the proposed IPO (columns 4-6). The dependent variable is *Ln(Wage)*. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns×Post*. The sample includes workers that were at the firm both before and after the IPO/withdrawal date. All columns include calendar year fixed effects and time to event fixed effects. Columns 1, 2, 4, and 5 include individual worker fixed effects. Columns 3 and 6 include filing firm fixed effects. Columns 2 and 5 include *Experience*, *Tenure*, and *Ln(Education)* as controls. Columns 3 and 6 include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female*. The coefficients on these controls are not reported for brevity. Variables are defined in Section II and Appendix Table A1. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Dependent variable:	$Ln(Wage)$					
Sample:	Long-tenured workers			Short-tenured workers		
	(1)	(2)	(3)	(4)	(5)	(6)
IPO × Post	0.169***	0.139***	0.155***	0.082	0.083	0.135
	(0.034)	(0.029)	(0.038)	(0.098)	(0.100)	(0.114)
Year F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Person F.E.	Yes	Yes	No	Yes	Yes	No
IPO Firm F.E.	No	No	Yes	No	No	Yes
Controls	No	Yes	Yes	No	Yes	Yes
Observations	12,199	12,173	12,176	9,267	9,224	9,232
F-test first stage	50.578	50.731	50.219	65.219	66.292	63.108

Table 8: Tenure and the impact of going public on labor income risk

This table shows the impact of going public on the volatility of wages of individual workers separately for workers with long-tenure at the time of the proposed IPO (Panel A) and for workers with short-tenure at the time of the proposed IPO (Panel B). The dependent variable is *Wage volatility* in columns 1-3 and *Distance from linear wage* in columns 4-6. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns*×*Post*. The sample includes workers that were at the firm both before and after the IPO/withdrawal date. All columns include calendar year fixed effects and time to event fixed effects. Columns 1, 2, 4, and 5 include individual worker fixed effects. Columns 3 and 6 include filing firm fixed effects. Columns 2 and 5 include *Experience*, *Tenure*, and *Ln(Education)* as controls. Columns 3 and 6 include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female*. The coefficients on these controls are not reported for brevity. Variables are defined in Section II and Appendix Table A1. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Panel A: Long-tenured stayers					
Dependent variable:	Wage volatility			Distance from linear wage		
	(1)	(2)	(3)	(4)	(5)	(6)
IPO × Post	-0.041**	-0.037**	-0.024	-0.010***	-0.008**	-0.007**
	(0.017)	(0.018)	(0.016)	(0.003)	(0.003)	(0.003)
Year F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Person F.E.	Yes	Yes	No	Yes	Yes	No
IPO Firm F.E.	No	No	Yes	No	No	Yes
Controls	No	Yes	Yes	No	Yes	Yes
Observations	11,754	11,729	11,747	11,754	11,729	11,747
F-test first stage	49.342	49.458	49.359	49.342	49.458	49.359

	Panel B: Short-tenured stayers					
Dependent variable:	Wage volatility			Distance from linear wage		
	(1)	(2)	(3)	(4)	(5)	(6)
IPO × Post	-0.036	-0.030	-0.049	0.002	0.003	-0.000
	(0.061)	(0.061)	(0.063)	(0.010)	(0.010)	(0.011)
Year F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Person F.E.	Yes	Yes	No	Yes	Yes	No
IPO Firm F.E.	No	No	Yes	No	No	Yes
Controls	No	Yes	Yes	No	Yes	Yes
Observations	8,224	8,214	8,404	8,224	8,214	8,404
F-test first stage	63.065	63.284	62.407	63.065	63.284	62.407

