

Internet Appendix for “CEO Turnover-Performance Sensitivities in Private Firms”

Table IA1. Difference in CEO Turnover-Performance Sensitivity between Public and Private Firms (full specification)

Column (1) of this table reports the full regression specification of Table 3 Panel A column (6). Column (2) reports the robustness check excluding CEOs aged 63 or above. Column (3) reports the robustness check excluding founder CEOs. Column (4) reports the robustness check excluding CEOs with ownership greater than 10%. We report the marginal effects of a logit regression where the dependent variable is *CEO turnover*. Marginal effects for continuous variables are computed when all of the independent variables are at their median values. Marginal effects for indicator variables are computed when the indicator variables change from zero to one. The heteroskedasticity-consistent standard errors (in square brackets) account for possible correlation within a firm cluster. Superscripts ***, ** correspond to statistical significance at the 1 and 5 percent levels, respectively.

	(1) Full Sample	(2) Excluding CEOs with Age ≥ 63	(3) Excluding Founder CEOs	(4) Excluding CEOs with Ownership $\geq 10\%$
Public	0.041*** [0.010]	0.038*** [0.012]	0.046*** [0.011]	0.042*** [0.012]
Public \times ROA	-0.094*** [0.033]	-0.114*** [0.042]	-0.072** [0.037]	-0.092** [0.041]
Public \times Sales growth	-0.027** [0.012]	-0.033** [0.014]	-0.031** [0.013]	-0.029** [0.014]
ROA	-0.118 [0.088]	-0.112 [0.106]	-0.060 [0.095]	-0.102 [0.103]
Sales growth	-0.062 [0.035]	-0.068 [0.043]	-0.092** [0.038]	-0.098** [0.043]
ln(Sales)	0.009*** [0.002]	0.010*** [0.003]	0.008*** [0.002]	0.008*** [0.002]
CF volatility	0.138 [0.074]	0.180** [0.087]	0.156 [0.080]	0.221** [0.090]
Leverage	0.012 [0.009]	0.014 [0.011]	0.015 [0.010]	0.010 [0.010]
Accrual	-0.004 [0.029]	-0.027 [0.035]	0.014 [0.031]	-0.003 [0.036]
ln(Firm age)	-0.005** [0.002]	-0.009*** [0.003]	-0.006** [0.002]	-0.004 [0.003]
ln(# of employees)	0.005** [0.002]	0.003 [0.002]	0.007*** [0.002]	0.005** [0.002]
ln(# of firms in the industry)	-0.013** [0.007]	-0.010 [0.008]	-0.016** [0.007]	-0.016 [0.008]
ln(# of firms in the state)	0.001 [0.002]	0.001 [0.002]	0.001 [0.002]	0.001 [0.002]
ln(CEO tenure)	-0.006** [0.003]	-0.013*** [0.004]	-0.001 [0.003]	0.004 [0.003]
ln(Sales) \times ROA	0.001 [0.006]	0.006 [0.007]	0.001 [0.006]	-0.000 [0.007]
ln(Sales) \times Sales growth	0.004 [0.002]	0.003 [0.003]	0.005** [0.002]	0.005 [0.003]
CF volatility \times ROA	-0.327 [0.171]	-0.199 [0.183]	-0.335 [0.187]	-0.296 [0.204]
CF volatility \times Sales growth	0.275***	0.310***	0.234***	0.254***

Leverage \times ROA	[0.082] -0.013	[0.098] -0.022	[0.088] -0.015	[0.093] -0.001
Leverage \times Sales growth	[0.027] -0.021	[0.032] -0.022	[0.030] -0.026	[0.032] -0.019
Accrual \times ROA	[0.014] -0.022	[0.016] -0.103	[0.015] 0.011	[0.016] -0.018
Accrual \times Sales growth	[0.062] -0.032	[0.076] -0.030	[0.067] -0.033	[0.077] -0.035
ln(Firm age) \times ROA	[0.028] -0.003	[0.033] -0.013	[0.031] -0.002	[0.033] -0.001
ln(Firm age) \times Sales growth	[0.009] 0.001	[0.011] -0.000	[0.010] -0.001	[0.011] 0.001
ln(# of employees) \times ROA	[0.004] -0.011	[0.004] -0.017	[0.004] -0.015	[0.004] -0.015
ln(# of employees) \times Sales growth	[0.007] -0.003	[0.009] -0.002	[0.008] -0.005**	[0.009] -0.004
ln(# of firms in the industry) \times ROA	[0.003] 0.011	[0.003] 0.015	[0.002] 0.002	[0.003] 0.011
ln(# of firms in the industry) \times Sales growth	[0.009] -0.005	[0.011] -0.005	[0.009] -0.005	[0.010] -0.005
ln(# of firms in the state) \times ROA	[0.004] 0.001	[0.005] -0.002	[0.004] 0.000	[0.005] 0.003
ln(# of firms in the state) \times Sales growth	[0.007] 0.001	[0.008] -0.001	[0.007] -0.001	[0.008] 0.001
ln(CEO tenure) \times ROA	[0.003] 0.023**	[0.004] 0.022	[0.003] 0.019	[0.004] 0.027**
ln(CEO tenure) \times Sales growth	[0.010] -0.004	[0.012] -0.006	[0.011] -0.001	[0.012] -0.007
Industry and Year FEs	[0.005] Yes	[0.006] Yes	[0.005] Yes	[0.006] Yes
Observations	45,765	37,548	40,854	39,710
Pseudo R^2	5.3%	5.8%	5.3%	5.4%

