The Impact Of Personal And Managerial Traits On Firm Value

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Contents

Acronyms

AMEX	American Stock Exchange
Board	Board of Directors
CAR	Cumulated Abnormal Return
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
COO	Chief Operating Officer
CRSP	Center for Research in Security Prices
DD	Diffidence
e.g.	exampli gratia (for example/instance)
EMH	Efficient Market Hypothesis
GAI	General Ability Index
i.e.	id est (that is)
IPO	Initial Public Offering
M&A	Mergers and Acquisitions
MBA	Master of Business Administration
MIT	Massachusetts Institute of Technology
NASDAQ	National Association of Securities Dealers Automated Quotation
NPV	Net Present Value
NYSE	New York Stock Exchange
NYU	New York University
OC	Overconfidence
OLS	Ordinary Least Squared
R&D	Research and Development
ROA	Return On Assets
SEC	Security and Exchange Commission
SIC	Standard Industrial Classification
VIF	Variance Inflation Factors
WWII	Second World War

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1 Introduction

1.1 Relevance and Motivation

Throughout the last decades researchers, newspapers as well as economic players showed tremendous interest in finding out if managerial and personal traits have an impact on corporate decisions in any way, including the firm performance, firm policies or corporate governance. A large body of literature has developed linking the manager's personality and his attributes to the firm in its various aspects. The following examples give a small glimpse of the global interest in its numerous facets.

First, research deals with traits in many forms. For instance, Bennedsen et al. (2007) ask themselves whether "CEOs matter". They put the question of managerial talent as well as other traits to the center of their research and find that managerial talent is a crucial benefit for firm performance. In the same context, Johnson et al. (1985) determine the manager's value as it is perceived by the shareholders and also try to evaluate his ability.
Furthermore, Bamber et al. (2010) answer the question whether manager traits impact voluntary financial disclosures significantly. They investigate the birth cohort, military experience, career tracks as well as many other traits related to the personal background of a manager. They provide evidence that those executive who gained war experience show more conservative behavior.

No only research but also media shows a strong interest in this line questions. For example, HindustianTimes (2012) identifies seven personal traits a manager should possess to work successfully. For this purpose, they interview employees of a company to point out what they consider to be the most important managerial attributes. Among those are employee protection, problem solving or contact mak-

ing capabilities. Similarly, Garlick (2007) presents the result of a study of Maritz Research Forum on Hospitalitynet.com investigating the impact of a manager's personality on the employee's performance. They stress the importance of a good manager-employee relationship.
In Forbes Magazine, Faktor (2012) identifies nine corporate personality types and associates them with their tendency to take risks and develop their career etc.
In another example from Forbes Magazine, Adams (2012) proposes that overconfident managers may turn out to be good innovators and even better than their competitors. They name Steve Jobs as a great example of a successful innovator and at the same time rather overconfident manager. In 1999, The New York Times takes a look back onto the economic crash of 1929 and traces its causes back to a common confidence within the population and players of the economy (Norris (1999)).
In a last instance from Frankfurter Allgemeine Zeitung, Reinhold (2006) claims that, in a highly contested environment, former army officers seem to perform better than their competitors.

These few but keenly varying examples show, that researchers, press, and other groups of individuals are interested in explaining how characteristics affect corporate decisions and whether this happens to be negatively or positively. We thoroughly review current research later. However, one aspect has been rarely examined in prior studies, namely how shareholders perceive the personality and managerial attributes of their manager or in other words how the market value of the firm (henceforth: firm value) is affected by their managers. The market constantly adapts its perception of an executive (Pan et al. (2013)) and incorporates new information on the executive into the stock price. Hence, the market evaluates each executive according to its perception. The question arises: *How do shareholders perceive and, in turn, evaluate personal and managerial characteristics?* Answers to the above and similar questions as well as suitable explanations, for which attributes have positive or negative impact especially why and when they do, have not been examined thoroughly in prior studies.
These questions commonly attract the public attention and are highly relevant and numerous are still unanswered in this fields of corporate governance and thus, a good reason to start investigating.

1.2 Target, Contribution and Outline

In this thesis, we dedicate ourselves to examine the question how the market evaluates personal as well as managerial traits and to provide proper evidence. We investigate the net effect of personal and managerial traits on firm value. Some of the research questions we will focus on are as follows: *What is the value of single personal and managerial traits? Which personal or managerial traits destroy value and which create firm value? Under which circumstances do they increase or destroy value? E.g. Does managerial overconfidence destroy firm value and if so, in what kind of firms is this effect stronger and is the effect different if the manager is also very powerful?*
In particular, we take a closer look at unexpected and sudden changes in corporate governance and investigate how shareholders react to the announcement of those events. Furthermore, we answer the same questions that arose not only for executives in their own company but also for the firms where they hold outside directorships. Unlike prior studies, we examine these questions by approaching the market's perception and valuation of a manager and his attributes. As mentioned before, this approach has rarely been used by existing literature.
Two major reasons for this are of statistical nature. The likelihood of an executive's termination and his hiring are endogenously related to his personal and managerial attributes (Glaser et al. (2007)). Furthermore, for researchers it is hard to know when shareholders realize suboptimal levels of personal attributes and their expectations as well as implications for the manager's value (Campbell et al. (2011)). Within the scope of our research we also address the endogeneity problem being predominant in prior literature.

To provide evidence on all this and to solve or circumvent the mentioned issues, we investigate exogenous shocks to the company and the shareholder reaction to these shocks. More precisely, we exploit the sudden death of managers and examine the stock price reaction to these events. We run Event Studies to compute the abnormal stock return. By doing so, we directly observe the value of an executive and can, in great detail, determine the value of his personal and managerial traits as they are perceived by the market. We also investigate the correctness of some theoretical underpinning that can be assumed, namely the efficient market hypothesis. The

summarized research questions above can be answered properly by exploiting these sudden death events. We will discuss them and our contribution to current research more thoroughly in the following.

In a first step, we provide a broad analysis on the effect of personal and managerial characteristics and obtain evidence which traits have positive impact on firm value or negative impact respectively. In particular, we answer the questions why the market perceives some traits to be value destroying and some to be value enhancing and at least why it does not react to certain traits at all.
We also will deal with the questions under which circumstances certain traits are particularly distinctive. This extends from firms with certain characteristics to firms with certain governance. For example, we investigate if overconfidence has higher occurrence in young and risky firms and if then in those firms the impact may even be positive. This line of questions will be answered thoroughly for many firm characteristics. But not only do we restrict our sample along firm characteristics but also along managerial traits. E.g. Is overconfidence more distinctive if the manager is very powerful within his own firm and if so, is the effect stronger?
Lastly in this part, as we do not restrict ourselves to the examinations of CEOs only, we also deal with the chairman and president positions within a firm.[1] Consequently, we will try to answer all above questions subsampled by the position held within the company. That is, do characteristics of managers show different effects if the executive is CEO or chairman?
This first part of our study contributes to the existing literature on characteristics and firm value. We exploit sudden manager deaths and the stock price reaction to these events as a natural experiment to find the impact of managerial and personal characteristics on firm value.
Executives' attributes are important determinants for their decisions and public perception of them. The issue, how traits impact corporate decisions has thoroughly been investigated. However, the question on the value of traits is the object of our

[1] A Chief Executive Officer (CEO) is defined as the highest ranking executive in a company. A Chairman is defined as an executive elected by a company's board of directors that is responsible for presiding over board or committee meetings. A President is often considered to be the leader of a company but subordinated to the CEO position and overseeing the various Vice Presidents. For thorough definitions, see Appendix tables 76 77.

examination and has barely been focused on in prior studies. To the best of our knowledge, the sudden death method to examine these issues brought forward by Johnson et al. (1985) has not been employed to study the value of personal and and managerial characteristics. Only Salas (2010), who investigated the effect of managerial entrenchment on firm value, Johnson et al. (1985), Bennedsen et al. (2007) and Hayes and Schaefer (1999), who dealt with the impact of managerial talent on firm value, as well as Falato et al. (2013), who provides evidence for director busyness and firm value, exploit sudden executive deaths to (partially) investigate the effect of any managerial traits on firm value.

We are also one of the first to distinguish between different positions within the firm and to analyze the impact of the different traits as well as to differentiate subsamples of firms with certain attributes. Only Worrell et al. (1986) distinguish between the positions of chairman and CEO and examine the value of the two positions, but do not examine any traits.

Furthermore, by employing the sudden death method we are able to solve the issue of endogeneity, which is inherited by the questions, we answer. We dive into this in more detail in later chapters.

In the second step, not only do we deal with the shareholders' perception of a manager but also how they accept and perceive his successor after the sudden death. We will discuss the questions if firms replace their managers with the same attributes even though the reaction to the manager was value destroying or if they tend to change the profile of their leader. Later, we give indication if the shareholders' reaction to sudden death events is driven by the choice of the successor or by not nominating any replacement at all at the time of the death announcement to fully rule out the possibility of endogeneity.

To the best best of our knowledge we are one of the first to not only link the stock price reaction to the sudden death of an executive, but also to consider the successors in this position. Hence, existing research widely ignores the inherent valuation of any successor. Only Borokhovich et al. (2006) takes successors into

consideration when investigating sudden death events. Furthermore, Salas (2010) uses a control dummy in his analysis to check for the value of the successor, but does not dive deeper into this issue.
Thereby, we broadly extend the research of an important issue and provide an overall picture of the psychology of stock price reactions to sudden and unexpected events.

Lastly, we answer the above questions around the value of personal and managerial traits for companies where the deceased holds outside directorships at the time of his death, that is companies the deceased does not hold any other non-board related position and we provide evidence whether characteristics play any role for board members. We are one of the first to also link personal and managerial traits to outside directors. Literature investigating the impact of (outside) director traits on firm value is very sparse. We are the first to provide a broad overview of most characteristics and their effects. Falato et al. (2013) investigate busyness, but focus on a different aspect as we will see.