Table 9: THE IMPACT OF GOING PUBLIC ON WAGES ALONG THE INCOME DISTRIBUTION

This table shows the impact of going public on the level of wages of individual workers separately for workers with above median income at the time of the proposed IPO (columns 1 and 2) and for workers with below-median income at the time of the proposed IPO (columns 3 and 4). The dependent variable is *Ln(Wage)*. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO, and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns×Post*. The sample used in Panel A includes all workers and the sample used in Panel B includes only workers that were at the firm both before and after the IPO/withdrawal date. All columns include calendar year fixed effects and time to event fixed effects. Columns 1 and 3 include individual worker fixed effects. Columns 2 and 4 include filing firm fixed effects. Columns 1 and 3 include *Experience*, *Tenure*, and *Ln(Education)* as controls. Columns 2 and 4 include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female*. The coefficients on these controls are not reported for brevity. Variables are defined in Section II and Appendix Table A1. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Panel A: All Pre-existing workers $Ln(Wage)$			
Sample:	Wage above Median		Wage below Median	
	(1)	(2)	(3)	(4)
IPO × Post	0.104*	0.112*	0.056	0.059
	(0.057)	(0.064)	(0.119)	(0.116)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	No	Yes	No
IPO Firm F.E.	No	Yes	No	Yes
Controls	Yes	Yes	Yes	Yes
Observations	35,684	36,204	29,989	30,498
F-test first stage	47.507	46.842	49.536	49.259

	Panel B: Stayers $Ln(Wage)$			
Sample:	Wage above Median		Wage below Median	
	(1)	(2)	(3)	(4)
IPO × Post	0.153***	0.181***	0.102	0.145*
	(0.058)	(0.058)	(0.078)	(0.086)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	No	Yes	No
IPO Firm F.E.	No	Yes	No	Yes
Controls	Yes	Yes	Yes	Yes
Observations	26,402	26,840	19,243	19,666
F-test first stage	51.892	52.103	62.778	61.121

Table 10: THE IMPACT OF GOING PUBLIC ON HOUSEHOLD FINANCES

This table shows the impact of going public on financial choices of individual workers. The dependent variable is *Risky share* in column 1, *Ln(Debt)* in column 2, *Home owner* in column 3, and *Holiday home* in column 4. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO, and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns* $\times Post$. The sample includes workers that were at the firm both before and after the IPO/withdrawal date. All columns include calendar year fixed effects, time to event fixed effects, and include filing firm fixed effects. All columns include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female* as controls. The coefficients on these controls are not reported for brevity. All variables are defined in Section II of the paper. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Dependent variable:	Risky share	Ln(Debt)	Home owner	Holiday home
	(1)	(2)	(3)	(4)
IPO × Post	0.162***	0.679***	0.135***	0.061***
	(0.033)	(0.135)	(0.032)	(0.017)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
IPO Firm F.E.	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Observations	28,572	27,001	32,394	32,394
F-test first stage	35.434	35.272	35.780	35.780

Table 11: THE IMPACT OF GOING PUBLIC ON FAMILY OUTCOMES

This table shows the impact of going public on family outcomes of individual workers. The dependent variable is *Married* in column 1, *Divorced* in column 2, *Has children* in column 3, *Number of children* in column 4, and *Parental leave* in column 5. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns* $\times Post$. The sample includes workers that were at the firm both before and after the IPO/withdrawal date. The sample in column 1 is further restricted to include only workers who were single in the prior year and column 2 is restricted to workers who were married in the prior year. All columns include calendar year fixed effects, time to event fixed effects, and include filing firm fixed effects. All columns include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female* as controls. The coefficients on these controls are not reported for brevity. Variables are defined in Section II and Appendix Table A1. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Dependent variable:	Married	Divorced	Has children	Number of children	Parental leave
	(1)	(2)	(3)	(4)	(5)
IPO × Post	0.022**	-0.002	0.044***	0.082***	0.024*
	(0.009)	(0.007)	(0.015)	(0.030)	(0.013)
Year F.E.	Yes	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes	Yes
IPO Firm F.E.	Yes	Yes	Yes	Yes	Yes
Sample	Single_{t-1}	Married_{t-1}	All	All	All
Controls	Yes	Yes	Yes	Yes	Yes
Observations	26,398	20,038	46,519	46,519	46,519
F-test first stage	55.906	55.302	56.545	56.545	56.545

