

CHAPTER IV

RESULTS



This chapter discusses the statistical outcomes of the CEO's characteristics and the results of the model in the previous chapter which investigates the relationship between CEO's characteristics and firm performance of listed firms in Thailand.

4.1 Data analysis

The first characteristic is relationship with founding families. From Table 1, the number of CEO who is one of the company's founders or founder direct descendant is quite consistent over time. The average percentage of founder related CEO from all samples is 48.32%. The highest average percentage is 65.81% in the agro & food industry and the lowest average percentage is 25.00% in the financials industry.

The second characteristic is having other insider on board. From Table 1, the number of CEO who has the other insider sits on the board is quite consistent over time. This study finds that most of the CEO brings the other insider in the board to convince the other director to agree with his managerial decisions. The average percentage of CEO and other insider from all samples is 82.85%. The highest average percentage is 90.00% in the technology industry and the lowest average percentage is 62.16% in the resources industry.

Table 1

Descriptive Data of CEO's Qualitative Characteristics

Table 1 reports the descriptive data of CEO's qualitative characteristics; relationship with founding families, having other insider on board, concentration of titles and business related educational background are categorized by industry in panel A and by year in panel B. The sample contains 1,248 observations from listed firms in SET between years 1999-2004. All CEO's characteristics are collected from form 56-1. Relationship with founding families dummy equals to one when memorandum of association named the current CEO as a founder or current CEO has the same last name as one of the founder. Having other insider on board dummy equals to one when it has other executive except CEO sits on the board. Concentration of titles dummy equals to one when the CEO and Chairman is the same person. Business related educational background dummy equals to one when the CEO has graduated in accounting, economics, finance, management and marketing. Otherwise, the value of these dummy are zero.

Panel A: Categorized by Industry

Industry	Relationship with Founding Families	Having Other Insider on Board	Concentration of Titles	Business Related Educational Background
AGRO	65.81%	79.35%	31.61%	46.45%
CONSUMP	51.70%	87.76%	29.93%	51.70%
FINCIAL	25.00%	81.50%	33.50%	70.00%
INDUS	54.05%	74.32%	25.00%	50.68%
PROPCON	47.94%	89.18%	22.16%	56.70%
RESOURC	32.43%	62.16%	0.00%	51.35%
SERVICE	50.19%	83.27%	31.52%	47.86%
TECH	55.45%	90.00%	19.09%	48.18%
TOTAL	48.32%	82.85%	27.40%	53.53%

Panel B: Categorized by Year

Year	Relationship with Founding Families	Having Other Insider on Board	Concentration of Titles	Business Related Educational Background
1999	49.58%	80.67%	29.41%	47.90%
2000	48.06%	83.01%	26.70%	52.91%
2001	46.15%	84.62%	29.86%	55.20%
2002	47.51%	83.26%	27.15%	52.94%
2003	49.33%	82.51%	27.35%	54.26%
2004	49.61%	82.17%	25.19%	55.04%

The third characteristic is concentration of titles. From Table 1, the average number percentage of CEO who is both CEO and Chairman dramatically decreases from 29.41% in 1999 to 25.19% in 2004 due to increase in good corporate governance policy after financial crisis. The average percentage of CEO's concentration of titles from all samples is 27.40%. The highest average percentage is 33.50% in the financials industry. This study finds that the resources industry does not have any dual titles CEO due to more management diversification in large firm and the small number of firms in this industry.

The fourth characteristic is business related educational background. From Table 1, the average number percentage of CEO who has graduated in business related field; accounting, economics, finance, management and marketing gradually increases from 47.90% in 1999 to 55.04% in 2004 due to more competition in business. The average percentage of CEO's business related educational background from all samples is 53.53%. The highest average percentage is 70.00% in financials industry due to the most relevant field from the degree in economics and finance. The lowest average percentage is 46.45% in the agro & food industry.

The fifth characteristic is age. From Table 2, the average CEO's age dramatically increases from 54.86 years in 1999 to 56.50 year in 2004. This study finds that CEO in all industries has an average age between 50-60 years. Moreover, most of older CEO is founder and most of younger CEO is founder's direct descendant. The average CEO's age of all samples is 55.88 years. The highest average age is 58.38 years in services industry and the lowest average age is 51.04 years in technology industry.

Table 2

Descriptive Data of CEO's Quantitative Characteristics

Table 2 reports the descriptive data of CEO's quantitative characteristics; age, ownership and tenure are categorized by industry in panel A and by year in panel B. The sample contains 1,248 observations from listed firms in SET between years 1999-2004 except tenure which is 1,128. All CEO's characteristics are collected from form 56-1. Ownership is the number percentage of shares owned by the CEO. Tenure is the number of years since the CEO was appointed as CEO. Mean refers to the average of each group. Maximum refers to the maximum amount of each group. Minimum refers to the minimum amount of each group. Std Dev. refers to the standard deviation of each group.

Panel A: Categorized by Industry												
Industry	Age				Ownership				Tenure			
	Mean	Maximum	Minimum	Std Dev.	Mean	Maximum	Minimum	Std Dev.	Mean	Maximum	Minimum	Std Dev.
AGRO	56.32	78.00	37.00	9.99	11.54	55.23	0.00	12.17	10.82	44.00	1.00	9.16
CONSUMP	56.57	91.00	33.00	10.02	5.73	57.74	0.00	9.71	9.73	35.00	1.00	8.47
FINCIAL	55.87	73.00	36.00	9.34	0.91	10.39	0.00	2.00	6.89	34.00	1.00	6.56
INDUS	56.78	85.00	30.00	10.84	8.26	56.00	0.00	13.81	9.33	31.00	1.00	8.90
PROPCON	53.81	93.00	32.00	9.78	6.47	34.24	0.00	9.81	8.48	32.00	1.00	6.97
RESOURC	55.57	68.00	44.00	6.24	0.94	8.03	0.00	2.51	3.81	21.00	1.00	4.07
SERVICE	58.38	84.00	37.00	10.02	6.97	74.85	0.00	12.88	8.63	37.00	1.00	8.23
TECH	51.04	72.00	33.00	8.63	2.09	19.68	0.00	4.32	6.38	21.00	1.00	5.63
TOTAL	55.88	93.00	30.00	9.96	5.89	74.85	0.00	10.68	8.40	44.00	1.00	7.83

Panel B: Categorized by Year												
Year	Age				Ownership				Tenure			
	Mean	Maximum	Minimum	Std Dev.	Mean	Maximum	Minimum	Std Dev.	Mean	Maximum	Minimum	Std Dev.
1999	54.86	79.00	34.00	8.99	6.10	57.74	0.00	11.21	8.96	41.00	1.00	8.66
2000	55.08	87.00	33.00	9.75	5.88	72.98	0.00	10.83	7.77	42.00	1.00	7.47
2001	55.63	91.00	30.00	10.26	6.11	72.98	0.00	10.76	7.89	43.00	1.00	7.58
2002	56.04	92.00	31.00	10.18	5.92	73.26	0.00	10.82	8.59	44.00	0.00	7.93
2003	56.52	93.00	32.00	10.35	5.53	73.26	0.00	10.21	8.61	36.00	1.00	7.74
2004	56.50	91.00	33.00	9.74	5.87	74.85	0.00	10.63	8.69	37.00	1.00	7.93

The sixth characteristic is ownership. From Table 2, the average number percentage of shares owned by the CEO dramatically decreases from 6.10% in 1999 to 5.87% in 2004 due to increase in the number of outsider CEO. This study finds that most CEOs own a share between 0-10 percent. The average CEO's ownership of all samples is 5.89%. The highest average percentage of ownership is 11.54% in agro & food industry and lowest average percentage of ownership is 0.91% in financials industry due to Bank of Thailand's regulation such as amount of cash reserve.

The last characteristic is tenure. From Table 2, the average number of year since CEO was appointed as CEO of all samples is 8.40 years. This study finds that most of CEOs who have higher tenure is firm's founder. The highest average tenure is 10.82 years in agro & food industry and lowest average tenure is 3.81 years in resources industry.