The theoretical underpinning we will be following here and try to provide evidence for or against is the efficient market hypothesis (EMH) as it is used by Fama (1970). In particular, we seek to provide evidence in favor or against the semi-strong form of efficiency which assumes that all publicly available information is incorporated into the stock price at the present and no investor can can predict future changes from current information (Shleifer (2000)). Furthermore, we will also deal with another assumption of the EMH requiring that no (relevant) information causes no reaction. Finally, we briefly look into the assumption that the market has to incorporate new information "quickly" and "correctly". Among the sudden death literature, we are one of the first to properly focus on the EMH. The EMH will help us explaining certain results, which we obtain. On the other hand, our results might be understood as evidence either supportive or against the EMH.

Hence, we contribute to current research in many ways and in addition our results provide indication for companies to how to choose their management under certain circumstances and tells them how to assign them with attributes eventually. We also contribute to the great conflict of EMH as well as Behavioral Finance and

try to shed light on the robustness of the EMH.

This thesis is arranged as follows. In chapter 2, we review the studies employing sudden death and review literature of different personal and managerial traits that we seek to analyze within the scope of our examination.
Chapter 3 provides a brief introduction of the methodology which we apply to obtain suitable results. We further describe the sample which we generate and provide some descriptive statistics.
Chapter 4 recalls the important efficient market hypothesis in its many facets, its supportive findings throughout research history as well as critique on it. We also link the EMH to our research and provide explanation why applying the EMH in this context makes the most sense.
In the fifth chapter, we develop the first hypotheses for our investigations and introduce the proxies and measures for our analyses. We obtain most of the variables from existing literature. Few of them are slightly modified to fit our sample more accurately and some are constructed by us for the first time. Furthermore, we discuss the exact regression analysis as well as the control variables for the multivariate model.
Chapter 6 through 8 present the findings of our research. Starting with the sixth chapter, we show the effects of personal and managerial traits on shareholder value in the whole sample first, then in some subsample considerations. Lastly, we thoroughly prove our results for robustness. Chapter 7 answers the same questions asked before in the preceding chapter, this time for successors of suddenly departed executives. In Chapter 8, we answer these question for those companies where the deceased executive holds an outside directorship.
Finally in chapter 9, we conclude our findings and provide implications for corporate governance.

2 Literature

2.1 Literature Review on Sudden Death Studies

The strand of literature employing sudden death events is straightforward. Johnson et al. (1985) being the first to apply the method of sudden death as a natural experiment investigate the executives' continued employment exploiting the stock price reaction to the sudden deaths of 53 senior corporate executives. They find that the reactions strongly depend on the deceased's status as founder, his past performance as well as his talent. They find positive stock price reactions for founders and negative ones for professional CEOs. Deducing from the shareholders' reaction to the sudden death of their manager they further find differences between the shareholders' expectation of the deceased's net benefits and those of his successor.

Slovin and Sushka (1993) analyze the effect of inside block ownership on firm value by exploiting sudden death of an insider. Their investigations indicate negative effects of inside block holders on firm value. With regard to ownership, Nguyen and Nielsen (2013) find strong positive impact for small inside ownership. This beneficial effect decreases as managerial ownership increases and leads to negative impact for large managerial ownership. They further show that large outside ownerships impact the firm value positively.

Worrell et al. (1986) split the price reaction to the death into different key executives such as Chairman and CEO as they find no strong impact of the deceaseds together. However, once they distinguish they find this evidence. In particular, they obtain significantly negative shareholder reactions for the sudden death of CEOs. Moreover, they provide negative abnormal returns with suddenness of the death.

Roberts (1990), Fisman (2001) as well as Faccio and Parsley (2009) focus on politicians' connections and politically connected CEOs by exploiting sudden death events or bad health rumors. Thereby, Roberts (1990)'s findings imply that the seniority-benefit relationship exists. This relationship refers to benefits companies achieve, profiting from the length of service (seniority) of a congress member. The author analyzes the stock market reactions of diverse interests to the sudden death of Senator Henry Jackson and his successor Sam Nunn. Fisman (2001) uses health rumors around Indonesia's former president Suharto to show how those rumors impact firms in Indonesia that are politically connected with the government. His findings show that politically connected firms provide significantly lower return than independent or less-dependent firms. Finally, Faccio and Parsley (2009) also analyze sudden death of politicians and find significant value loss of 1,7% of firms that were headquartered in the hometown of the politician and were therefore politically connected.
Hutton et al. (2013) instead focus on political party preferences and how these affects firm policies. In fact, their investigations indicate Republican managers to be more conservative, meaning lower R&D expenses, lower debt level, less risky investments and higher profitability. They use exogenous shocks such as the attacks of september 11 as well as CEO deaths and find that if CEOs are replaced by more conservative CEOs, the firm will be affected accordingly.

Salas (2010) focuses on how managerial entrenchment impacts the firm value by proposing that losing an entrenched manager should cause a positive stock price reaction to his sudden death whereas high quality managers should be negatively correlated to the stock price reaction. Within his work he revisits existing entrenchment measures and checks for their effectiveness to actually measure entrenchment. He provides evidence that age and tenure only have slight effects on firm value while an interaction term of tenure and past performance tends to capture the effect of entrenchment far more precisely.

Borokhovich et al. (2006) investigate the board structure and the successors to senior executives in consequence to their sudden death. They show that shareholders' reaction is positively related to the outsider ratio of the boards of directors. Moreover, they control for many board related aspects such as board size or blockholding. But

it indicates that the strongest impact is accounted by board independence. It turns out to be even more important when a successor cannot be named directly. Their results are in line with existing literature showing that independent boards are averse to discipline and to efficiently monitor bad managers, but at the same time they are willing to improve the management's quality.

Bennedsen et al. (2007) use sudden death of managers and a managers' nuclear family members to examine how managers can affect the firm performance and whether managerial talent plays any role. Those deaths are positively correlated with a decline of investment and sales growth. However, the effect is strongly related to the industry and firm characteristics. Moreover, they conclude that CEOs are essential to firm performance.

Hayes and Schaefer (1999) again examine the direct impact of sudden manager deaths on firm value focusing on managerial ability. They compare managers that resign voluntarily from their job in a firm with managers that die suddenly and propose that the ability of the managers resigning voluntarily is on average higher. They find significant different shareholder reactions to those events. Loss of managers by sudden deaths gains +3.82% abnormal return whereas the resignation of a manager causes −1.51%.

Nguyen and Nielsen (2010a) find that executives are paid according to their contribution to firm value, i.e. CEOs that impact firm value positively on average receive higher pay than CEOs with only smaller positive or even negative impact on firm value. But at the same time, 80% of the additional gain made by a CEO is tied up with his salary. The authors investigate this link between executive pay and his contribution to firm value by exploiting sudden death events. Furthermore, their findings provide evidence on the efficiency of labor markets since more valuable managers are paid better than managers with only low or negative effect on firm value.

Following the sudden death of an inside or gray director, no significant stock price reaction can be observed by Nguyen and Nielsen (2010b). In contrast, outside directors cause a 1% decrease in stock price. Although outside directors are valuable

for firms, older outside directors or long tenure absorb this positive effect. Generally spoken, inside directors provide a positive effect on firm value.
Falato et al. (2013) deal with a similar issue. They investigate busyness of board of directors and their impact on firm value. The authors consider sudden director deaths as 'attention shocks' for the firm and provide indication that those events are seen negatively. They furthermore show that board busyness destroys more shareholder value if they suffer such an attention shock.

2.2 Personal and Managerial Traits Literature Review

When investigating a broad range of personal and managerial traits, it makes sense to structure those traits with regard to their nature. We distinguish between two groups of traits a person may possess in a company. First, there are Personal Characteristics or Traits, that is those every individual can have. Basically, those comprehend characteristics of a personality. It includes traits such as overconfidence, narcissism, generosity etc. On the other hand, there are Managerial Characteristics or Traits. These comprehend all those attributes a manager can show within his company but that are not part of his personality. It includes e.g. power, reputation, entrenchment etc. These traits are directly linked to the company in which the individual is at the helm. Table 1 gives an overview of all variables, of which we develop proxies and of which we try to find evidence for their impact on firm value.

Most of these characteristics are used throughout literature and different findings are made. We provide a thorough introduction to current research and summarize the important literature on every trait. We start dealing with studies on personal characteristics and thereafter continue with literature on managerial traits.

2.2.1 Related Literature and Implications for Personal Traits

Overconfidence

Individuals systematically deviate from rationality assumptions. Overconfidence - the overestimation of one's abilities or information - represents a commonly made error. For example, when asked to rank their own driving ability, about 80% of individuals

	Personal Traits	Managerial Traits
1	Overconfidence	Power
2	Narcissism/Egotism	Reputation
3	Generosity	Entrenchment
4	Resilience/Capability of Bearing Sacrifices	Busyness
5	Openmindedness/Tolerance	Generalist/Specialist
6	Discipline	Quality/Experience
7	Sympathy	

Table 1: List of characteristics.

consider themselves to have better driving skills than the median driver (Svenson (1981)). Similarly, MBA students have unrealistically positive expectations about how many job offers they receive upon graduation and about how much they will earn (Hoch (1985)). Ignorant of high prevalent divorce rates, almost all 'Newlyweds' assume a lifetime endurance of their marriage (Baker and Emery (1993)).
Overconfidence is a phenomenon that is not restricted to the personal life but is also likely to play a role in corporate decision making. Deviations from rationality of managers are likely to persist because potential remedies of behavioral biases are unlikely to fully wipe out managerial irrationality (Heaton (2002)).