A Internet Appendix

Appendix Table A1: DEFINITION OF MAIN VARIABLES

Variable	Description
Age	Worker's age in years in year t.
Ln(Debt)	Natural logarithm of the total debts of a worker in a given year t.
Distance from linear wage	Distance between observed worker's wage and the predicted worker's wage in year t. Predicted wage is last year's wage multiplied by the constant average growth rate between years $t-1$ and $t+1$. The average wage growth is the geometric average of the observed growth between the previous and following year's growth. The distance is the absolute value of the rate of change of year t worker's wage relative to the predicted wage in year t.
Divorced	Dummy variable that takes the value one if the worker is divorced in year t, and zero otherwise.
Ln(Education)	Natural logarithm of the worker's number of years in education in a given year t.
Experience	Number of years in the labor market in year t.
Female	Indicator variable that takes the value of one if the individual is female and takes the value of zero if the individual is male.
Has children	Dummy variable that takes the value one if the worker has at least one child younger than 18 years old.
Home owner	Dummy variable that takes the value of one when the worker has either a single-dwelling house, a land for a single-dwelling house or a tenant-owned dwelling with a positive market value in year t.
Holiday home	Dummy variable that takes the value of one when the worker has either a holiday home, or a land for a holiday home with a positive market value in year t.
Long-tenured workers	Dummy variable that takes the value 1 for long-tenured workers who are present in the firm before and after the IPO, and zero otherwise. Workers are long-tenured stayers if their tenure at the firm at the time of the IPO event is longer than workers with tenure at the firm at 75th percentile of tenure of stayers at the time of the IPO event.
Married	Dummy variable that takes the value one if the worker is married in year t, and zero otherwise. Workers are considered to be married if they are legally married or are in registered partnership.
Number of children	Number of dependent children living at home in year t younger than 18 years old.
Parental leave	Dummy variable that takes the value of one if the income earned from parental leave is positive in year t, and zero otherwise.
Risky share	Share of worker's total assets invested in equity in year t.
$\sigma(\frac{Sales}{Employees})$	The standard deviation of firm sales per worker, over a 3 year period (t-1, t, and t+1).
Short-tenured workers	Dummy variable that takes the value 1 for short-tenured workers who are present in the firm before and after the IPO, and zero otherwise. Workers are short-tenured stayers if their tenure at the firm at the time of the IPO event is shorter than workers with tenure at the firm at 25th percentile of tenure of stayers at the time of the IPO event.
Tenure	Number of years the worker has been employed at firm f in year t.
Wage above P50	Dummy variable that takes the value of one when the worker's average pre-IPO wage is above the median average wage of workers in firm f before the IPO, and zero otherwise.
Wage below P50	Dummy variable that takes the value of one when the worker's average pre-IPO wage is below the median average wage of workers in firm f before the IPO, and zero otherwise.
Ln(Wage)	Natural logarithm of the total compensation a worker receives in a given year t from its employer, which is firm f that provides an individual with the most labor income in that year.

(continued)

$\mathbb{E}[Ln(Wage)]$	Natural logarithm of the predicted total compensation a worker receives in a given year t based on the worker characteristics. The natural logarithm of total compensation is estimated using a Mincer equation, where the *Ln(Wage)* is a function of the natural logarithm of education years, age and age squared, worker's experience and experience squared, worker fixed effects, and year fixed effects.
Wage residual	Component of the natural logarithm of total compensation a worker receives in a given year t that is not predicted based on the worker's characteristics. This is the residual of the estimation of the natural logarithm of total compensation estimated using a Mincer equation, where the *Ln(Wage)* is a function of the natural logarithm of education years, age and age squared, worker's experience and experience squared, worker fixed effects, and year fixed effects.
Wage volatility	Standard deviation of workers' natural logarithm of the total compensation over a rolling window of three years. The standard deviation in year t is computed between the years $t-1$ and $t+1$.
Wage sensitivity	This variable measures the sensitivity of a worker's wage with respect to firm performance, where firm performance is sales per employee. It is defined as the standard deviation of wages divided by the standard deviation of sales per employee, where these standard deviations are computed over a 3 year period (t-1, t, and t+1).