Table IA2. Accounting for CEO, Board, and Ownership Characteristics (continuous variables)

This table repeats the analysis in Table 4, by using the continuous form of CEO, board, and ownership variables. We report the marginal effects of a logit regression where the dependent variable is *CEO turnover*. Marginal effects for continuous variables are computed when all of the independent variables are at their median values. Marginal effects for indicator variables are computed when the indicator variables change from zero to one. The heteroskedasticity-consistent standard errors (in square brackets) account for possible correlation within a firm cluster. Superscripts ***, ** correspond to statistical significance at the 1 and 5 percent levels, respectively.

	(1)	(2)	(3)
Public	0.028*** [0.009]	0.039*** [0.010]	0.044*** [0.010]
Public \times ROA		-0.064** [0.032]	-0.129*** [0.043]
Public \times Sales growth		-0.032** [0.014]	-0.061*** [0.019]
Founder \times ROA		0.053** [0.025]	0.055** [0.025]
Founder \times Sales growth		0.002 [0.011]	0.005 [0.012]
ln(CEO pay) \times ROA		-0.009 [0.008]	-0.006 [0.008]
ln(CEO pay) \times Sales growth		-0.008*** [0.002]	-0.008*** [0.002]
CEO ownership \times ROA		0.409*** [0.138]	0.412*** [0.144]
CEO ownership \times Sales growth		0.047 [0.042]	0.064 [0.047]
Board independence \times ROA		-0.116** [0.055]	-0.115** [0.061]
Board independence \times Sales growth		-0.004 [0.024]	-0.021 [0.024]
Top5 ownership \times ROA		0.115*** [0.038]	0.134*** [0.040]
Top5 ownership \times Sales growth		0.032** [0.014]	0.034** [0.015]
Founder	-0.012** [0.006]	-0.015** [0.007]	-0.015** [0.007]
ln(CEO pay)	-0.014*** [0.003]	-0.011*** [0.003]	-0.011*** [0.003]
CEO ownership	-0.253*** [0.064]	-0.321*** [0.081]	-0.331*** [0.084]
Board independence	0.030 [0.017]	0.036 [0.019]	0.036 [0.019]
Top5 ownership	0.010 [0.009]	-0.007 [0.010]	-0.011 [0.010]
ROA	-0.128*** [0.026]	-0.092 [0.060]	-0.130 [0.112]
Sales growth	-0.038*** [0.008]	-0.017 [0.023]	-0.041 [0.044]
ln(Sales)	0.010*** [0.003]	0.011*** [0.003]	0.010*** [0.003]
CF volatility	0.159**	0.137	0.129

	[0.078]	[0.081]	[0.083]
Leverage	0.004	0.002	0.001
	[0.008]	[0.009]	[0.009]
Accrual	-0.003	-0.018	-0.022
	[0.029]	[0.031]	[0.033]
ln(Firm age)	-0.003	-0.002	-0.005
	[0.002]	[0.002]	[0.003]
ln(# of employees)	0.003	0.003	0.004
	[0.002]	[0.002]	[0.002]
ln(# of firms in the industry)	-0.015**	-0.018***	-0.021***
	[0.006]	[0.007]	[0.007]
ln(# of firms in the state)	0.001	0.001	-0.002
	[0.002]	[0.002]	[0.002]
ln(CEO tenure)	0.006**	0.006**	0.006**
	[0.003]	[0.003]	[0.003]
Industry and Year FEs	Yes	Yes	Yes
Other interactions	No	No	Yes
Observations	25,378	25,378	25,378
Pseudo R^2	5.1%	7.2%	7.5%

Table IA3. Investor Horizon and CEO Turnover within Public Firms after Accounting for CEO, Board, and Ownership Characteristics

This table repeats the analysis in Table 5, by further controlling for CEO, board, and ownership variables. We report the marginal effects of a logit regression where the dependent variable is *CEO turnover*. Marginal effects for continuous variables are computed when all of the independent variables are at their median values. Marginal effects for indicator variables are computed when the indicator variables change from zero to one. The heteroskedasticity-consistent standard errors (in square brackets) account for possible correlation within a firm cluster. Superscripts ***, ** correspond to statistical significance at the 1 and 5 percent levels, respectively.