Overconfident CEOs undertake too many and poor acquisitions, invest too much and choose too high debt levels. It is puzzling why one observes that there are overconfident CEOs despite their value-destroying activities. There are at least two not mutually exclusive explanations for this: 1. Corporate governance mechanisms fail in firing overconfident CEOs or in educating them. 2. There are positive aspects of overconfidence that outweigh negative aspects. An argument following this line of reasoning is provided by Goel and Thakor (2008). Overconfident CEOs act less risk averse because they perceive risk to be smaller than it actually is. Individuals that take more risk produce better outcomes on average and are therefore more likely to make a career. The authors further propose that CEO overconfidence impacts firm value non-monotonically unlike low risk aversion. Instead, they show that overconfidence destroys firm value at excessive levels of CEO diffidence and overconfidence

but eventually enhances firm value at moderate levels of overconfidence.[2]

Campbell et al. (2011) theoretically analyze a situation where a risk-averse CEO chooses investment levels. According to their model, optimism has positive and negative welfare implications. On the one hand, optimism alleviates the underinvestment problem caused by risk-aversion. On the other hand, optimism leads to overinvestment because the CEO overestimates the investment yield. Their model predicts that forced CEO turnover is likely to be higher for low or extremely high optimism, while a moderate form of CEO optimism maximizes shareholder value. They find that CEO optimism affects forced takeovers in a way predicted by the model.

Malmendier et al. (2011) examine financial policies of overconfident managers and establish empirical evidence for a significant impact of managerial traits. They find that overconfident managers prefer to use internal funds and, conditional on the use of external financing, issue less equity than their peers. Malmendier and Tate (2005) find that overconfident managers invest more and that they exhibit higher free cash flow-investment sensitivity, i.e., they invest more if there are more internal funds available.

The study by Billet and Qian (2008) is concerned with the emergence of overconfidence. To this end, they analyze series of mergers and acquisitions of individual CEOs. More precisely, they find support for three empirical predictions of the assumption that managers become overconfident by experience. (1) First deals have nonnegative wealth effects but subsequent deals have negative wealth effects due to emerging overconfidence. (2) Successful acquisition experience generates overconfidence leading to more acquisitions. These additional acquisitions will have poorer quality. (3) Increased overconfidence by experienced acquirers is reflected in optimistic trading in own stock. Kolasinski and Li (2013) also provide empirical evidence that overconfident CEOs undertake value destroying acquisitions. Moreover, they find that the positive (negative) effect of overconfident CEOs on acquisition frequency (quality) is alleviated if boards are small and dominated by independent

[2] A thorough theoretical analysis on overconfidence and implications for firm value can be found in this study by Goel and Thakor (2008).

directors.[3]

Narcissism/Egotism

The original meaning of narcissism stems from the mythological individual Narcissus, who fell in love with his own reflection (Chatterjee and Hambrick (2007)). Like overconfidence, narcissism is an issue that is dealt with in corporate finance, management and other business related literature.
However, psychological literature highlights four aspects of narcissism: Exploitativeness, leadership or authority, arrogance, self-admiration (Chatterjee and Hambrick (2007)). Jackson (2012) discusses in Forbes Magazine the value destroying aspects of Narcissism and refers to Chatterjee and Hambrick (2007). They measure CEO narcissism in various ways accounting for those attributes above. They construct proxies by investigating the size of CEO photographs in annual reports or analyzing interviews by counting the number of first person singular personal pronouns. It appears to have no significant impact on firm performance, but it influences firm's strategy in a way that narcissistic CEOs tend to favor extreme outcomes (large profits or losses) as those results provide attention. Consequently, narcissism seems to cause dynamism for corporate strategies.

Aktas et al. (2011) investigate the effects of managerial traits on details of a takeover, in particular these are deal initiation, time and likelihood of completion. They focus on the effects of CEO narcissism which is implemented through the frequency of use of personal pronouns in CEO speeches. They find that more narcissistic CEOs are more likely to be the initiator of the deal, complete the deal more likely, and do so in a shorter time period as compared to their less narcissistic counterpart. In addition, they find evidence that narcissistic acquisition behavior may be detrimental to shareholder welfare: Bids are significantly higher and the market response to the acquisition announcement is worse.

Ham et al. (2013) deduce the narcissistic character from the size of a CEO's signature and indicate that it is positively related to overinvestment. This, in turn, leads

[3]There is plenty more literature on overconfidence, which we do not present, e.g. Malmendier and Tate (2008), Roll (1986), Glaser et al. (2007), Hackbarth (2008), Hackbarth (2009) etc.

to lower revenues and sales growth in the near future. Other than Chatterjee and Hambrick (2007), they also find worse performance for companies with narcissistic CEOs.

Generosity

Glickman (2011) lists on the blog of the Harvard Business Review a bunch of reasons, why generosity may be a booster for the career and identifies how one can behave generously. She presents an ethical work behavior, improved communications skills and a general willingness to work in a team as crucial consequences of generosity. Even though generosity appears to be an important attribute to investigate, literature on it is rather sparse.
A study by Dahl et al. (2012) deals with generous CEOs and shows that children have strong impact on parent's personality. Fatherhood impacts the CEO's behavior within his company and even effects employees' salary. Therefore, fatherhood in general leads the CEO to be less generous and to pay his employees less than CEOs who do not become a father. In particular, the effects are stronger if the CEO becomes father of a son. Salaries are impacted positively if the CEO gets a daughter as first child and female employees are less affected in general. However, those CEOs, in turn, tend to pay themselves more after fatherhood.

Resilience/Capability of bearing lingering sacrifices

Resilience is an issue that a lot of studies deal with, but often under different names. We comprehend some literature, where studies capture the resilience attribute. Resilient individuals are emotionally more stable and more positive (Block and Kremen (1996)). In turn, they are more able to recover from strong negative experience and emotion or to bear lingering sacrifices (Masten (2001)).
Peterson et al. (2009) link traits such as hope, optimism and also resilience of managers to their propensity for transformations. Therefore, those executives with these attributes tend to be more successful in transformational leadership rankings. The authors also point out resilience as the mediator between positive managerial characteristics and performance.

Malmendier and Nagel (2011) analyze the question whether macroeconomic shocks an individual encounters has an impact on the long-term risk attitude of this individual. They find great differences in risk taking of people who experienced the great depression in the 1930s as teenagers and later born children.
Bamber et al. (2010) focus on the questions which deal with the role of managers and their impact on the firm's voluntary disclosure choice. They find evidence that this choice is strongly related to the individuals background. They indicate that managers born before WWII that is those individuals who experienced lingering sacrifices show more conservative behavior, whereas individuals with a finance background display more precise disclosure styles.

Openmindedness

Even though openmindedness is an issue that is highly relevant for an individual's personality, it has not been of greater interest for prior studies and is only rarely used as object of investigations in corporate governance literature.
Bloningen and Wooster (2003)'s study indicates that international CEOs, that is those with a foreign background, invest more in foreign assets. They find strong evidence, when a firm switches from a non-foreign backgrounded CEO to one with this attribute. They are the first to find evidence in CEO turnovers.

Nadkarni and Herrmann (2010) investigate how CEO adaptability to environmental and economic changes affects firm performance. They propose that adaptability or flexibility of the CEO is the direct link of his personality to firm performance. Their analysis suggests that the meaning of each CEO characteristic is more important with stronger focus on adaptability. It further implies that with growing importance of CEO adaptability, his traits turn out to be either drivers of firm performance or absorbers.

Discipline/Authority

The latest corporate governance and behavioral finance research focuses on discipline aspects by analyzing the military background of companies' managers and its effects on various aspects of the firm.

Benmelech and Frydman (2013) are concerned with CEOs who served in military and, therefore, learned honor, duty, selflessness, and in particular discipline and authority throughout their time in military, are less prone to be involved in fraudulent activity and at the same time perform better than their peers during economical downswings. Military CEOs also tend to invest less.[4]
Moreover, Lin et al. (2011) find that firms with military CEOs pay higher premium at acquisitions than their peers, but at the same time gain higher abnormal return when announcing the acquisitions. This suggests an impact of CEOs with such background on the corporate decisions making.

Law and Mills (2013) see military experience as a measure for integrity and discipline and propose that managers without it tend to seek for tax avoidance. They are also more likely to make use of tax shelters for material business operations. In particular, firms without military CEOs pay one to two million dollars less tax per year. The authors further discover higher likelihood for non-military CEOs to be sued or to correct financial statements.

Sympathy

Woods (2011) claims on HRmagazine.co.uk, that a highly sympathetic management is a good motivator for employees to "go the extra mile". A board's major tasks are to monitor and advise the management. Adams and Almeida (2007) indicate, that if the CEO reveals his information to the board he will get better advise.
This shows, that the relationship between board and management is crucial for the company's performance. A good relation means better advise. But on the other hand the monitoring may suffer. Hence, a good relation strongly relies on the sympathy of the board and the executives. The CEO-board relationship has been investigated by Shen (2003). He provides evidence that board of directors should better pay better attention to leadership development for CEOs in early stages of his position and later shift power towards him, once he proved himself valuable and capable.
Even though sympathetic managers can be essential for communication between staff and management and in turn determining for the company, literature on sympathy

[4] In general, this also contributes to resilience, as an early-life experience, might impact decisions of that person throughout their entire life as suggested by Bamber et al. (2010).

directly is sparse.[5]

2.2.2 Related Literature and Implications for Managerial Traits

Power

Power is an issue that serves as object of research in a big strand of literature, simply because CEOs impact firm strategy and the outcome stronger with their corporate decisions when they are powerful. As a consequence, powerful CEOs lead firms to stronger oscillation in firm performance as well as stronger volatility of stock prices and consequently, managerial power inflates the importance of all other CEO traits as their exposure impact the firm strongly (Adams et al. (2005)).

Nanda et al. (2013) propose that powerful CEOs are prone to receive less independent monitoring and advice by boards on the one hand, but on the other hand are able to make decisions more quickly and to react to changing environmental conditions. Less advice might lead CEOs to gather less information for corporate decisions which, in turn, lets suffer their decision quality. The authors show that powerful CEOs perform worse than their peers during an industry related downswing.

Furthermore, it appears that power impacts firm value negatively as indicated by Bebchuk et al. (2008). The authors find that power decreases the profitability and stock return when announcing an acquisition. They also find evidence that powerful CEOs are more likely to be rewarded for industry wide positive shocks than their peers.