Appendix Table A2: Stock Market Returns and Firm Characteristics

This table presents characteristics of firms that experience a SIX Index return in the three months prior to the IPO/withdrawal date that is at or above the 75th percentile of the distribution of three-month pre-deal SIX Index return in the sample, compared to those firms that experience a SIX Index return that is at or below the 25th percentile. The sample includes firms employing workers that were present at the firm before and after the event. Only firm-year observations in the two years prior to the event year are included. The last column presents the p-value of the difference in the means between the two groups. To compute these p-values we estimate a specification with time-to-event fixed effects and cluster standard errors at the firm level. In the last column, ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively. All variables are defined in Section II.

	Top 25%		Bottom 25%		P-Value of
	Mean	S.D.	Mean	S.D.	Difference
Average *Age*	38.64	8.05	38.59	7.52	(0.94)
Ln(Assets)	10.68	1.60	10.73	1.54	(0.88)
Average *Ln(Debt)*	12.46	0.54	12.62	0.91	(0.33)
Average *Distance from linear wage*	0.05	0.03	0.05	0.03	(0.53)
Average *Divorced*	0.05	0.06	0.06	0.07	(0.55)
Average *Ln(Education)*	2.61	0.10	2.58	0.13	(0.31)
Average *Experience*	10.14	3.29	10.73	3.51	(0.49)
Average (mean) *Female*	0.35	0.24	0.33	0.24	(0.73)
Firm age	18.93	19.22	12.43	14.44	(0.12)
Average *Has children*	0.39	0.20	0.44	0.24	(0.34)
Average *Home owner*	0.56	0.19	0.52	0.27	(0.62)
Average *Holiday home*	0.18	0.12	0.12	0.13	(0.08)
Average *Married*	0.46	0.25	0.45	0.23	(0.89)
Average *Number of children*	0.67	0.42	0.77	0.54	(0.35)
Average *Parental leave*	0.17	0.12	0.19	0.14	(0.58)
Profitability	-0.18	0.44	-0.08	0.37	(0.34)
Average *Risky share*	0.07	0.05	0.07	0.08	(0.76)
Average *Tenure*	2.75	1.08	2.84	1.45	(0.76)
Average *Ln(Wage)*	7.75	0.56	7.69	0.72	(0.62)
Average $\mathbb{E}[Ln(Wage)]$	7.75	0.47	7.75	0.47	(1.00)
Average *Wage residual*	0.10	0.26	0.07	0.36	(0.74)
Average *Wage volatility*	0.32	0.14	0.34	0.21	(0.53)

Appendix Table A3: ROBUSTNESS TO DIFFERENT EVENT WINDOWS

This table shows the impact of going public on the level and riskiness of wages of individual workers using event windows that are longer than that of the main tests. In particular, instead of an event window between t-2 and t+2, we study the period between t-3 and t+3 (in Panel A) and the period between t-4 and t+4 (in Panel B). The dependent variable is *Ln(Wage)* in columns 1 and 2, and *Wage volatility* in columns 3 and 4. The main explanatory variable of interest is *IPO × Post*, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. *IPO × Post* is instrumented with *SIX Index returns×Post*. The sample includes workers that were at the firm both before and after the IPO/withdrawal date. In both panels, all columns include calendar year fixed effects and time to event fixed effects. Columns 1 and 3 include individual worker fixed effect. Columns 2 and 4 include filing firm fixed effects. Columns 1 and 3 include *Experience*, *Tenure*, and *Ln(Education)* as controls. Columns 2 and 4, include *Experience*, *Tenure*, *Ln(Education)*, and *Female*. The coefficients on these controls are not reported for brevity. Variables are defined in Section II and Appendix Table A1. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