4.2 Regression Analysis

This section divided into two parts; investigation the relationship between CEO's characteristics and firm performance in whole sample (years 1999-2004) and examine the same relationship in different environment by dividing into two sub samples (years 1999-2001 and years 2002-2004).

4.2.1 Whole Sample Study

This study finds that CEO's characteristics have a slight effect on firm performance. Although CEO has the most power in firm management, the other executives, board of directors and major shareholders are able to disagree with his opinions. Next, all managerial decisions do not increase wealth to shareholders. Furthermore, the outcomes of the projects or strategies that CEO suggested may not be in the same way as he expected. It depends on a lot of

factors such as lower level managers to cooperate with him and understand their duty correctly, business partners, competitors' reaction, market and customers.

The first characteristic is the relationship with founding families. From Table 3, this study finds that CEO who is one of the company's founders or founder direct descendant does not have a significantly positive effect on firm performance. When the two-tailed test is applied, it has a significantly negative effect on industry adjusted Tobin's Q in equations (1) and (8). The result is inconsistent with Tontivanichanon (2004) who finds that founder related CEO has a positive effect on firm performance. Its variance may be caused by the different source of sample which contains only family firms in the previous investigation but this paper studies all listed firms in the market. However, it is consistent with Morck et al. (1988) who state that manager who controls a significant amount of shares such as founder CEO has enough voting power to guarantee his employment with the firm and also consistent with Anderson and Reeb (2003) who state that founding families concentrate on their own interests more than shareholders' wealth.

The second characteristic is having other insider on board. From Table 3, this study finds that CEO who has the other insider sits on the board does not have any effect on firm performance. The result shows that other executive is not important for CEO to influence the board. It depends on the quality of the project to convince them to agree with him.

The third characteristic is concentration of titles. From Table 3, this study finds that CEO who becomes both CEO and Chairman does not have a significantly negative effect on firm performance. When the two-tailed test is applied, it has a significantly positive effect on industry adjusted Tobin's Q as shown in equations (3) and (8). The result is consistent with Brickley et al. (1997) who find that combined titles have a positive effect on firm performance. It shows that CEO holding combined titles is more beneficial to the firm.

Table 3

CEO's Characteristics and Firm Performance over the 1999-2004 Periods

Table 3 reports OLS regressions of firm performance; Yearly Stock Return, Industry Adjusted Return on Assets and Industry Adjusted Tobin's Q on CEO's characteristics; Relationship with Founding families, Having Other Insider on board, Concentration of Titles, Business Related Educational Background, Age, ownership and Tenure plus control variables; FIN, Leverage, Firm Size, Firm Age, CAPEX/Sales, Board Independence and Block shareholders over the 1999-2004 periods. T-statistics are in parentheses. ***, ** and * indicate significance at the 1%, 5% and 10% levels respectively. Number of observations is 1,248 except equations (7) and (8) which are 1,128.

	Yearly Stock Return							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	-0.2476 (-0.7739)	-0.2513 (-0.7718)	-0.2204 (-0.6982)	-0.2494 (-0.7774)	-0.2313 (-0.7005)	-0.3258 (-1.0126)	-0.2630 (-0.8232)	-0.3105 (-0.9165)
CEO & Founder	0.0232 (0.6064)							0.0162 (0.3790)
CEO & Other Insider		0.0152 (0.3088)						0.0307 (0.5526)
CEO's Concentration of Titles			-0.0283 (-0.7472)					-0.0535 (-1.2571)
CEO's Bus Edu BG				-0.0266 (-0.7631)				-0.0256 (-0.6875)
CEO's Age					-0.0001 (-0.0504)			-0.0006 (-0.2698)
CEO's Ownership						0.0055* (1.4077)		0.0045 (0.9975)
CEO's Ownership ²						-0.0001 (-1.6238)		-0.0001 (-1.1709)
CEO's Tenure							0.0039 (0.4632)	0.0021 (0.2477)
CEO's Tenure ²							0.0000 (-0.1492)	0.0000 (0.0141)
FIN	-0.1820** (-2.1189)	-0.1881** (-2.1621)	-0.1836** (-2.1087)	-0.1856** (-2.1494)	-0.1879** (-2.1720)	-0.1831** (-2.1073)	-0.1720** (-2.0964)	-0.1574* (-1.9393)
Leverage	-0.3129*** (-3.1403)	-0.3106*** (-3.0935)	-0.3142 (-3.1589)	-0.3146 (-3.1522)	-0.3134*** (-3.1851)	-0.3276*** (-3.1998)	-0.2851** (-2.5714)	-0.3025*** (-2.6577)
Firm Size	0.0209 (1.4505)	0.0209 (1.4525)	0.0206 (1.4391)	0.0219 (1.5051)	0.0210 (1.4523)	0.0244 (1.6948)	0.0208 (1.4436)	0.0239 (1.5914)
Firm Age	-0.0011 (-1.0319)	-0.0011 (-1.0118)	-0.0013 (-1.1406)	-0.0011 (-1.0506)	-0.0012 (-1.0982)	-0.0011 (-0.9685)	-0.0015 (-1.2381)	-0.0014 (-1.1850)
CAPEX/Sales	0.4019** (2.0998)	0.3978** (2.0641)	0.3888** (2.0315)	0.3938** (2.0321)	0.3963** (2.0548)	0.4022** (2.1014)	0.3648* (1.8035)	0.3574* (1.7733)
Board Independence	0.4199** (2.0004)	0.4347** (2.0807)	0.4390** (2.0738)	0.4447** (2.1288)	0.4283** (2.0462)	0.4045* (1.8816)	0.4745** (2.1710)	0.4857** (2.1274)
Block Shareholders	-0.0015 (-0.9319)	-0.0016 (-1.0054)	-0.0016 (-1.0100)	-0.0015 (-0.9483)	-0.0016 (-0.9861)	-0.0015 (-0.9069)	-0.0017 (-1.0257)	-0.0016 (-0.9570)
Adjusted R-squared	0.0229	0.0227	0.0230	0.0230	0.0226	0.0234	0.0219	0.0188

Table 3 – *continued*

	Industry Adjusted Return on Assets							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	0.0262 (0.6053)	0.0239 (0.5570)	0.0226 (0.5179)	0.0270 (0.6107)	0.0266 (0.5414)	0.0244 (0.5273)	-0.0118 (-0.2849)	-0.0139 (-0.2840)
CEO & Founder	-0.0033 (-0.5675)							-0.0018 (-0.2746)
CEO & Other Insider		0.0008 (0.1175)						-0.0053 (-0.6566)
CEO's Concentration of Titles			0.0035 (0.5374)					0.0042 (0.5598)
CEO's Bus Edu BG				0.0050 (0.9365)				0.0062 (1.0691)
CEO's Age					0.0000 (-0.1243)			0.0001 (0.2373)
CEO's Ownership						0.0004 (0.6596)		0.0008 (1.0018)
CEO's Ownership ²						0.0000* (-1.8337)		0.0000** (-2.4334)
CEO's Tenure							0.0003 (0.2753)	0.0002 (0.2387)
CEO's Tenure ²							0.0000 (0.3030)	0.0000 (0.3531)
FIN	-0.0080 (-0.9298)	-0.0072 (-0.8768)	-0.0077 (-0.9456)	-0.0076 (-0.9203)	-0.0072 (-0.8809)	-0.0085 (-1.0321)	-0.0155** (-2.0651)	-0.0181** (-2.3274)
Leverage	-0.0559*** (-2.6197)	-0.0558*** (-2.5934)	-0.0558*** (-2.6177)	-0.0556*** (-2.6053)	-0.0561*** (-2.6236)	-0.0571*** (-2.6017)	-0.0792*** (-5.6422)	-0.0822*** (-5.6114)
Firm Size	-0.0005 (-0.2592)	-0.0006 (-0.2626)	-0.0005 (-0.2396)	-0.0007 (-0.3390)	-0.0005 (-0.2591)	-0.0006 (-0.2637)	0.0013 (0.6933)	0.0013 (0.6158)
Firm Age	0.0001 (0.3902)	0.0001 (0.4297)	0.0001 (0.4752)	0.0001 (0.3939)	0.0001 (0.4204)	0.0001 (0.4403)	0.0002 (0.9335)	0.0002 (0.9435)
CAPEX/Sales	0.0526** (2.4092)	0.0535** (2.4663)	0.0543** (2.5267)	0.0539** (2.4682)	0.0534** (2.4623)	0.0516** (2.3844)	0.0515** (2.4106)	0.0505** (2.3258)
Board Independence	-0.0053 (-0.1958)	-0.0065 (-0.2407)	-0.0079 (-0.2905)	-0.0095 (-0.3573)	-0.0073 (-0.2759)	0.0009 (0.0336)	-0.0189 (-0.6333)	-0.0166 (-0.5444)
Block Shareholders	-0.0003 (-1.5949)	-0.0002 (-1.5476)	-0.0002 (-1.5030)	-0.0003 (-1.5799)	-0.0002 (-1.5416)	-0.0003* (-1.6882)	-0.0003** (2.2640)	-0.0004** (-2.4258)
Adjusted R-squared	0.0135	0.0132	0.0134	0.0138	0.0132	0.0167	0.0273	0.0295

