

The Effect of Information and Communication Technology on CEO's Span of Control: Evidence from Japanese Firms

Hiroyuki Kuwahata[†]

Department of Humanities and Social Sciences, Hirosaki University,

September, 2016

Abstract

This paper examines the effect of information and communication technology (ICT) on the number of employees who directly reports to the CEO (CEO's span of control). We exploit an original dataset of Japanese firms from 2008 to 2010 to ascertain the relationship between the CEO's span of control and investment in ICT. We find that the ratio of software over total assets is positively associated with the CEO's span of control. This result is consistent with the theoretical prediction by Garicano (2000). In addition, R&D intensity is negatively associated with the CEO's span of control.

JEL classification

D22; O32; L23

Keywords

Span of control; ICT; Communication cost; Learning cost; Japanese firms

[†]Corresponding author. Tel.: +81-172-39-3276.
E-mail address: kuwahata@hirosaki-u.ac.jp.