Reputation

Like with power, many studies focus on managerial and firm reputation and their effects. The contracting hypothesis - associating reputation with positive wealth effects - and the rent extraction hypothesis - predicting negative wealth effects - are contrary. However, Jian and Lee (2011) show that the latter is dominated. The authors further provide evidence that negative stock price reactions to capital

[5]We are not aware of any study dealing with this issue directly, but only focusing on the relation between board and executive such as Shen (2003).

investment announcements are subsequent to lower in high cash flow firms with high reputable CEOs . Furthermore, they provide evidence that highly reputable CEOs tend to show better performance on post-investment operations.

Francis et al. (2010) also focus on the contrary approaches of rent extraction hypothesis and contracting hypothesis. They, in contrast, find a domination of the rent extraction hypothesis, in particular their evidence suggests poorer earning quality in firms with highly reputable CEOs than in firms with low reputable CEOs. They explain this by assuming that firms with poor performance are in need of highly talented managers and therefore, choose a highly reputed one.

However, reputation is not only an important issue for executives, but also within board of directors. Cai et al. (2009) deal in their paper with the process of director elections and find that shareholders vote depending on the current firm performance, governance and their perceived director performance. They find that shareholders do not penalize poor performance of directors, but only their meeting attendance. In contrast, direct votes do not show any relation to firm performance or even director reputation.

Few CEOs in the U.S. attract the major attention of media and public. Malmendier and Tate (2009) find that those "Superstar CEOs" suffer a significant decrease of performance after winning an award for their leadership compared to their prior performance. They suggest not only low performance but also an increase of compensation thereafter as well as stronger focus on private activity. The authors conclude that Superstar CEOs expose negative performance.

Busyness

It is obvious to assume that busy boards are weaker monitors than their nonbusy peers and therefore can be linked to poor board performance. Fich and Shivdasani (2006) provide evidence that firms with busy boards show lower Market-to-Book ratios on average and are less profitable. Furthermore, busy boards consisting by majority of independent directors do not make any difference to inside boards.

However, when directors add another directorship and become busy, it results in a negative abnormal stock price reaction and a company having a busy directors leave experience positive abnormal returns.
In line with this, Falato et al. (2013) show firm value destroying aspects of busy directors by investigating the sudden death of an outside director or the CEO of the firm and the implications for the board of directors under the condition that the board is busy.

Ahn et al. (2010) use acquisition announcements to indicate that companies with busy boards are more prone to suffer negative abnormal announcement returns. This result only holds onwards a certain threshold of the number of outside directorships. They conclude that only too busy directors are no effective monitors anymore and therefore accept value destroying acquisitions.

A CEO's network plays an important role when it comes to information gathering or just enhancing the influence on the company. Renneboog and Zhao (2011) suggest that network building happens for either one of the reasons. The authors find evidence that networks are positively related to compensation. They indicate that highly connected boards - busy boards - tend to grant higher and non-performance based compensation to their CEO since their monitoring quality is restricted. Furthermore, the structure and quality of a network is also of high importance. Networks can favor either one of the aspects of the beginning, whereas the influence enhancing aspect can be harmful.

Generalists and Specialists

O'Connell (2013) claims on the Harvard Business Review Network Blog that even though there is a chance for individuals specialized in a certain field to become CEO, he proposes significantly lower compensation compared to CEOs that are educated to be managers. In this article, he refers to a study of Custodio et al. (2012). This study finds that CEOs who used to work in a wide range of firms and industries earn 19% more than their peers without this experience. It further suggests that those pay raises are particularly high when a company switches from a specialist to

a generalist CEO.

Custodio et al. (2013) also deal with a CEO's experience and claim higher R&D expenses for more experienced CEOs. They further propose a higher number of patent applications for firms with generalist CEOs compared to specialist CEOs. Firms with generalist CEOs also obtain more diverse innovation portfolios. The authors explain that more generalist CEOs are able to use their abilities across many fields and are therefore able to compensate underperformance of innovative investments.

Quality and Experience

High quality managements communicate the firm's actual value more compellingly to shareholders and outsiders so that large deviations in valuation of the firm stays away (Chemmanur and Paeglis (2005)). This also leads to lower undervaluation and bigger interest from investors. It also causes higher stock returns in the long term. The authors also indicate that high quality firms choose NPV projects more wisely and perform them more accurately.
Additionally, Pan et al. (2013) show that shareholders learn about their CEO's talent over time and adapt their perception accordingly, i.e. in the beginning of a CEO's tenure, the shareholders' uncertainty about his ability drives the firm's volatility. Over the time the shareholders adjust their estimations. Therefore, his ability impacts the firm's volatility less. The study also suggests that shareholder reactions to announcements made by the CEO decrease over time.

Experienced CEOs that formerly faced financial distress with their old firm tend to hold more cash and act conservatively and, in turn, impact the financial policies of the new firm (Dittmar and Duchin (2013)). As already mentioned, Bennedsen et al. (2007) dealt with managerial talent and how it impacts the firm performance. They find out that CEOs in general and in particular their talent is an important driver for firm performance.
Jaffe et al. (2013) focus on CEO skills in the context of M&A activity. They suggest that managerial skills play a crucial role when successfully acquiring another company.

The authors find that companies that stick to their CEO after a successful acquisition earn on average 1.02% more than companies that stick with their CEO after a failed acquisition. That implies that a firm's M&A activity's success strongly depends on the CEO's skills.

3 Methodology, Sample Data and Event Study Results

According to Campbell et al. (2011), shareholders become aware of the CEO's level of overconfidence action by action and decision by decision made by their CEO. They adapt their perception over time. The authors propose that to evaluate the CEO's overconfidence level, firm value should be an average of the current CEO's value and his successor. Therefore, as the authors have this problem of identifying the market's perception of the CEO, they deal with turnover rates and from that point interpret their results for firm value since turnovers are binary-type events and easier to handle statistically.

Moreover, Glaser et al. (2007) analyze the effect of CEO overconfidence on Tobin's Q. However, there are potential endogeneity issues. Analyzing the correlation between proxies for firm value such as Tobin's Q or the cumulated abnormal return (CAR) does not seem appropriate in investigating our question as the choice to hire an overconfident CEO is likely to be endogenous.
Reactions to CEO changes are likely to be impacted by the likelihood of finding an appropriate replacement of the CEO. The change could be more negative because it is difficult to find a CEO with the same attributes or someone with better attributes. Also, the CEO's likelihood of being terminated is endogenously related to his level of overconfidence. To put this more precisely, since high levels of overconfidence have strong negative impact on firm performance, it enhances the probability for this CEO to be identified as value killer and to be terminated.

We provide this example as it illustrates the general problem that we have to deal with and because it is directly mentioned in a prior study. The arising issue of

directly measuring the effect of overconfidence on firm value described by Campbell et al. (2011), can analogously be adapted to any other personal or managerial trait and is not only restricted to the issue of overconfidence following the above argumentation. As personal and managerial attributes can have an effect on firm value, those characteristics are mostly endogenously related to the likelihood of an executive's termination. Moreover, the authors state that researchers have to face the problem to not know the time of shareholders' realization of certain CEO traits. That is, it is difficult to determine the date at which the shareholders price in their perception of the CEO's personality in detail.
Even though, endogeneity is not necessarily a problem for managerial traits, the method, we apply, is perfectly suitable to value these trait effects and to circumvent both issues mentioned above.

Therefore, to resolve them, the empirical design of our investigations looks as follows. We investigate sudden executive deaths as natural experiment and observe the stock price reaction to the announcement of the manager's sudden death. Consequently, the advantages are that we can isolate confounding events and the market cannot anticipate those events. Hence, we address the inherent endogeneity problem in the relationship between managerial and personal characteristics and firm value.

From the stock price reaction to unexpected executive deaths we infer how managers' characteristics and personal traits impact these reactions. Based on that, the exact net effect of these traits as well as the condition under which CEOs destroy or increase firm value can be observed. Sudden death events are exogenous and unexpected shocks that allow us to identify the impact of managerial and personal characteristics on firm value directly with this approach. Prior research undertakes intensive analysis to circumvent endogeneity but does not resolve the problems entirely. Also, existing studies often find evidence on how traits impact firm's policy or cash flow investment sensitivity or other corporate decisions, but we deal with the firm value by analyzing the shareholders' perception of their executive. That means, even though traits have an impact on corporate decisions, it does not necessarily mean that shareholders realize and evaluate them. In other words, we choose a firm value proxy that strictly depends on the shareholders, that is the cumulated abnormal stock price return in

consequence of a sudden death.
We run an event study to empirically indicate the valuation effect of personal and managerial traits. Furthermore, we investigate how those effects differ by introducing different managerial traits and by also including control variables. We run cross-sectional regressions to identify those attributes. We closely follow the approach of Nguyen and Nielsen (2013).

We measure the change in firm value (ΔV_i) by cumulated abnormal return (CAR) around sudden death which therefore serves as our proxy (Nguyen and Nielsen (2010a)). Already Nguyen and Nielsen (2010a) (also Johnson et al. (1985), Hayes and Schaefer (1999), Salas (2010), etc.) investigate the stock price reaction to sudden deaths and derive abnormal stock returns.

We follow the intuition of Nguyen and Nielsen (2010b). If a manager suffers a sudden death, v_d would be the expected contribution of the deceased to firm value. Let k be the search costs for his replacement. The change in firm value after his sudden death is

$$\Delta V_i = v_r - v_d - k$$

where v_r denotes the expected incremental value of the replacement. Hence, if search costs converge towards zero, the stock price reaction as result to the manager's sudden death is a valuation of the deceased and his contribution to the firm v_d ($v_d = -\Delta V_i$).[6] If the firm has a succession plan, search costs are rather low and the contributed value of the successor to announcement converges towards zero as well, whereas if the firm does not have one and also does not put an interim manager into power, search costs can be high. Thus, search costs and successor can drive the shareholders' reaction to the sudden death when they have an inherent expectation on any successor or not. There are three possible actions a company can take after the sudden death of their executive. Replacements can either be announced along with the sudden death when succession plans exist, an interim replacement can be

[6] One can see here that a positive stock price reaction in consequence to sudden death means for the company to have lost a value destroying manager whereas a negative reaction means to lose a highly valuable executive.

announced, no replacement is announced but shareholders expect a replacement to be chosen from a known pool of possible candidates or, lastly, no anticipation can be made and the succession is entirely unclear to the market participants.