| | Panel A: 7 years event window | | | |
| *Dependent variable:* | *Ln(Wage)* | | Wage volatility | |
	(1)	(2)	(3)	(4)
IPO × Post	0.144***	0.153***	-0.068***	-0.060**
	(0.044)	(0.051)	(0.024)	(0.023)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	No	Yes	No
IPO Firm F.E.	No	Yes	No	Yes
Controls	Yes	Yes	Yes	Yes
Observations	55,626	56,451	52,228	53,411
F-test first stage	52.572	51.783	53.262	53.395

| | Panel B: 9 years event window | | | |
| *Dependent variable:* | *Ln(Wage)* | | Wage volatility | |
	(1)	(2)	(3)	(4)
IPO × Post	0.128***	0.118**	-0.072***	-0.057**
	(0.046)	(0.052)	(0.026)	(0.023)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	No	Yes	No
IPO Firm F.E.	No	Yes	No	Yes
Controls	Yes	Yes	Yes	Yes
Observations	64,186	65,003	60,403	61,559
F-test first stage	50.951	50.880	52.645	53.715

Appendix Table A4: OLS REGRESSIONS

This table shows the impact of going public on the level and riskiness of wages of individual workers using OLS regressions. The dependent variable is *Ln(Wage)* in columns 1 and 2, and *Wage volatility* in columns 3 and 4. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns×Post*. The sample used in Panel A includes all workers and the sample used in Panel B includes only workers that were at the firm both before and after the IPO/withdrawal date. In both panels, all columns include calendar year fixed effects and time to event fixed effects. Columns 1 and 3 include individual worker fixed effects. Columns 2 and 4 include filing firm fixed effect. Columns 1 and 3 include *Experience*, *Tenure*, and *Ln(Education)* as controls. Columns 2 and 4, include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female*. The coefficients on these controls are not reported for brevity. All variables are defined in Section II of the paper. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Panel A: Pre-existing workers			
Dependent variable:	$Ln(Wage)$		Wage volatility	
	(1)	(2)	(3)	(4)
IPO × Post	0.075	0.085*	-0.044	-0.046***
	(.)	(0.044)	(.)	(0.016)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	No	Yes	No
IPO Firm F.E.	No	Yes	No	Yes
Controls	Yes	Yes	Yes	Yes
Observations	66,767	66,767	62,002	62,002
R-squared	0.132	0.441	0.027	0.223

	Panel B: Stayers			
Dependent variable:	$Ln(Wage)$		Wage volatility	
	(1)	(2)	(3)	(4)
IPO × Post	0.092***	0.118***	-0.052***	-0.048***
	(0.026)	(0.029)	(0.017)	(0.016)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	No	Yes	No
IPO Firm F.E.	No	Yes	No	Yes
Controls	Yes	Yes	Yes	Yes
Observations	46,519	46,519	44,046	44,046
R-squared	0.125	0.411	0.021	0.177

Appendix Table A5: The impact of going public on the household finances of all pre-existing workers

This table shows the impact of going public on financial choices of individual workers. The dependent variable is *Risky share* in column 1, *Ln(Debt)* in column 2, *Home owner* in column 3, and *Holiday home* in column 4. The main explanatory variable of interest is *IPO × Post*, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. *IPO × Post* is instrumented with *SIX Index returns×Post*. The sample includes all workers that were at a filing in the two years prior to the IPO/withdrawal date. All columns include calendar year fixed effects, time to event fixed effects, and include filing firm fixed effects. All columns include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female* as controls. The coefficients on these controls are not reported for brevity. All variables are defined in Section II of the paper. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Dependent variable:	Risky share	Ln(Debt)	Home owner	Holiday home
	(1)	(2)	(3)	(4)
IPO × Post	0.155***	0.492***	0.102***	0.045***
	(0.035)	(0.137)	(0.035)	(0.015)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
IPO Firm F.E.	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Observations	40,438	39,019	46,925	46,925
F-test first stage	31.475	31.927	31.643	31.643