Table 3 – continued

	Industry Adjusted Tobin's Q							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	-0.6374*** (-2.7055)	-0.7417*** (-3.0867)	-0.7656*** (-3.1534)	-0.7090*** (-2.9112)	-0.6228*** (-2.0694)	-0.8196*** (-3.2466)	-0.8535*** (-3.7247)	-0.9492*** (-3.2363)
CEO & Founder	-0.1243*** (-3.3163)							-0.1593*** (-4.3177)
CEO & Other Insider		0.0521 (1.6309)						0.0127 (0.3543)
CEO's Concentration of Titles			0.1219*** (2.8415)					0.1189*** (2.4068)
CEO's Bus Edu BG				-0.0345 (-1.1020)				-0.0501 (-1.5075)
CEO's Age					-0.0013 (-0.5446)			-0.0025 (-0.9973)
CEO's Ownership						0.0089*** (2.5883)		0.0127*** (3.6493)
CEO's Ownership ²						-0.0002*** (-3.3468)		-0.0003*** (-4.2386)
CEO's Tenure							0.0039 (0.6715)	0.0024 (0.4086)
CEO's Tenure ²							0.0000 (0.0526)	0.0000 (0.0793)
FIN	-0.1240** (-1.9873)	-0.0943 (-1.5581)	-0.1110* (-1.8111)	-0.0906 (-1.5037)	-0.0955 (-1.6041)	-0.0904 (-1.4635)	-0.1099* (-1.7737)	-0.1513** (-2.3257)
Leverage	0.0710 (0.4372)	0.0790 (0.4954)	0.0770 (0.5028)	0.0689 (0.4269)	0.0645 (0.4053)	0.0471 (0.2917)	0.0105 (0.0651)	-0.0298 (-0.1899)
Firm Size	0.0390*** (3.1670)	0.0385*** (3.1288)	0.0403*** (3.3037)	0.0399*** (3.1571)	0.0390*** (3.2116)	0.0436*** (3.4388)	0.0459*** (3.9071)	0.0576*** (4.7296)
Firm Age	-0.0017 (-1.0726)	-0.0013 (-0.8021)	-0.0010 (-0.6677)	-0.0014 (-0.9064)	-0.0014 (-0.8567)	-0.0013 (-0.8213)	-0.0015 (-1.0437)	-0.0009 (-0.6275)
CAPEX/Sales	-0.0103 (-0.0957)	0.0246 (0.2317)	0.0524 (0.5065)	0.0164 (0.1517)	0.0189 (0.1774)	0.0231 (0.2167)	-0.0007 (-0.0065)	-0.0022 (-0.0197)
Board Independence	0.0951 (0.6624)	0.0568 (0.3902)	0.0024 (0.0159)	0.0598 (0.4112)	0.0196 (0.1371)	0.0253 (0.1731)	0.0305 (0.1942)	0.0271 (0.1646)
Block Shareholders	-0.0016** (-2.0897)	-0.0013* (-1.8079)	-0.0011 (-1.5102)	-0.0012 (-1.5797)	-0.0013* (-1.8127)	-0.0012 (-1.5371)	-0.0019** (-2.5039)	-0.0019** (-2.3916)
Adjusted R-squared	0.0247	0.0147	0.0223	0.0144	0.0140	0.0194	0.0187	0.0456

The fourth characteristic is business related educational background. From Table 3, this study finds that CEO who has graduated in business related field; accounting, economics, finance, management and marketing does not have a significantly positive effect on firm performance. When the two-tailed test is applied, it still does not have any effect on firm performance. The result is consistent with Gottesman and Morey (2005) who find that CEO who graduated from MBA degree does not affect firm performance. It shows that degree does

not guarantee his own skills; it depends on how he can apply the knowledge into practice.

The fifth characteristic is age. From Table 3, this study finds that CEO's age does not have any effect on firm performance. The result shows that more age does not mean more skillful.

The sixth characteristic is ownership. From Table 3, this study finds that CEO's ownership has a significantly positive effect on yearly stock return and industry adjusted Tobin's Q in equations (6) and (8). The result is consistent with Tikanan (2004) who finds that insider ownership has a positive effect on firm performance. It shows that insider ownership provides an incentive for CEO to improve firm performance.

This study also finds that CEO's ownership has an invert U-shaped relationship with industry adjusted return on assets and industry adjusted Tobin's Q in equations (6) and (8). From Figure 1, industry adjusted return on assets slightly increases when CEO's ownership is ranged between 0-12% then dramatically decreases when CEO's ownership is more than 12%. From Figure 2, industry adjusted Tobin's Q slightly increases when CEO's ownership is ranged between 0-22% then dramatically decreases when CEO's ownership is higher than 22%. The result is consistent with McConnell and Servaes (1990) who find an invert U-shaped relationship between insider ownership and firm performance and also consistent with Morck et al. (1988) who state that when the manager owns a small amount of shares, it has the convergence of interest between management and shareholders. When he owns a large amount of shares, he can indulge in non-value maximizing activities such as excessive compensations and extending his tenure.

The last characteristic is tenure. From Table 3, this study finds that CEO's tenure does not have any effect on firm performance and also finds that CEO's tenure does not have a non linear relationship with firm performance. This result may come from data distribution as most observations have low tenure. So, the CEOs are not expertise enough to make a difference in business competition.