Due to the above relationship we investigate the CAR as proxy for our firm value and search costs are accounted for by the market. In chapter 6, we disregard the search costs entirely as done so by sudden death literature and only reflect the shareholder reaction to the deceased. In chapter 7, we will then show that this can be done, as for shareholders the announcement of a suitable replacement does not seem to play a big role and the successor's value contribution can be disregarded.

To compute abnormal returns we follow the event study methodology. The data is provided by the Center of Research and Security Prices (CRSP) and the event study is run by Eventus.[7] We follow the detailed approach of Salas (2010) and present the event study methodology below. For an executive i dying on day t, there exists a systematic risk by running the regular OLS over the time of 250 trading days, the period $T = [-270, -20]$. This is the period that starts 270 days before the event date and ends 20 days before it.

$$R_{i,t} = \alpha + \beta R_{m,t} + \epsilon$$

where $R_{i,t}$ is the firm i return on day t. $R_{m,t}$ is the market return on day t. Note, that the CRSP Value Weighted Market Index serves as our proxy for the market. Finally, α is the constant in the OLS and ϵ the error term. In a first step we estimate the systematic risk β. Secondly, we obtain the abnormal return by subtracting the firm return from the actual return given as follows:

$$AR_{i,t} = R_{i,t} - \hat{\beta} R_{m,t}$$

$AR_{i,t}$ being the abnormal return of firm i at time t (day) and $\hat{\beta}$ being the estimated systematic risk. Now we accumulate the calculated abnormal returns and compute

[7] The data from CRSP and the use of Eventus was obtained by the author from American University of Beirut within the scope of a research stay in 2013

the average

$$\overline{CAR}(\tau_1, \tau_2) = \frac{1}{N} \sum_{i=1}^{N} CAR_i(\tau_1, \tau_2)$$

where $CAR_i(\tau_1, \tau_2)$ is cumulated buy and hold abnormal return for the interval (τ_1, τ_2). Now, to investigate whether the CAR is significantly different from zero we use the statistics J.

$$J = \frac{\overline{CAR}(\tau_1, \tau_2)}{\overline{\sigma}^2(\tau_1, \tau_2)} \sim_a N_{0,1}$$

where $\overline{\sigma}^2(\tau_1, \tau_2)$ is estimated by

$$\overline{\sigma}^2(\tau_1, \tau_2) = \frac{1}{N^2} \sum_{i=1}^{N} \left[CAR_i(\tau_1, \tau_2) - \overline{CAR}(\tau_1, \tau_2) \right]^2$$

As we mentioned CARs can be either positive or negative depending on the contribution of the manager and in particular on his characteristics (see Salas (2010)).

For our sample, we consider the time from January 1^{st}, 1972 to June 30^{th}, 2012. We start with a sample provided by Salas (2010) comprehending 195 sudden death events between 1972 and 2008. He obtained 52 sudden executive death events from Etebari et al. (1987) for the time from 1972 until 1982. Thereafter he completed his list of sudden death for the period 1983 to 2008. He employs a strategy for the time 1988 until 2008 similarly to Nguyen and Nielsen (2010b) which we also use to further extend the sample to the entire period and add seven missing events between 1997 and 2004 and another 14 for the time 2009 until 2012. Therefore, we search LexisNexis[8] using keyword search terms for executives (CEO, president, chairman, managing director, etc.) and for death (passed away, died, deceased, etc.).
Unlike Johnson et al. (1985), our search terms do not only include keywords such as 'sudden', 'untimely' or 'unexpected' to capture the suddenness of the death because sudden death announcements do not necessarily include those words, but may also

[8]The data from LexisNexis was obtained by the author within the scope of a scholarship with e-fellows.net.

come along with the cause of the death. Thus, additionally we run our search for the cause. Consequently, we search for 'heart attack', 'stroke', 'plane crash', 'car accident' and similar results.
As we have to make sure that the deaths happened suddenly, we always try to give the medical definition if available. Natural sudden death causes comprehend strokes and heart attacks as well as death with unknown cause but explicitly described as sudden death. At the same time, we exclude natural death cases when any history of prior medical treatment or declining health of the deceased was known. Unnatural deaths include accidents such as plane or car crashs and traumatic deaths. However, we exclude suicides and murders from the sample as they may be related to the deceased's situation within the firm or the firm itself.
We further excluded those death events that could be classified as 'sudden' but the firm experienced any other essential firm-related events one day prior to the event date until one day after (Nguyen and Nielsen (2010b)). This way we make sure, that shareholder reaction to death is not driven by any confounding event.

We consider the earliest announcement date on LexisNexis as the one to be our announcement date of the sudden death. Analogously, the earliest announcement date of the successor serves as our event date for the successor analysis. At this point we stress again that we do not restrict our sample to CEOs only but extend the consideration to presidents and chairmen as well. We include the latter as chairman/managing director is a key position within the firm and the major monitor and advisor for the executives, in particular for the CEO. They hold a crucial position within the firm. We include the president position for two reasons. Presidents usually hold another executive position such as the COO or CFO role. Additionally, (in our sample) presidents are the ones to get in charge of the company after the CEO drops out. They are often considered to be the successors.

However, in total we collected 216 sudden death events of firms listed on AMEX, NASDAQ or NYSE. Those were collected from over 10,000 newspaper articles and over 2,000 SEC filings (Nguyen and Nielsen (2010b)). Table 2 gives a brief overview of some descriptive company, executive and event statistics.

A. Descriptives of the Executive	
Mean Age	61.2 years
Executives 70 or older	19.8%
Executives 50 or younger	13.8%
Mean Tenure in Firm	14.6
B. Position within the Firm	
CEO	61.0%
Chairman	70.6%
President	50.5%
Founder	28.2%
Executive's Stock Ownership of the Firm	11.4%
C. Cause of Death	
Heart Attack	51.2%
Other Natural Causes	7.9%
Unnatural Causes	17%
Unknown	26.0%
D. Cumulated Abnormal Returns	
CAR[-1,0]	-0.76%
CAR[-1,1]	0.18%
CAR[-1,2]	-0.13%
CAR[0,1]	0.91%
E. Firm Characteristics	
Firm Size (Assets in Million)-Median	230.9$
Firm Size (Assets in Million)-Mean	1562.2$
Boardsize	8.6 members

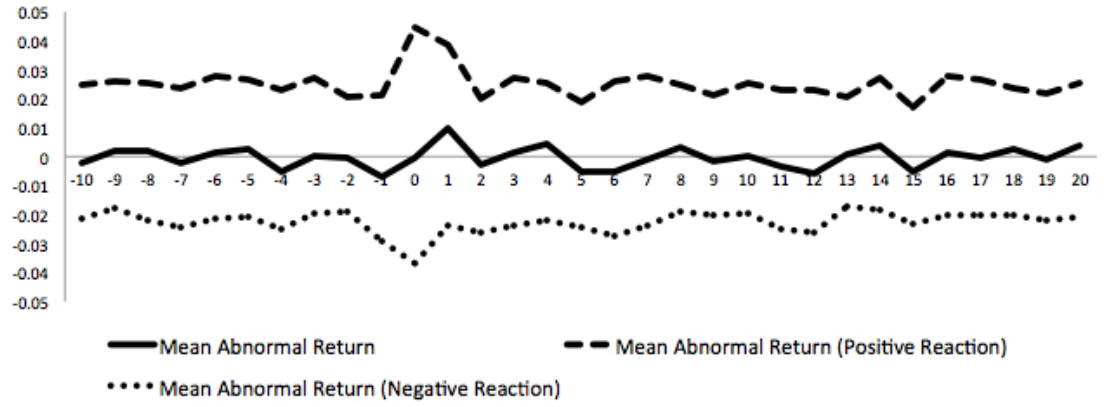
Table 2: Summary Statistics. The table provides descriptive statistics for various characteristics of the 216 sudden executive deaths for the 1972-2012 period. Board size is the number of individuals on the board of directors . Outsider ratio is the number of directors that is not employed by the company in any other capacity over the number of all directors. CAR[-1,0] denotes the Cumulated Abnormal Return for the period starting t-1 until t whereas the latter represents the event day.

Table 2 shows that, each death causes on average an increase of 0.91% when consid-

ering the [0,1] interval, in terms of asset that means, that an executive destroys firm value of approximately 14,059,800$.

Mostly, the announcement of the CEO death is at the event date (death date). Few death events are announced one day later. In two cases the firm holds back with the announcement far more than just 1 or 2 days. If the event date is a non-trading day we roll forward to the next trading day. For instance, if the event day is a sunday and its announcement monday we consider the announcement as $t = 0$. If the event date is a trading-day and its announcement is the next day it is $t = 1$.
Figure 1 shows the mean abnormal returns for the entire sample, for those firms that obtained a negative CAR and those that obtained a positive CAR. Note that we obtain significant reactions for the abnormal returns on day $t = 0$ on a 10% level, $t = 1$ on a 5% level. Note further, that returns for day $t = -1$ hold on a 15% level. The significance for the latter weakens over the time as for early parts of the sample, sudden death events are more likely to suffer a delay of announcing the death. In other words for the early events, we might find significant effects for the day prior to the announcement whereas for the more recent events, this is not the case.

Figure 1: Abnormal Returns on the interval [-10,20]. This figure shows 3 graphs, whereas the one in the middle is the plotted mean abnormal returns of all sudden death events for the time t-10 days before the event date till t+20 days after the event date. The upper graph represents the mean abnormal returns for all positive stock price reactions and the lower one all negative stock price reactions to sudden death events. The x axis provides the day and the the y axis the abnormal return.



As mentioned above, we obtain 216 sudden death events for the period from 1972 until 2012. Table 3 presents the number of sudden deaths events by year. We obtain financial data from CRSP and Compustat.[9] One can find a brief overview of the data and variable definitions in the appendix.