Appendix Table A6: THE IMPACT OF GOING PUBLIC ON THE FAMILY OUTCOMES OF ALL PRE-EXISTING WORKERS

This table shows the impact of going public on family outcomes of individual workers. The dependent variable is *Married* in column 1, *Divorced* in column 2, *Has children* in column 3, *Number of children* in column 4, and *Parental leave* in column 5. The main explanatory variable of interest is $IPO \times Post$, which is the interaction between *IPO* and *Post*. *IPO* is a dummy variable that takes the value of one if the firm completes the IPO and takes the value of zero if the firm withdraws. *Post* is a dummy variable that takes the value of one in the years after the IPO completion or withdrawal. $IPO \times Post$ is instrumented with *SIX Index returns* $\times Post$. The sample includes all workers that were at a filing in the two years prior to the IPO/withdrawal date. All columns include calendar year fixed effects, time to event fixed effects, and include filing firm fixed effects. All columns include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female* as controls. The coefficients on these controls are not reported for brevity. All variables are defined in Section II of the paper. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Dependent variable:	Married	Divorced	Has children	Number of children	Parental leave
	(1)	(2)	(3)	(4)	(5)
IPO × Post	0.050***	-0.007	0.064***	0.109***	0.043*
	(0.015)	(0.005)	(0.013)	(0.029)	(0.022)
Year F.E.	Yes	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes	Yes
IPO Firm F.E.	Yes	Yes	Yes	Yes	Yes
Sample	Single$_{t-1}$	Married$_{t-1}$	All	All	All
Controls	Yes	Yes	Yes	Yes	Yes
Observations	66,916	66,916	66,916	66,916	66,916
F-test first stage	48.196	48.196	48.196	48.196	48.196

Appendix Table A7: Placebo tests

In this table, we replicate the analysis of Tables 4 and 5, but for a "placebo" event period. More specifically, we keep the composition of workers but define the sample period as t-5 to t-1 relative to filing. The variable *Placebo Post* takes a value of one in periods t-3 to t-1. The dependent variable is *Ln(Wage)* in columns 1 and 2, and *Wage volatility* in columns 3 and 4. The sample used in Panel A includes all workers and the sample used in Panel B includes only workers that were at the firm both before and after the IPO/withdrawal date. In both panels, all columns include calendar year fixed effects and time to event fixed effects. Columns 1 and 3 include individual worker fixed effect. Columns 2 and 4 include filing firm fixed effect. Columns 1 and 3 include *Experience*, *Tenure*, and *Ln(Education)* as controls. Columns 2 and 4, include *Experience*, *Tenure*, *Ln(Education)*, *Age*, and *Female*. The coefficients on these controls are not reported for brevity. All variables are defined in Section II of the paper. Robust standard errors clustered at the event firm level are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Panel A: Pre-existing workers			
Dependent variable:	$ln(Wage)$		Wage volatility	
	(1)	(2)	(3)	(4)
IPO × Placebo Post	-2.831	-0.944	1.172	0.344
	(18.679)	(6.809)	(11.111)	(2.671)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	No	Yes	No
IPO Firm F.E.	No	Yes	No	Yes
Controls	Yes	Yes	Yes	Yes
Observations	27,267	29,998	25,181	27,698
F-test first stage	0.026	0.029	0.012	0.021

	Panel B: Stayers			
Dependent variable:	$ln(Wage)$		Wage volatility	
	(1)	(2)	(3)	(4)
IPO × Placebo Post	-2.239	-0.110	-1.363	-2.807
	(20.794)	(6.146)	(9.486)	(28.987)
Year F.E.	Yes	Yes	Yes	Yes
Time to event F.E.	Yes	Yes	Yes	Yes
Person F.E.	Yes	No	Yes	No
IPO Firm F.E.	No	Yes	No	Yes
Controls	Yes	Yes	Yes	Yes
Observations	14,807	17,282	14,356	16,671
F-test first stage	0.013	0.004	0.018	0.009