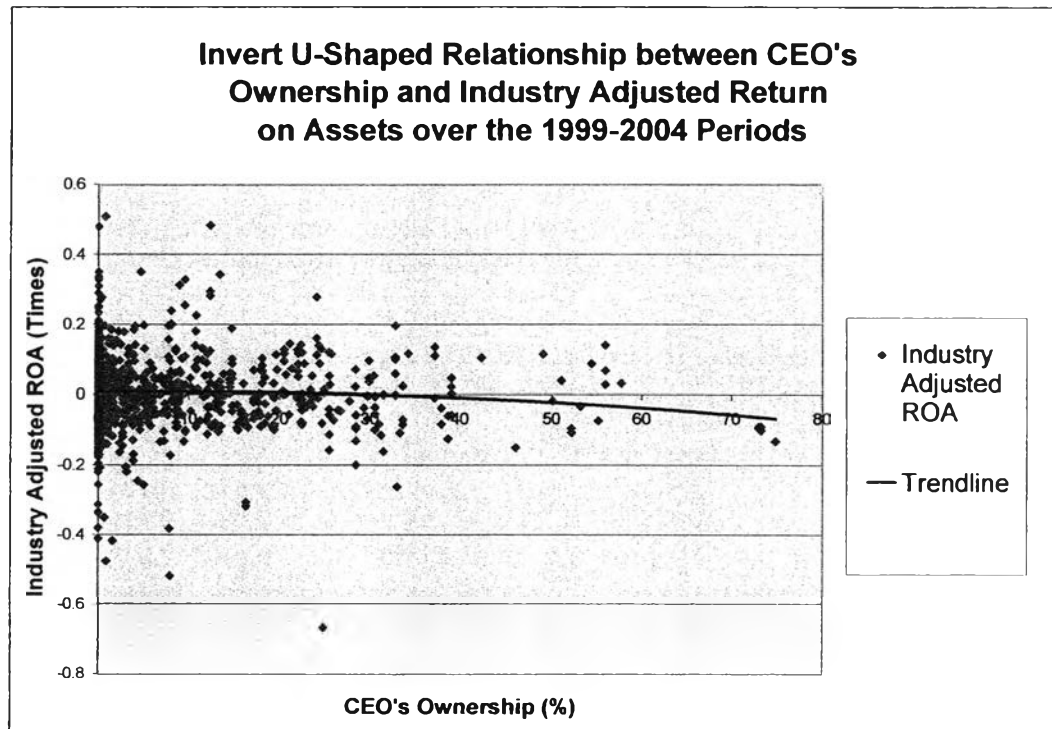


Figure 1: Invert U-Shaped Relationship between CEO's Ownership and Industry Adjusted Return on Assets over the 1999-2004 Periods

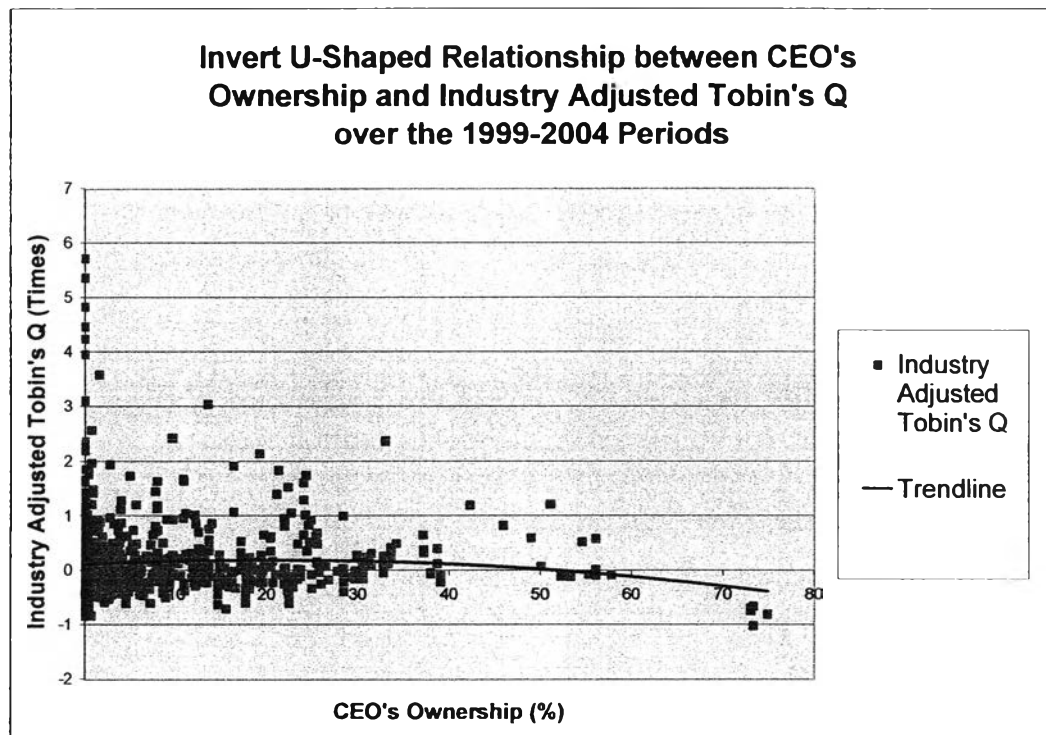


Figure 2: Invert U-Shaped Relationship between CEO's Ownership and Industry Adjusted Tobin's Q over the 1999-2004 Periods

4.2.2 Sub Sample Study

The first characteristic is relationship with founding families. From Table 4 and 5, this study finds that CEO who is one of the company's founders or founder direct descendant has a significantly positive effect on firm performance in both 1999-2001 and 2002-2004 periods. When the two-tailed test is applied, it has a significantly negative effect on industry adjusted Tobin's Q in both periods from equation (1) and (8) but the effect is weaker in the latter period. The result shows that founder related CEO still focuses on his families' interests rather than shareholders' wealth.

Table 4

CEO's Characteristics and Firm Performance over the 1999-2001 Periods

Table 4 reports OLS regressions of firm performance; Yearly Stock Return, Industry Adjusted Return on Assets and Industry Adjusted Tobin's Q on CEO's characteristics; Relationship with Founding families, Having Other Insider on board, Concentration of Titles, Business Related Educational Background, Age, ownership and Tenure plus control variables; FIN, Leverage, Firm Size, Firm Age, CAPEX/Sales, Board Independence and Block shareholders over the 1999-2001 periods. T-statistics are in parentheses. ***, ** and * indicate significance at the 1%, 5% and 10% levels respectively. Number of observations is 546 except equations (7) and (8) which are 490.

	Yearly Stock Return							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	0.2365 (0.4595)	0.2205 (0.4209)	0.2903 (0.5749)	0.2502 (0.4922)	0.4590 (0.9093)	0.1826 (0.3424)	0.2646 (0.4832)	0.4066 (0.7192)
CEO & Founder	0.0209 (0.3729)							0.0170 (0.2512)
CEO & Other Insider		0.0297 (0.3632)						0.0849 (0.9443)
CEO's Concentration of Titles			-0.0473 (-0.8096)					-0.0453 (-0.6469)
CEO's Bus Edu BG				0.0041 (0.0769)				0.0093 (0.1571)
CEO's Age					-0.0037 (-1.1440)			-0.0030 (-0.7904)
CEO's Ownership						0.0041 (0.6267)		-0.0004 (-0.0494)
CEO's Ownership ²						-0.0001 (-0.7044)		0.0000 (-0.1188)
CEO's Tenure							-0.0048 (-0.4440)	-0.0047 (-0.4357)
CEO's Tenure ²							0.0002 (0.5312)	0.0002 (0.6114)
FIN	-0.1679 (-1.2288)	-0.1730 (-1.2288)	-0.1635 (-1.1518)	-0.1730 (-1.2421)	-0.1750 (-1.2522)	-0.1706 (-1.2273)	-0.1236 (-0.8658)	-0.1154 (-0.8454)
Leverage	-0.3454** (-2.5074)	-0.3423** (-2.4725)	-0.3410** (-2.4427)	-0.3445** (-2.4945)	-0.3591*** (-2.6119)	-0.3583** (-2.4617)	-0.2538* (-1.6522)	-0.2572 (-1.5769)
Firm Size	-0.0054 (-0.2327)	-0.0057 (-0.2472)	-0.0069 (-0.2952)	-0.0057 (-0.2436)	-0.0050 (-0.2119)	-0.0030 (-0.1245)	-0.0064 (-0.2624)	-0.0087 (-0.3385)
Firm Age	-0.0014 (-0.8961)	-0.0013 (-0.8486)	-0.0016 (-1.0049)	-0.0015 (-0.9268)	-0.0014 (-0.8902)	-0.0014 (-0.8539)	-0.0021 (-1.3016)	-0.0020 (-1.1578)
CAPEX/Sales	0.2142 (0.8147)	0.2125 (0.7946)	0.2020 (0.7616)	0.2077 (0.7786)	0.2046 (0.7557)	0.2105 (0.7903)	0.0878 (0.3014)	0.0945 (0.3210)
Board Independence	0.0653 (0.2312)	0.0889 (0.3174)	0.0887 (0.3106)	0.0744 (0.2665)	0.0140 (0.0494)	0.0628 (0.2200)	0.1523 (0.5285)	0.1482 (0.5034)
Block Shareholders	-0.0012 (-0.4061)	-0.0013 (-0.4258)	-0.0013 (-0.4340)	-0.0013 (-0.4248)	-0.0014 (-0.4646)	-0.0012 (-0.3916)	-0.0014 (-0.4668)	-0.0016 (-0.5051)
Adjusted R-squared	0.0105	0.0106	0.0113	0.0103	0.0131	0.0093	0.0005	-0.0096