Year	#Sudden Deaths	Year	#Sudden Deaths
1972	8	1993	6
1973	3	1994	9
1974	6	1995	0
1975	1	1996	7
1976	4	1997	4
1977	6	1998	11
1978	5	1999	6
1979	6	2000	9
1980	5	2001	8
1981	3	2002	6
1982	5	2003	2
1983	11	2004	5
1984	5	2005	6
1985	3	2006	5
1986	5	2007	4
1987	4	2008	4
1988	4	2009	3
1989	9	2010	3
1990	6	2011	2
1991	9	2012	2
1992	6		
Total			**216**

Table 3: List of number of sudden death events by year.

We further get Corporate Governance data by hand collecting those from SEC Def

[9]The data from Compustat was obtained by the author from American University of Beirut within the scope of a research stay in 2013

14-A, 10-K (Annual Reports) as well as 20-F filings. Data on personal traits and characteristic data of the managers are also obtained from those SEC filings but also from LexisNexis newspaper articles and interviews as well as by simple Google search and Bloomberg.[10]

As we are also interested in the investigation of the successors, we also collected the same personal and characteristic data on the successor as we did for deceased as far as it was available. Lastly, we also collect the financial data and corporate governance data for those companies where the deceased holds an outside directorship.

[10]Data from Bloomberg was obtained from Bergische University of Wuppertal

4 Efficient Market Hypothesis

4.1 Overview on the Efficient Market Hypothesis

The Efficient Market Hypothesis (EMH) has been the the dominant theory in finance for over thirty years (Shleifer (2000)). Fama (1970), who received the Nobel Prize in Economics in 2013 along with Robert Shiller and Lars Peter Hansen, was the one who developed the theory in its details basing on existing approaches in which he defines a market to be efficient if it "fully reflects" all available information. In his remarkable article, he revisits prior empirical and theoretical studies on efficient markets. For his model, he differentiates between three types of efficiency following a suggestion by Harry Roberts. Firstly, he introduces a weak form of efficiency in which the relevant information simply consists of historical security prices. Secondly, there is the semi-strong efficiency where all publicly available information is known to the market participants and immediately incorporated into the stock price. Lastly, the strong efficiency is concerned with information that is only monopolistically accessible to certain market participants and Fama argues that in a strongly efficient market even this information cannot be used to profit.

To present the theoretical basics of the EMH, we closely follow the approach of Fama (1970) and for further explanations Shleifer (2000) and singular other sources. We will first develop the several assumptions made for the EMH beside that the market always fully reflect all information. Thereafter we will present the mathematical underpinning of the EMH in form of the Fair Market, the Random Walk as well as the Submartingal Model.

Fama's theory is based on the assumption that investors are rational and therefore value securities this way. Secondly, some investors may not be rational, but their

investments are random and vanish in the whole market consideration. Lastly, it is assumed that those irrational market participants are faced with arbitrageurs so that their influence on the market is canceled out. (Shleifer (2000))
Rational investors value securities by the net present value of future cash flows. Once they obtain new information regarding the markets and companies they invest in, they adjust their portfolio by bidding up in case of "good" information and biding down respectively. This also means that security prices reflect all available information and it gets immediately incorporated. (Shleifer (2000))

When news are released that may concern the value of a security the EMH requires the market to adjust quickly and correctly whereas quickly means that someone who obtains the information late from newspaper will not be able to profit from the information. Correctly means that any market reaction should be rational and neither an under- nor overreaction. In other words, in an efficient market there is no way to make money from stale information. Therefore, the EMH also suggests that markets never react to non-information. (Shleifer (2000))

For efficient markets, it is usually assumed that there are not transaction costs for trading, information freely available and accessible and and agreement of all participants on the "implications of current information for future prices" as stated by Fama (1970).

As already stated above, Fama (1965) introduced three types of stale information expressed in three forms of efficiency. Firstly, weak efficiency which suggest that there is no possibility to make money based on the information of historical prices. If market participants are risk neutral, this efficiency form can be explained entirely with the random walk hypothesis. It implies, that technical analysis of security prices will not provide excess returns in the long run. Furthermore, future prices depend entirely on information which is not contained in the historical price movements. Fama (1965) finds that the random walk holds. The consequences of these assumptions for the EMH are tremendous. In a fully efficient market, it rules out the possibility to "beat" the market consistently. It is further beneficial to simply hold a portfolio than to actively do any money management based on current

information (Shleifer (2000)).
The semi-strong form of efficiency suggests that market participants cannot profit from any kind of publicly available information. In other words, once information becomes public it is instantly accounted for into the security price. In consequence, no investor can use information from the present to profit from it in the future.
The strong form efficient market suggests that even if (inside) information is only available to few investors, it leaks out quickly to the market and the security price adjusts instantly. Thus, even inside information cannot be used to make money in a strongly efficient market.
Obviously the weak form is a subset of the semi-strong form which in turn is a subset of the strong form of EMH. This means that weak form of efficient markets alway implies a strong form. It also means that in the case that a investor cannot make money out of knowledge of historical prices he can still profit from other inside information. (Shleifer (2000))

When now introducing the methodological and mathematical underpinning of the model, we follow closely Fama (1970)'s approach and also take over his notation. He claims that the major role of a capital market is to shift and allocate ownership of stock. Hence, the ideal market gives an investor the choice of different securities with the assumption that the current security price reflects all available information fully. He introduces three models that help him supporting the EMH. We start off with the Expected Return or Fair Game Model. To put the full reflection of information into the security price in mathematical language, all expected future returns can be described as:

$$E(\hat{p}_{j,t+1}|\Phi_t) = [1 + E(\hat{r}_{j,t+1}|\Phi_t)]p_{j,t}$$

E stands for the expected value and p for the price of the security j at some time t in the present or $t+1$ in the future. r represents the percentage return and Φ the set of all information so that the price fully reflects it. The hat is assigned to p and x since they are random variables.

Let $\{x_{j,t}\}$ and $\{z_{j,t}\}$ be fair games with respect to the information Φ so that

$$x_{j,t+1} = p_{j,t+1} - E(p_{j,t+1}|\Phi_t) \tag{4.1}$$

$$z_{j,t+1} = r_{j,t+1} - E(\hat{r}_{j,t+1}|\Phi_t) \tag{4.2}$$

imply $E(\hat{x}_{j,t+1}|\Phi_t) = 0$ and $E(\hat{z}_{j,t+1}|\Phi_t) = 0$ respectively. Economically spoken, $x_{j,t+1}$ represents the excess market value at time $t+1$ of firm j under the condition that Φ_t was the available information at time t whereas $z_{j,t+1}$ represents the expected return of the equilibrium.

In a next step, the total excess market value V at $t+1$ can be computed as

$$V_{t+1} = \sum_{j=1}^{n} \alpha_j(\Phi_t)[r_{j,t+1} - E(\hat{r}_{j,t+1}|\Phi_t)] \tag{4.3}$$

where $\alpha(\Phi_t) = [\alpha_1(\Phi_t), ..., \alpha_n(\Phi_t)]$ are the amounts of a fund that are available at time t and can be invested into all n securities. Consequently using (4.2) together with (4.3) leads to $E(\hat{V}_{t+1}|\Phi_t) = 0$. This shows, that with all information at t the expected excess market value is zero. Hence, no prediction can be made with this information as it is already fully incorporated.

However, we will now introduce two cases of a Fair Game Model. These are clearly in line with the assumptions made for the EMH and often used as helper to test for EMH. They are further both used to clarify the EMH theoretically. First we focus on the Submartingal Model and then the Random Walk Model. Mathematically a submartingal is defined as follows.

Definition 1. *Let $(\Omega, \mathcal{F}, P)$ be a probability space. A (discrete-time) submartingale is a sequence of $X_1, X_2, ...$ random variables which hold*

$$E(X_{n+1}|X_1, X_2, ..., X_N) \geq X_n$$

Precisely, this adapts for our case and we assume that

$$E(\hat{p}_{j,t+1}|\Phi_t) \geq p_{j,t}$$
$$E(\hat{r}_{j,t+1}|\Phi) \geq 0$$

In other words we assume that the expected value of the security price at time $t+1$ is greater or equal to the current price at time t unter the condition that all available information Φ is already incorporated correctly at time t. Fama claims the two equations to imply that trading only based on the information at time t cannot cause greater profits than the actual buy-and-hold return of this security.

The random walk hypothesis is a similarly working theory and also does not allow to predict security prices. The random walk theory assumes the market to be efficient in a way so that large numbers of rational investors compete with each other and all try to predict future market values and important information is freely available and easily accessible (Fama (1995)). He also explains that at any point the valuation of a security always represents its intrinsic value. Mathematically, a random walk is defined as follows.

Definition 2. *Let $(Z_1, Z_2, ..., Z_n)$ be independent random variables with values in $\mathbb{R}^d$ which are all distributed equally. Then*

$$X_n = X_o + \sum_{j=1}^{n} Z_j \text{ with } n \in \mathbb{N}_0$$

the stochastic process $(X_n)_{n\in\mathbb{N}_0}$ is a random walk in $\mathbb{R}^d$ (Durrett (2010)). Hence, it is a discrete process of independent and stage increments.

Applied to our problem and pinned down, the assumption looks as follows.

$$f(r_{j,t+1}|\Phi_t) = f(r_{j,t+1})$$

where f is the density function of the underlying distribution. The above equation reads that the probability of future excess returns conditional all available information equals the probability of excess returns not having any information. Explicitly,

it means that "a series of price changes has no memory." (Fama (1965)). To put it differently, no memory of historical prices or knowledge of it does not make a difference and makes predictions equally impossible.

We see that both the Submartingale Theory as well as the Random Walk Model as special cases of Fair Game Models follow the requirements of the EMH strictly. In particular, one can see, that both models require all available information to be incorporated into the stock price and exclude the possibility of predictability.
The author also states that a complete independence of the current information can most likely never be found in reality. Small degrees of dependencies must be accepted. However, those small degrees can be considered irrelevant as long as an investor cannot make profit out of this information.