	(1)	(2)	(3)
Short-term public	0.026*** [0.006]	0.040*** [0.007]	0.040*** [0.007]
Short-term public \times ROA		-0.097*** [0.026]	-0.107*** [0.027]
Short-term public \times Sales growth		-0.050*** [0.012]	-0.048*** [0.011]
Founder \times ROA		0.022 [0.031]	-0.018 [0.035]
Founder \times Sales growth		0.020 [0.014]	0.030 [0.016]
High CEO pay \times ROA		0.005 [0.024]	0.015 [0.030]
High CEO pay \times Sales growth		-0.005 [0.011]	-0.027** [0.012]
High CEO ownership \times ROA		0.022 [0.026]	0.020 [0.028]
High CEO ownership \times Sales growth		-0.005 [0.012]	0.000 [0.013]
High board independence \times ROA		-0.028 [0.024]	-0.024 [0.025]
High board independence \times Sales growth		-0.013 [0.012]	-0.017 [0.012]
High top5 ownership \times ROA		0.023 [0.022]	0.031 [0.023]
High top5 ownership \times Sales growth		0.011 [0.010]	0.011 [0.011]
Founder	-0.003 [0.009]	-0.008 [0.010]	-0.008 [0.010]
High CEO pay	-0.053*** [0.007]	-0.049*** [0.008]	-0.044*** [0.008]
High CEO ownership	-0.092*** [0.006]	-0.092*** [0.007]	-0.092*** [0.007]
High board independence	-0.010 [0.006]	-0.006 [0.006]	-0.005 [0.006]
High top5 ownership	-0.006 [0.006]	-0.011 [0.007]	-0.010 [0.007]
ROA	-0.132*** [0.013]	-0.079*** [0.027]	0.125 [0.208]
Sales growth	-0.036*** [0.006]	-0.011 [0.011]	-0.179** [0.080]
ln(Sales)	0.006 [0.004]	0.005 [0.004]	0.004 [0.004]

CF volatility	0.113 [0.121]	0.074 [0.125]	0.109 [0.128]
Leverage	0.012 [0.016]	0.009 [0.016]	0.009 [0.015]
Accrual	-0.023 [0.053]	-0.016 [0.053]	-0.004 [0.054]
ln(Firm age)	0.007 [0.004]	0.007 [0.004]	0.012*** [0.005]
ln(# of employees)	0.003 [0.004]	0.004 [0.004]	0.003 [0.004]
ln(CEO tenure)	0.015*** [0.004]	0.016*** [0.004]	0.016*** [0.005]
ln(# of firms in the industry)	0.041 [0.052]	0.033 [0.052]	0.033 [0.052]
ln(# of firms in the state)	-0.000 [0.003]	-0.001 [0.003]	-0.002 [0.003]
Industry and Year FEs	Yes	Yes	Yes
Other interactions	No	No	Yes
Observations	10,333	10,333	10,333
Pseudo R^2	8.6%	9.6%	10.1%

Table IA4. The Instrumental Variable Approach (2SLS), Subsample Analysis

This table reports the robustness check on the second-stage regression results in Table 7 using various subsamples. All the columns are the second-stage linear probability regression where the dependent variable is *CEO turnover*. The instrumental variable is the state-level household stock market participation rate in 1984. The first stage is reported in column (1) of Table 7. The heteroskedasticity-consistent standard errors (in square brackets) account for possible correlation within a firm cluster. Superscripts ***, ** correspond to statistical significance at the 1 and 5 percent levels, respectively.

	(1) Excluding CEOs with Age ≥ 63	(2) Excluding Founder CEOs	(3) Excluding CEOs with Ownership $\geq 10\%$
Public	0.061 [0.049]	0.108** [0.048]	0.072 [0.043]
Public \times ROA	-0.092*** [0.029]	-0.093*** [0.031]	-0.088*** [0.033]
Public \times Sales growth	-0.025*** [0.010]	-0.026*** [0.010]	-0.037*** [0.011]
ROA	-0.165** [0.082]	-0.137 [0.083]	-0.164 [0.088]
Sales growth	-0.035 [0.019]	-0.046** [0.020]	-0.062*** [0.021]
ln(Sales)	0.004** [0.002]	0.003 [0.002]	0.004 [0.002]
CF volatility	0.194*** [0.064]	0.211*** [0.068]	0.276*** [0.076]
Leverage	0.011 [0.008]	0.014 [0.008]	0.009 [0.008]
Accrual	0.019 [0.023]	0.044 [0.025]	0.036 [0.028]
ln(Firm age)	-0.007*** [0.002]	-0.007*** [0.002]	-0.005 [0.002]
ln(# of employees)	0.004** [0.002]	0.007*** [0.002]	0.006*** [0.002]
ln(# of firms in the industry)	-0.011*** [0.003]	-0.003 [0.003]	0.002 [0.003]
ln(# of firms in the state)	-0.017 [0.020]	-0.034 [0.020]	-0.022 [0.018]
ln(CEO tenure)	-0.000 [0.003]	-0.001 [0.003]	-0.001 [0.003]
Industry and Year FEs	Yes	Yes	Yes
Other interactions	Yes	Yes	Yes
Observations	37,548	40,854	39,710
Adj R^2	3.2%	3.3%	3.4%