Table 4 – *continued*

	Industry Adjusted Return on Assets							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	0.1361** (1.9740)	0.1241* (1.7973)	0.1328* (1.9632)	0.1404** (2.0266)	0.1177 (1.5116)	0.1580** (2.1504)	0.0848 (1.4094)	0.0726 (0.9273)
CEO & Founder	0.0026 (0.2835)							0.0059 (0.5841)
CEO & Other Insider		0.0142 (1.2062)						0.0077 (0.6087)
CEO's Concentration of Titles			0.0055 (0.5325)					-0.0005 (-0.0390)
CEO's Bus Edu BG				0.0088 (0.9507)				0.0149* (1.4782)
CEO's Age					0.0004 (0.7920)			0.0006 (1.1810)
CEO's Ownership						-0.0009 (-0.9051)		-0.0009 (-0.8637)
CEO's Ownership ²						0.0000 (0.4224)		0.0000 (-0.1776)
CEO's Tenure							-0.0006 (-0.4196)	-0.0002 (-0.1784)
CEO's Tenure ²							0.0000 (1.0344)	0.0000 (1.0242)
FIN	0.0114 (0.8259)	0.0106 (0.7843)	0.0098 (0.7363)	0.0098 (0.7321)	0.0111 (0.8363)	0.0090 (0.6806)	-0.0001 (-0.0104)	-0.0032 (-0.2574)
Leverage	-0.0263 (-0.8173)	-0.0252 (-0.7806)	-0.0266 (-0.8291)	-0.0265 (-0.8157)	-0.0248 (-0.7680)	-0.0226 (-0.6800)	-0.0593*** (-3.0494)	-0.0535*** (2.7404)
Firm Size	-0.0065* (-1.8913)	-0.0066* (-1.9280)	-0.0063* (-1.8759)	-0.0067* (-1.9423)	-0.0065* (-1.9244)	-0.0073** (-2.0294)	-0.0035 (-1.2268)	-0.0052* (-1.6749)
Firm Age	0.0003 (0.8646)	0.0004 (1.0040)	0.0003 (0.9097)	0.0003 (0.8023)	0.0003 (0.8406)	0.0003 (0.7951)	0.0004 (1.2676)	0.0004 (1.2279)
CAPEX/Sales	0.0882** (2.0713)	0.0897** (2.1680)	0.0881** (2.0861)	0.0873** (2.0559)	0.0877** (2.0957)	0.0834** (1.9815)	0.0815* (1.8556)	0.0772* (1.7433)
Board Independence	-0.0206 (-0.4728)	-0.0132 (-0.3001)	-0.0207 (-0.4878)	-0.0232 (-0.5389)	-0.0133 (-0.3208)	-0.0079 (-0.1779)	-0.0379 (-0.8209)	-0.0227 (-0.4840)
Block Shareholders	-0.0004* (-1.8546)	-0.0004* (-1.9124)	-0.0004* (-1.8789)	-0.0005* (-1.9251)	-0.0004* (-1.8360)	-0.0005** (-2.0741)	-0.0006*** (-2.7389)	-0.0006*** (-2.9443)
Adjusted R-squared	0.0174	0.0200	0.0179	0.0191	0.0184	0.0188	0.0391	0.0391

Table 4 – continued

	Industry Adjusted Tobin's Q							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	-0.7554** (-2.0896)	-0.8796** (-2.3715)	-0.9930** (-2.5660)	-0.8629** (-2.3094)	-0.8819* (1.6691)	-0.8515** (-2.2306)	-1.1829*** (-3.3613)	-1.3267*** (-2.6800)
CEO & Founder	-0.1357*** (-2.5987)							-0.1699*** (-3.1464)
CEO & Other Insider		0.0455 (1.1367)						-0.0208 (-0.4413)
CEO's Concentration of Titles			0.1789*** (2.7116)					0.1883** (2.5322)
CEO's Bus Edu BG				-0.0856** (-2.1377)				-0.0972** (-2.4739)
CEO's Age					0.0008 (0.1940)			-0.0006 (-0.1496)
CEO's Ownership						0.0030 (0.5750)		0.0069* (1.3720)
CEO's Ownership ²						-0.0001 (-1.2771)		-0.0002* (-1.8495)
CEO's Tenure							0.0087* (1.5275)	0.0084* (1.4068)
CEO's Tenure ²							-0.0002 (-0.7986)	-0.0002 (-0.8383)
FIN	-0.1087 (-1.1894)	-0.0799 (-0.9061)	-0.1130 (-1.2522)	-0.0683 (-0.7852)	-0.0786 (-0.9044)	-0.0856 (-0.9580)	-0.1027 (-1.1232)	-0.1570 (-1.6238)
Leverage	0.2557 (1.1943)	0.2520 (1.1895)	0.2362 (1.1729)	0.2520 (1.1885)	0.2521 (1.2161)	0.2418 (1.1276)	0.1375 (0.6070)	0.1219 (0.5681)
Firm Size	0.0393** (1.9942)	0.0400** (2.0032)	0.0450** (2.2384)	0.0426** (2.1229)	0.0401** (2.0480)	0.0405 (2.0163)	0.0552*** (2.8482)	0.0655*** (3.3255)
Firm Age	-0.0015 (-0.6887)	-0.0011 (-0.4833)	-0.0006 (-0.2951)	-0.0010 (-0.4838)	-0.0013 (-0.5691)	-0.0012 (-0.5371)	-0.0015 (-0.6970)	-0.0007 (-0.3816)
CAPEX/Sales	-0.0189 (-0.1022)	0.0308 (0.1608)	0.0451 (0.2458)	0.0242 (0.1236)	0.0242 (0.1266)	0.0069 (0.0356)	-0.0167 (-0.0898)	-0.0651 (-0.3592)
Board Independence	0.2198 (1.3237)	0.1680 (1.0684)	0.1018 (0.6376)	0.1874 (1.1679)	0.1622 (0.9647)	0.1845 (1.0757)	0.1506 (0.9283)	0.2302 (1.2223)
Block Shareholders	-0.0006 (-0.6397)	-0.0003 (-0.4060)	-0.0002 (-0.2233)	-0.0002 (-0.2564)	-0.0003 (-0.3684)	-0.0004 (-0.4507)	-0.0008 (-0.9577)	-0.0007 (-0.8157)
Adjusted R-squared	0.0392	0.0252	0.0461	0.0302	0.0244	0.0258	0.0263	0.0647

Table 5

CEO's Characteristics and Firm Performance over the 2002-2004 Periods

Table 5 reports OLS regressions of firm performance; Yearly Stock Return, Industry Adjusted Return on Assets and Industry Adjusted Tobin's Q on CEO's characteristics; Relationship with Founding families, Having Other Insider on board, Concentration of Titles, Business Related Educational Background, Age, ownership and Tenure plus control variables; FIN, Leverage, Firm Size, Firm Age, CAPEX/Sales, Board Independence and Block shareholders over the 2002-2004 periods. T-statistics are in parentheses. ***, ** and * indicate significance at the 1%, 5% and 10% levels respectively. Number of observations is 702 except equations (7) and (8) which are 639.