4.2 Empirical Findings and Critics

In a next step, we will be summarizing the empirical foundations of the EMH and the tests to challenge it. Those will give indication what our analysis might focus upon. Fama (1970) states that the assumption the market to reflect all available information is a very strict assumption and difficult to hold up. Consequently, one cannot expect it to be true that strictly but rather to find out at which point the EMH does not hold anymore.
The author explains that prior literature usually exploits Random Walks and Fair Games to test the weak form efficiency. He uses the Martingale Models to test for semi-strong efficiency, others such as Fama et al. (1969) and Scholes (1972) exploit event study methodology to challenge the EMH empirically. We provide few examples on supportive evidence of the EMH in the following.[11] Thereafter, we present a few studies with evidence against the EMH to clarify the conflict one might have when accepting one model exclusively.

For instance, Mandelbrot (1966) proves the unpredictability of returns in a market with rational risk-neutral participants and future prices as they follow random walks.

[11] One can find a thorough overview on the supportive literature of EMH in Fama (1970) and Shleifer (2000).

However, the first properly dealing with and setting the fundamentals of random walks was Bachelier (1900) as Fama (1970) claims. Fama (1970) points out that the evidence up until his article in 1970 evidence against and in favor of the weak form efficiency are the most extensive. In his data, exploiting the fair game model he finds a certain correlation of day-to-day price changes of stocks. In particular, he finds that security price changes slightly depend on recent historical behavior of the security price. However, these correlations turn out to be always positive but also always close to zero. He concludes that his findings do not support a strict random walk but also declares this dependency of historical data and current security prices as not strong enough to rule against the EMH.

When testing for the semi-strong form, most approaches also challenge the assumption that all information is fully incorporated in the security price (Fama (1970)). To challenge semi-strong form of efficiency, Fama et al. (1969) being the first to empirically support the semi-strong form suggest using event studies to check whether security prices adjust correctly and quickly enough or whether it takes several days. They deal with stock splits and claim that those are often linked to new information on the specific company. Thus, they investigate the stock market reaction subsequent to the announcement of stock splits and observe abnormal behavior. They explain that such an announcement are a sign of firm confidence to hold up with dividend payments even at this higher level. Consequently, they suggest the large reaction to a split announcement to be caused by the confidence rather than by the split itself. They further observe different reactions for different companies planning on increasing or decreasing dividend payments after stock splits and conclude that the market reacts completely unbiased to future implications of splits and reflects all information fully. Thus, the authors provide supporting evidence for the semi-strong efficiency form.

To deal with strong form efficiency, Fama (1970) admits that reality often may not reflect this efficiency perfectly. This form implies that even monopolistic information cannot be used to make money out of it. He also recalls, that a strict form cannot be expected and in fact rather a threshold up to which this efficiency holds. He recalls the theoretical framework of Jensen (1968) as well as Jensen (1969) and their findings

regarding the strong form tests of market efficiency. They investigate whether fund managers have monopolistic information and how they apparently exploit it and respectively whether some funds are more likely to detect such information.
However, Jensen (1968) investigates mutual funds for a decade from 1955 onwards and compares their returns with the return of the S&P 500 Index serving as market proxy. To indicate whether funds have special insider knowledge to beat the market, he challenges the theory on certain levels. He asks whether funds are able to compensate costs that arise for managements, fees or other costs compared to the nearly zero costs when simply investing in riskless assets or the market proxy. He finds that this is not the case. In most of the cases funds' returns are significantly below the market return. It also implies that funds are not able to compensate their costs. Overall Jensen (1968) and Jensen (1969) provide evidence in favor of the strong market efficiency. (Fama (1970))

Scholes (1972) challenges the EMH by also using event studies and investigating the market reaction to sellings of large stock amounts. He contributes to the EMH by providing evidence for the prediction that non-information causes no reaction. In particular, he argues that arbitrageurs balance out non-efficient markets. They sell overpriced securities and buy similar securities that are underpriced. Thus, they cancel out irrationalities by the market and drag it back to efficiency. The author also does not find strong stockholder reactions to the sales of large blocks of stock. He concludes that such "small but adverse news" are not important and not relevant information and therefore cause no reaction (Shleifer (2000)).

Shleifer (2000) claims that early studies supported the EMH empirically. Whenever someone found evidence against EMH, it could be argued that a wrong model has been chosen and an appropriate model would provide different results. However, throughout the time, evidence against the EMH has been brought forward which we briefly exemplify in the following.

The major theory held against the EMH is the Behavioral Finance/Economics which mainly deals with the imperfection of the market and its participants. It claims the existence of highly irrational market participants and the consequences

of their behavior. In particular, it deals with overreaction/underreaction to new information, irrational investors in groups as those observe and follow each other.

Recall that Mandelbrot (1966) investigates random walks under the assumption of fully rational market participants. Later, researchers developed models assuming investors with different risk levels. Shleifer (2000) states that rationality is not the crucial issue to criticize about the EMH as due irrationality of certain investors markets can still be efficient. However, it is worth to take a closer look on it. He explains that arbitrage is an essential factor to rule out irrationality. When investors bid up to good news irrational investors bid up excessively so that the security is overvalued compared to the fundamental value. In that case arbitrageurs immediately exploit the overvaluation and the market price is adjusted instantly. Furthermore, as arbitrageurs are competing with each other, the market valuation of a security is never far away from its actual value. However, Shleifer (2000) undertakes a huge recap to point out the theoretical disadvantage of the EMH. He follows argumentations of prior studies and claims that individuals make different decisions not only because they are irrational, but also since they have different perceptions of risk and also because they are biased when evaluating a companies stock return in case this company has a long history of good performance and high returns.
He continues that the EMH does not depend completely on the rationality assumption, but in defense of the EMH, it assumes those irrational participants to act randomly but in the whole their performance being canceled out. In this case, Shleifer (2000) uses empirical evidence from psychology saying that such deviation from rationality does not happen randomly, but it is even prone to happen in the same direction among the investors. The problem becomes worse when those investors look at each other follow each other on the same path (Shiller (1984)). Again, the position held up against irrationality are arbitrageurs (Shleifer (2000)). The success of the EMH correlates strongly with the precision of arbitrage traders to cancel out irrationality. Shleifer (2000) claims that in reality arbitrage is only possible if investors can find a closed substitute for the over- or underpriced security. However, this is not the case for many securities and hence, a riskless investment does not exist and makes arbitrage less likely, in particular if we assume that arbitrageurs are risk-averse. The central argument of Behavioral Finance assumes arbitrage to be risky and thus,

limited. There are several other reasons why arbitrage is not always possible cost-free and can be reviewed in Shleifer (2000).
Shiller (1981) is one of the first to not only question the EMH but also to challenge it properly. He finds strong stock market volatility, even higher as one would expect to be acceptable that prices equal their net present value.

De Bondt and Thaler (1985) are trying to attack the weak form efficiency and therefore pick different companies classifying them into extreme winners and losers. Thereafter they build portfolios consisting of extreme losers and winners and compare their performance from the time of formation and obtain significantly high returns for losers and losses for winners. They explain that the loser portfolios have become too cheap over the time and then adjust and the winner portfolio vice versa. This is strongly contradicting to the EMH claiming that the market has to react quickly and correctly to new information. his was clearly not the case in their study. A strong under- or overvaluation should have never taken place. After several more studies provided evidence against the weak form, Fama himself admits and confirms the partial predictability of stock returns from just past information. (Shleifer (2000))

Furthermore, the semi-strong form experienced a similar challenge. Thereby, Shleifer (2000) summarizes several studies for instance finding much higher returns for smaller stock on NYSE compared to larger stocks. He concludes that even though risk measures do not assign smaller firms with higher risk but at the same time better returns that markets do not follow the rules of semi-strong efficiency and rather react to stale information.

Generally, in the time up until the 1980s, the EMH has been the dominant and widely accepted market theory. Many researchers have dealt with the EMH and tried to either provide supportive empirical evidence or contradicting.
Today, Behavioral Finance has become an equally valued theory. Furthermore, current research widely agrees that weak-form efficiency cannot be assumed as even Fama himself admitted. The same holds for strong form of market efficiency. Especially, when observing trading frauds by using insider information shows that one is able to make money out of monopolistic information. Lastly, the semi-strong form of

efficiency can be held up until today even though many studies provide contradicting findings. The latter form is what we will deal with as presented in the following.

4.3 EMH and Sudden Death Analysis

In a next step, we will put the EMH into our context and link it to the sudden death analyses. As stated in the prior chapter we use event studies to investigate the effect of certain traits on the shareholder reaction to the sudden deaths of their managers. Previously in this chapter, event studies as introduced by Fama et al. (1969) are greatly suitable to test for efficient markets, particularly in their semi-strong form. Recall, that the semi-strong form defines a market efficient if at present all publicly available and accessible information is incorporated into the stock price and a possibility to make money out of this stale information is not possible. The author himself supported his theory empirically by exploiting event studies for the semi-strong market efficiency.

In our case, we only deal with information that we collected from SEC filings, Newspaper, Obituaries, Wikipedia Articles or simple Google Search. Consequently, all our data and therefore all information stems from sources which are accessible by everyone and thus, are publicly available. Therefore, we will follow Fama et al. (1969)'s approach and use event studies to either support the semi-strong form efficiency or provide evidence against it. However, note that some data has firstly been released within the scope of the obituary and therefore might have been not necessarily available to investors beforehand. We keep that in mind as potential explanation.

The market reaction which we expect follows the argumentation of the EMH. First if the market participants become aware of the their manager's sudden death, they should react significantly to this event and incorporate this new information into the stock price instantly. If they do not react at all, one may claim that they already have been aware of this information and thus it is already incorporated. Luckily, as we saw in the previous chapter, the market does react to the released information of sudden death and incorporates the new information quickly into the stock price.

In this context, we introduce an argument that might be contradicting to the semi-strong form of the EMH. In the previous chapter, we realize throughout our computation of the event study that a significant reaction to sudden death does not only take place on the day of the death release note but also a day after. This is an interesting finding. The basic assumption for the EMH states that new information has to be incorporated "quickly" and "correctly". We focus on the "quickly" part and disregard the "correctly" part for now. Quickly means in this context that the market instantly after publishing the information has to react and Shleifer (2000) further states that a market participant who learns about the manager's death a day or days later from the newspaper should not be able to make money out of this information anymore.
On the other hand we argue in favor of the EMH that depending on when exactly the announcement took place during the day it might have given the market participants not enough time to react and they had to postpone their actions to the day after the announcement. Thus, we consider the shareholder reaction quickly enough to support the EMH.