	Yearly Stock Return							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	-0.2153 (-0.6339)	-0.2125 (-0.6154)	-0.2099 (-0.6246)	-0.2373 (-0.6856)	-0.2426 (-0.6986)	-0.3218 (-0.9619)	-0.2427 (-0.7165)	-0.3247 (-0.8856)
CEO & Founder	0.0203 (0.4574)							0.0179 (0.3615)
CEO & Other Insider		0.0046 (0.0861)						-0.0155 (-0.2318)
CEO's Concentration of Titles			0.0044 (0.0998)					-0.0346 (-0.6981)
CEO's Bus Edu BG				-0.0496 (-1.1914)				-0.0662 (-1.4373)
CEO's Age					0.0006 (0.2386)			-0.0010 (-0.3577)
CEO's Ownership						0.0068* (1.5821)		0.0080* (1.4841)
CEO's Ownership ²						-0.0001* (-1.7703)		-0.0001 (-1.5010)
CEO's Tenure							0.0034 (0.3050)	-0.0011 (-0.0977)
CEO's Tenure ²							0.0000 (-0.0190)	0.0001 (0.2112)
FIN	-0.1225* (-1.8631)	-0.1282** (-1.9965)	-0.1285** (-2.0173)	-0.1262** (-1.9760)	-0.1264* (-1.9428)	-0.1174* (-1.7549)	-0.1431** (-2.1656)	-0.1260* (-1.8373)
Leverage	-0.0535 (-0.3962)	-0.0537 (-0.3967)	-0.0540 (-0.3948)	-0.0646 (-0.4699)	-0.0509 (-0.3767)	-0.0633 (-0.4642)	-0.1012 (-0.6687)	-0.1424 (-0.9000)
Firm Size	0.0254* (1.6485)	0.0256* (1.6665)	0.0256* (1.6683)	0.0277* (1.7466)	0.0254 (1.6390)	0.0302** (1.9934)	0.0256 (1.6167)	0.0342** (2.0329)
Firm Age	-0.0015 (-1.0917)	-0.0015 (-1.1066)	-0.0015 (-1.0754)	-0.0015 (-1.1254)	-0.0015 (-1.2027)	-0.0014 (-1.0408)	-0.0017 (-1.1216)	-0.0016 (-1.0680)
CAPEX/Sales	0.2598 (1.1234)	0.2559 (1.1030)	0.2570 (1.1168)	0.2492 (1.0688)	0.2560 (1.1078)	0.2634 (1.1483)	0.2396 (1.0174)	0.2255 (0.9501)
Board Independence	0.4477* (1.7548)	0.4557* (1.7801)	0.4532* (1.7469)	0.4867* (1.8658)	0.4656* (1.8344)	0.4015 (1.5064)	0.5747** (2.0917)	0.5475* (1.8810)
Block Shareholders	-0.0013 (-0.9511)	-0.0014 (-1.0127)	-0.0014 (-1.0045)	-0.0013 (-0.8926)	-0.0014 (-0.9650)	-0.0012 (-0.8630)	-0.0016 (-1.0925)	-0.0012 (-0.7752)
Adjusted R-squared	0.0186	0.0183	0.0183	0.0203	0.0184	0.0203	0.0225	0.0195

Table 5 – continued

	Industry Adjusted Return on Assets							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	-0.0478 (-0.9585)	-0.0421 (-0.8650)	-0.0508 (-0.9876)	-0.0506 (-0.9809)	-0.0294 (-0.4956)	-0.0652 (-1.2835)	-0.0675 (-1.1995)	-0.0596 (-0.9790)
CEO & Founder	-0.0085 (-1.0950)							-0.0081 (-0.9695)
CEO & Other Insider		-0.0098 (-1.1319)						-0.0155 (-1.5189)
CEO's Concentration of Titles			0.0002 (0.0268)					0.0081 (0.8348)
CEO's Bus Edu BG				0.0001 (0.0166)				-0.0031 (-0.4706)
CEO's Age					-0.0004 (-1.0215)			-0.0004 (-0.9228)
CEO's Ownership						0.0013* (1.6363)		0.0021** (1.9334)
CEO's Ownership ²						0.0000*** (-3.1350)		0.0000*** (-3.1444)
CEO's Tenure							0.0007 (0.5544)	0.0004 (0.2466)
CEO's Tenure ²							0.0000 (-0.3803)	0.0000 (-0.2381)
FIN	-0.0227** (-2.4281)	-0.0203** (-2.2824)	-0.0204** (-2.2335)	-0.0204** (-2.2352)	-0.0214** (-2.3777)	-0.0209* (-2.1767)	-0.0246*** (-2.6403)	-0.0277*** (-2.8800)
Leverage	-0.0858*** (-4.6545)	-0.0879*** (-4.5786)	-0.0852*** (-4.5841)	-0.0852*** (-4.4540)	-0.0878*** (-4.7607)	-0.0888*** (-4.6526)	-0.0907*** (-4.3543)	-0.1025*** (-4.7976)
Firm Size	0.0037 (1.6329)	0.0037 (1.6177)	0.0036 (1.5882)	0.0036 (1.5248)	0.0038* (1.6613)	0.0042* (1.8231)	0.0043* (1.7790)	0.0057** (2.3243)
Firm Age	-0.0001 (-0.4793)	-0.0001 (-0.5704)	-0.0001 (-0.4313)	-0.0001 (-0.4283)	-0.0001 (-0.2927)	-0.0001 (-0.3737)	0.0000 (-0.0634)	0.0000 (0.1204)
CAPEX/Sales	0.0330 (1.3812)	0.0343 (1.4692)	0.0348 (1.4964)	0.0348 (1.4842)	0.0346 (1.4776)	0.0346 (1.4962)	0.0316 (1.3137)	0.0315 (1.2694)
Board Independence	-0.0018 (-0.0484)	-0.0064 (-0.1770)	-0.0049 (-0.1297)	-0.0049 (-0.1357)	-0.0114 (-0.3033)	-0.0016 (-0.0432)	-0.0114 (-0.2833)	-0.0228 (-0.5540)
Block Shareholders	-0.0001 (-0.4835)	0.0000 (-0.2107)	-0.0001 (-0.3143)	-0.0001 (-0.3136)	-0.0001 (-0.4119)	-0.0001 (-0.3914)	-0.0001 (-0.5991)	-0.0001 (-0.4950)
Adjusted R-squared	0.0144	0.0139	0.0123	0.0123	0.0141	0.0220	0.0139	0.0253

Table 5 – continued

	Industry Adjusted Tobin's Q							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	-0.5196*	-0.6075**	-0.5839*	-0.5602*	-0.3805	-0.7503**	-0.5638*	-0.6130
	(1.7816)	(-2.0048)	(-1.9481)	(-1.8525)	(-1.0779)	(-2.3547)	(-1.8063)	(-1.6131)
CEO & Founder	-0.1224**							-0.1612***
	(-2.3971)							(-3.1876)
CEO & Other Insider		0.0531						0.0369
		(1.1340)						(0.6888)
CEO's Concentration of Titles			0.0688					0.0622
			(1.3598)					(0.9831)
CEO's Bus Edu BG				0.0017				-0.0255
				(0.0360)				(-0.4995)
CEO's Age					-0.0033			-0.0043
					(-1.0978)			(-1.2680)
CEO's Ownership						0.0128***		0.0173***
						(2.7903)		(3.7221)
CEO's Ownership ²						-0.0003***		-0.0003***
						(-3.1179)		(-3.7857)
CEO's Tenure							-0.0019	-0.0048
							(-0.2054)	(-0.4986)
CEO's Tenure ²							0.0002	0.0003
							(0.6118)	(0.7201)
FIN	-0.1434*	-0.1104	-0.1165	-0.1098	-0.1187	-0.0974	-0.1145	-0.1459*
	(-1.9080)	(-1.4661)	(-1.5259)	(-1.4714)	(-1.6129)	(-1.2634)	(-1.4626)	(-1.7712)
Leverage	-0.1769	-0.1538	-0.1529	-0.1679	-0.1897	-0.1897	-0.1527	-0.2023
	(-1.1277)	(-0.9703)	(-0.9806)	(-1.0197)	(-1.2436)	(-1.1541)	(-0.9053)	(-1.3027)
Firm Size	0.0393***	0.0379***	0.0383***	0.0381**	0.0392***	0.0457***	0.0391***	0.0536***
	(2.7650)	(2.6457)	(2.6906)	(2.5427)	(2.7491)	(3.0434)	(2.6817)	(3.4449)
Firm Age	-0.0022	-0.0018	-0.0017	-0.0020	-0.0017	-0.0018	-0.0020	-0.0013
	(-0.9456)	(-0.7700)	(-0.7494)	(-0.8451)	(-0.7005)	(-0.7670)	(-0.9371)	(-0.6125)
CAPEX/Sales	0.0203	0.0477	0.0652	0.0456	0.0436	0.0548	0.0158	0.0139
	(0.1667)	(0.4029)	(0.5502)	(0.3779)	(0.3684)	(0.4662)	(0.1288)	(0.1066)
Board Independence	-0.0417	-0.0764	-0.1120	-0.0863	-0.1417	-0.1446	-0.1161	-0.2242
	(-0.1780)	(-0.3114)	(-0.4547)	(-0.3517)	(-0.5786)	(-0.5957)	(-0.4255)	(-0.7966)
Block Shareholders	-0.0026**	-0.0022*	-0.0020*	-0.0021*	-0.0023**	-0.0019	-0.0028**	-0.0030**
	(-2.1823)	(-1.9359)	(-1.7524)	(-1.8110)	(-2.0281)	(-1.6178)	(-2.3862)	(-2.5081)
Adjusted R-squared	0.0170	0.0082	0.0096	0.0071	0.0101	0.0166	0.0098	0.0319

The second characteristic is having other insider on board. From Table 4 and 5, this study finds that CEO who has the other insider sits on the board does not have any effect on firm performance in both 1999-2001 and 2002-2004 periods. The result shows that other executive is still not important for CEO to influence the board in both periods.

The third characteristic is concentration of titles. From Table 4 and 5, this study finds that CEO who becomes both CEO and Chairman does not have a significantly negative effect on firm performance both in the 1999-2001 and 2002-2004 periods. When the two-tailed test is applied, it has a significantly positive effect on industry adjusted Tobin's Q in the first period as existed in equation (3) and (8) but it is disappeared in the second period. The decreased number of CEOs who assume both titles in the second period may eliminate this positive effect.

The fourth characteristic is business related educational background. From Table 4 and 5, this study finds that CEO who has graduated in business related field; accounting, economics, finance, management and marketing has a significantly positive effect on industry adjusted return on assets over the 1999-2001 periods as shown in equation (8) but it does not have a significantly positive effect on firm performance over the 2002-2004 periods. When the two-tailed test is applied, it has a significantly negative effect on industry adjusted Tobin's Q in the first period as shown in equation (4) and (8). The result shows that the business related educational background effect is inconclusive. Although CEO who has a business related background is more skillful to manage the firm, he may be over confident and over proud with his idea. In addition, he needs other factors rather than just the degree such as working experiences and some relevant knowledge to be successful in practice.

The fifth characteristic is age. From Table 4 and 5, this study finds that CEO's age does not have any effect on firm performance in both 1999-2001 and 2002-2004 periods. The result shows that older age still does not mean more skillful in both period.

The sixth characteristic is ownership. From Table 4 and 5, this study finds that the number percentage of shares owned by the CEO has a significantly positive effect on industry adjusted Tobin's Q over the 1999-2001

periods as shown in equation (8) and it has a significantly positive effect on yearly stock return, industry adjusted return on assets and industry adjusted Tobin's Q over the 2002-2004 periods as existed in equations (6) and (8). This study also finds that the positive effect on industry adjusted Tobin's Q is stronger in the second period. The increased number of outsider CEOs in the second period may enhance this positive effect.

Furthermore, this study finds that CEO's ownership has an invert U-shaped relationship with industry adjusted Tobin's Q over the 1999-2001 periods as shown in equation (8) and it has the same relationship with yearly stock return, industry adjusted return on assets and industry adjusted Tobin's Q over the 2002-2004 periods as shown in equations (6) and (8). The non-linear relationship between insider ownership and firm performance is stronger in the second period due to enhancing effect from CEO's ownership. From Figure 3, industry adjusted Tobin's Q slightly increases when CEO's ownership is stood between 0-17% then dramatically decreases when CEO's ownership is beyond 17%. From Figure 4, yearly stock return slightly increases when CEO's ownership is stood between 0-32% then dramatically decreases when CEO's ownership is higher than 32%. From Figure 4, industry adjusted return on assets slightly increases when CEO's ownership is ranged between 0-17% then dramatically decreases when CEO's ownership exceeds 17%. From Figure 5, industry adjusted Tobin's Q slightly increases when CEO's ownership is stood between 0-23% then dramatically decreases when CEO's ownership is more than 23%.

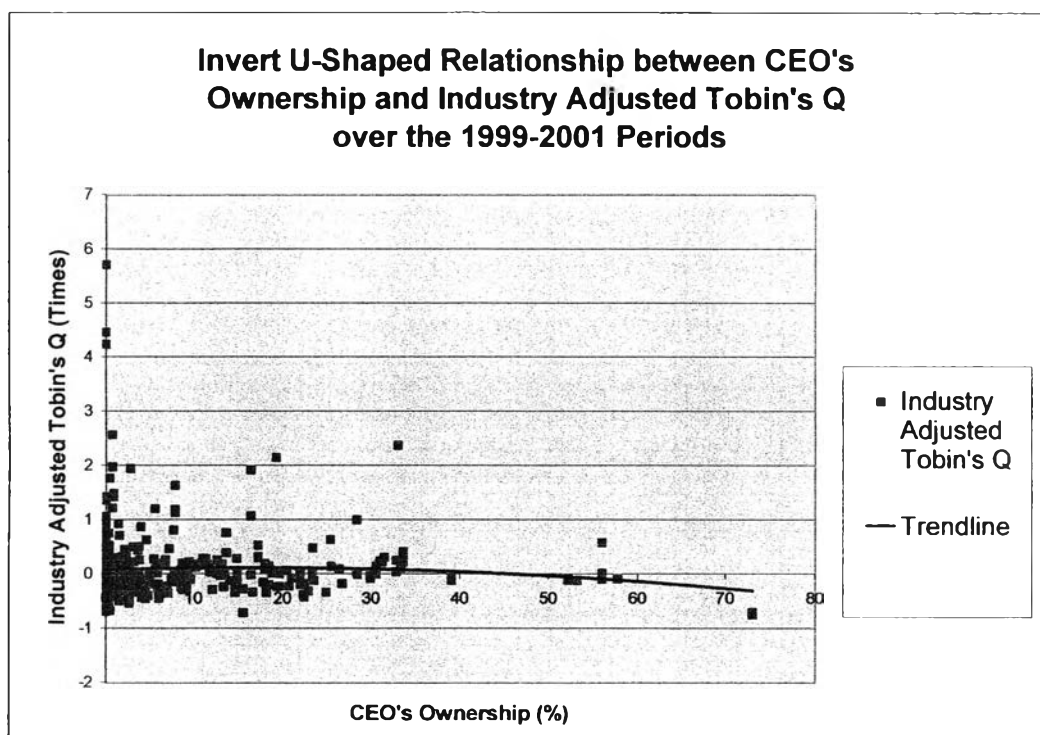


Figure 3: Invert U-Shaped Relationship between CEO's Ownership and Industry Adjusted Tobin's Q over the 1999-2001 Periods

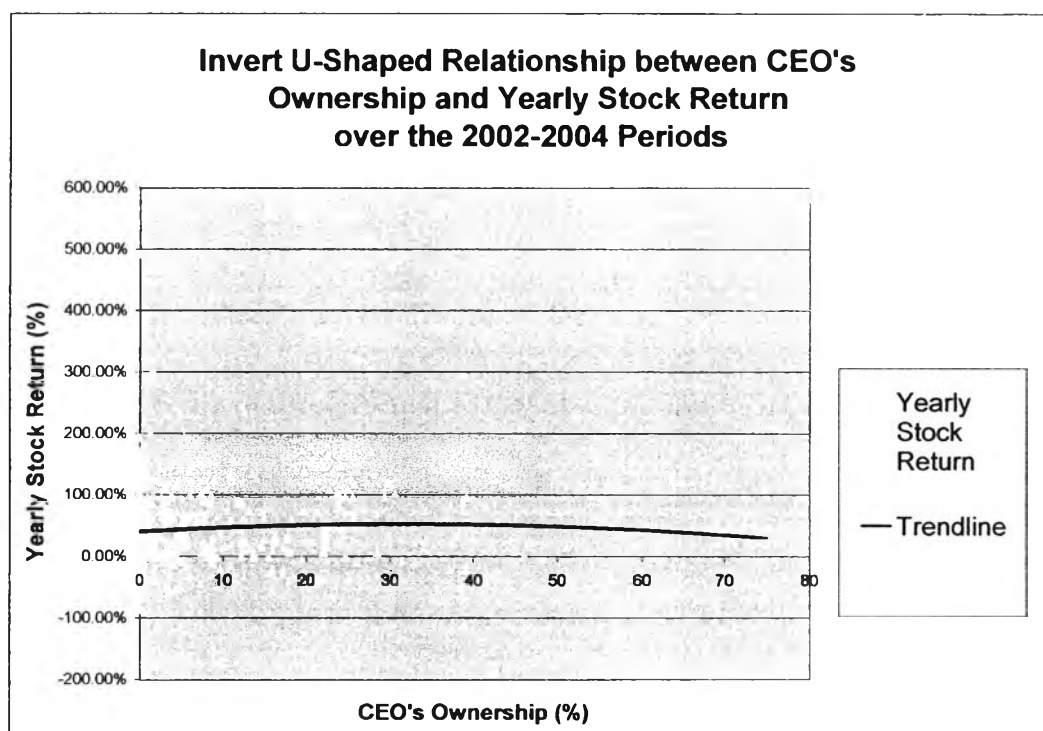


Figure 4: Invert U-Shaped Relationship between CEO's Ownership and Yearly Stock Return over the 2002-2004 Periods

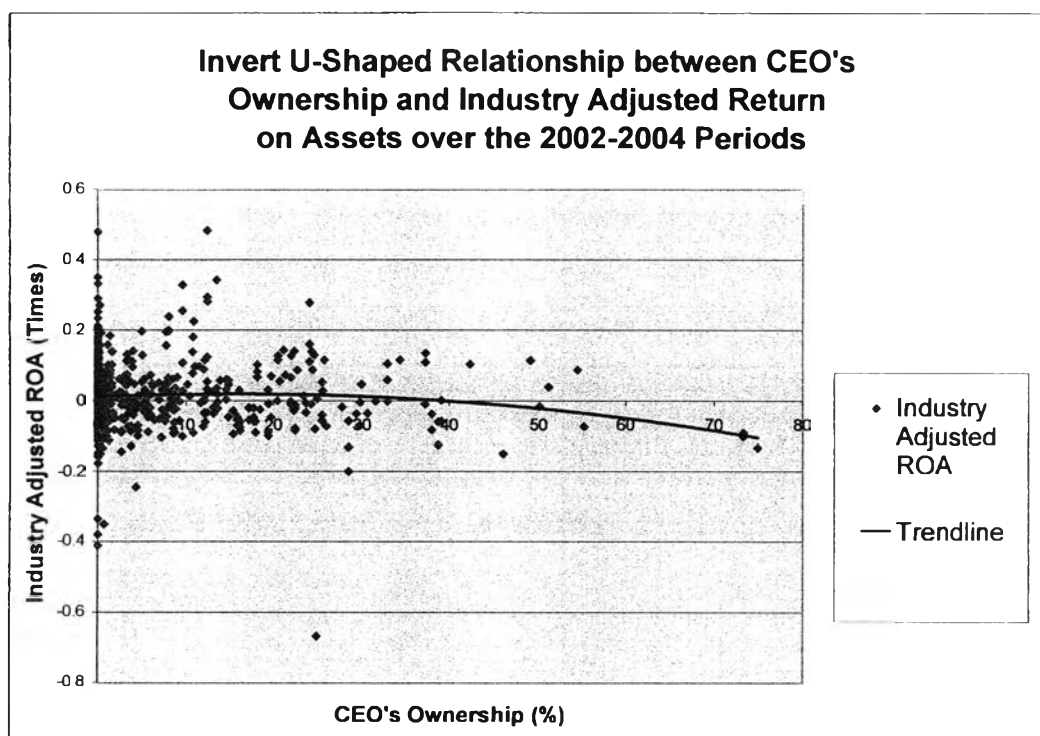


Figure 5: Invert U-Shaped Relationship between CEO's Ownership and Industry Adjusted Return on Assets over the 2002-2004 Periods

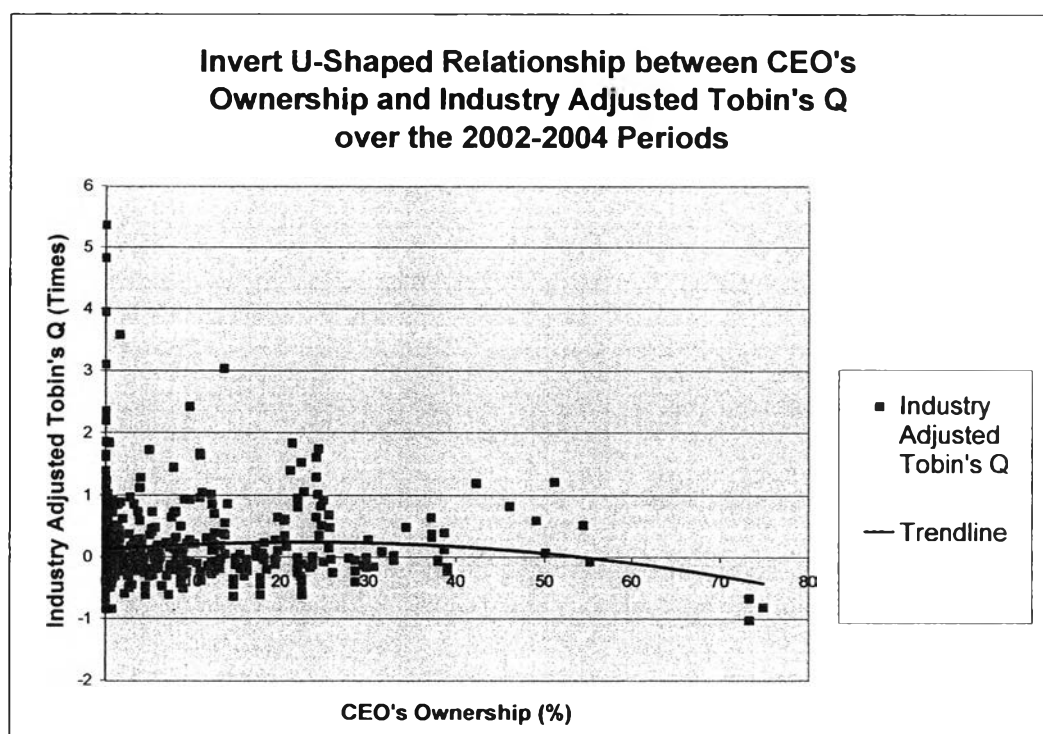


Figure 6: Invert U-Shaped Relationship between CEO's Ownership and Industry Adjusted Tobin's Q over the 2002-2004 Periods

The last characteristic is tenure. From Table 4 and 5, this study finds that CEO's tenure has a significantly positive effect on industry adjusted Tobin's Q over the 1999-2001 periods as shown in equations (7) and (8) but it does not have any effect on firm performance over the 2002-2004 periods. Intense working experiences can help CEO knows more about the business. But when the time passes, some business concepts are obsolete or out-of-date and often are replaced by new thoughts or ideas which may eliminate its positive effect. This study also finds that CEO's tenure does not have a non linear relationship with firm performance in both 1999-2001 and 2002-2004 periods.