However, not only do we want to indicate that the market reacts to the released information of sudden death events but also the reaction to several personal and managerial traits. The market incorporates its perception of the manager into the stock price over the time with each released information. It does so by evaluating every single trait by its perception. Hence, at the time of an executive's death all informations on his personal and managerial traits are incorporated into the stock price. Consequently, at the time of death the market has to incorporate the information by adjusting the stock price according to every attribute they are aware of. To exemplify this, we assume a rather busy manager to die. While he has been at the helm of a company, shareholders constantly adapt their perception of him as a manager and in turn consider his busyness rather negatively. If this manager passes away, the market reacts according to its perception of the deceased and likely account a negative effect to his busyness.
Therefore, two distinct reactions to traits can be expected. Firstly, a significant impact of single traits with their proxies can be observed. In other words, the market reacts to new information and incorporates this information quickly and

according to its perception. Alternatively, no significant reactions for certain proxies are observable. One may argue that the information even though it is brand new does not matter for the company and therefore no reaction is observable. The latter might mean two things. Either it follows a requirement of EMH, namely that no information causes no reaction and certain information is considered to be no information. Similarly, we say "no" information as some information on a manager is useless since the market does not perceive certain attributes being sufficiently important. Or it might mean that the market has not been aware of certain attributes and information until the executive's death or even beyond that. As we obtain all of our data from public sources, one might also argue that the market does not incorporate all available information which strongly contradicts the assumptions of EMH. Lastly, a fourth explanation again follows the argumentation, which has been used throughout the history of EMH to invalidate argumentations against it. In case, one finds evidence from event studies against the validity of EMH, it has often been argued that the wrong statistic model is chosen and a suitable other model would provide the expected results in favor of the EMH.
Either way, we will not be able to fully rule out either one of the explanations in case of a non-reaction to certain attributes. But we will keep them all in mind when encountering a non-reaction.

We learn two things from this with regard to the EMH. In case of a significant reaction, we may argue that the market incorporates information correctly and readjusts the stock price after experiencing the new information. The semi-strong form efficiency of the EMH holds and our investigations provide evidence in favor of the EMH. However, in case of a non-significant reaction this might indicate to be evidence against the EMH or it simply means that no (relevant) information causes no reaction which in turn is a support for the EMH.

In summary, our research target is strongly suitable to challenge the EMH on different levels. We provide optional and applicable explanations on certain findings both supportive and contradicting to the EMH. We cannot completely rule in favor of either of the explanations and hence, keep all explanations in mind.

5 Hypotheses and Measures

5.1 Hypotheses

Existing literature shows that personal characteristics and managerial traits impact corporate decisions in many ways such as the firm policy, firm performance or its profitability. Sometimes it provides evidence for value creating traits and sometimes for value destroying traits. Recall, that so far and to the best of our knowledge, we are one of the first to investigate the shareholders' perception of traits.[12]

However, when setting the hypotheses or the research questions, we receive orientation from prior studies and set them according to results found before. For instance we propose that quality is a value enhancing asset a manager can have. Or also we claim that disciplined managers with military background rather enhance the firm value than destroy it. If there is no prior literature available or no clear results we leave it open to investigation and simply expect any significant reaction of this trait to shareholder value. We propose to obtain the same results not only for the entire sample, but also in the subsample analysis.

Before actually introducing the hypotheses, we go through all traits and present our expectations briefly. Starting with overconfidence, Campbell et al. (2011) expect and find excessively overconfident as well as diffident managers to be value destroying whereas moderate forms of overconfidence are expected to be value enhancing. Opposingly, Malmendier and Tate (2005) (also Kim (2013), Aktas et al. (2011) or others) mostly focus on the value destroying forms of overconfidence. Therefore,

[12] Note that we mentioned few sudden death studies such as Salas (2010), who examines entrenchment as well as Bennedsen et al. (2007) and Hayes and Schaefer (1999), who examine quality and the perception of the market.

we expect a value destroying effect for binary overconfidence measures, otherwise we follow Campbell et al. (2011)'s suggestion and expect value enhancement for moderately overconfident managers.
Similarly, narcissism/egotism is a trait, which is closely related to overconfidence (Schmalhausen (2004)) and therefore value destroying effects are expected. Even though parts of the literature (like Chatterjee and Hambrick (2007)) see value enhancing aspects of narcissism due to the target of narcissistic managers to gain extreme outcomes, we still see value destroying aspects to outweigh all others (following Ham et al. (2013) and Aktas et al. (2011)). For generosity, we will not provide any prediction as prior literature used a different measure and also focused on an entirely different issue in this matter. Resilience or the capability of bearing up lingering sacrifices is considered to be a value enhancing issue. Bamber et al. (2010), Lin et al. (2011) and also Malmendier and Nagel (2011) propose a more conservative behavior for those executives that had to bear sacrifices throughout their lives. From their findings, we deduce a value enhancing effect for resilient executives. It can similarly be argued for openminded and disciplined managers. Bloningen and Wooster (2003) find a higher diversity of investments for openminded CEOs and Benmelech and Frydman (2013) obtain for a disciplined managers a lower likelihood to be sued. Thus, we expect both traits to enhance the shareholder value. Lastly for sympathy, we do not undertake any predictions, as previous findings do not suggest any specific outcome.

When now dedicating ourselves to managerial traits, we do not make any predictions for power, as it can have both positive and negative welfare implications. On the one hand Bebchuk et al. (2008) as well as Nanda et al. (2013) suggest strongly negative impact of power whereas on the other hand Adams et al. (2005) may see positive aspects of power. Thus, we leave it open to our investigation.
Reputation again is an issue that can be seen both ways (Jian and Lee (2011)). However, we believe the positive implications to outweigh the negative ones and therefore expect value enhancement.
Next, managerial busyness is an issue which is widely been accepted as value destroying issue (Fich and Shivdasani (2006) and Falato et al. (2013)). Busy managers tend to shift their focus away from their actual tasks and in consequence disregard them.

Lastly, generalists and highly qualified managers are predicted to be seen positively by the market. Custodio et al. (2012) (respectively Chemmanur and Paeglis (2005)) stress the importance of a highly qualified management and thus, we deduce a value enhancement.

The above paragraphs show briefly, how different traits are seen by literature und explain our deduction how we expect them to behave. Thorough explanations on each trait and in particular on each proxy can be found throughout the introduction of the measures in the next sections. An even clearer view on all issues are available in our empirical analyses. Those will show and point out value destroying and enhancing aspects of various traits. All this leads to the first two hypotheses.

Hypothesis 1. *Shareholders value personal characteristics of managers. Thus, traits might have an impact on the firm value. This effect is greater or smaller when investigating subsamples with chairman or CEOs only, powerful managers only etc. Recall, the exact expectations on the reactions are:*
a) Overconfidence is a value destroying personal trait, unless we consider varying levels of confidence wherein moderate levels enhance the firm value and excessive levels destroy firm value.
b) Narcissistic and egoistic managers impact the firm value negatively.
c) Generosity of managers shows a significant impact on firm value.
d) Resilient managers who have learnt to bear lingering sacrifices enhance the firm value.
e) Tolerant and openminded managers have positive effects on firm value.
f) Disciplined managers with high level of authority are better leaders and impact the firm value positively.
g) Sympathetic managers with good relationship to the remaining managers and to the board show a significant effect on firm value.

Hypothesis 2. *The above results from Hypothesis 1 also hold in subsamples restricted to CEOs and chairmen only as well as for managerial traits as separator subsamples.*[13]

[13]The latter means that the sample is restricted along certain managerial characteristics. In other words samples with only powerful managers, entrenched managers, generalist managers. Based on this, the value of personality is examined.

Next, we set the equivalent hypothesis for managerial traits. We follow findings from literature. Following the above intuition, shareholders have definite knowledge of managerial traits and evaluate them.

Hypothesis 3. *Shareholders value managerial characteristics of managers. Thus, they have a significant impact on the firm value. In particular, it exhibits as follows:*
a) Managerial power shows a significant impact.
b) Reputation of managers impact the firm value positively.
c) Busyness of a manager results in negative impact on firm value.
d) Generalist managers impact the firm value positively.
e) Highly qualified and experienced managers show positive effect on firm value.

Hypothesis 4. *The above results from Hypothesis 3 also hold in subsamples restricted to CEOs and chairmen only.*

To put those hypotheses into our theoretical context, assuming the EMH to hold we expect significant reactions to the several personal and managerial traits as the information around the sudden executive death makes the market adjust the stock price according to the value of the deceased. Hence, all information is being incorporated and thus, an insignificant reaction to certain traits and proxies may mean that we deal with no (relevant) information, the market has not been aware of certain traits or it did incorporate public information. The first of the three arguments is strongly in line with the EMH, which follows the basic assumption that no information leads to no market reaction, whereas the latter would be evidential against it as it means that the market does not incorporate information correctly.
In conclusion all above hypotheses can be summarized by using a simple hypothesis assuming the EMH to be true. However, we will put the assumption around EMH into a different hypothesis. As we challenge the EMH in its semi-strong form and since the EMH is the theoretical underpinning we employ, we set our null hypothesis that we obtain supportive evidence.

Hypothesis 5. *The semi-strong form of the EMH as suggested by Fama (1970) holds true.*

In this chapter we dive deeper into details and present measures that we use throughout our examinations. Most of the variables are provided by literature and adapted

for our purposes. However, for some variables it becomes necessary to slightly change their definition due to our sample size being not large or data availability being not good enough. But whenever it was possible to construct an existing measure, we did so and only made smallest changes possible. In addition, we construct some measures ourselves.
However, some of the variables are used to measure more than one aspect of personal or managerial traits in the literature. We will provide both explanations and interpretations but assign the measure to the one trait we see the biggest common ground with. E.g. we will use the number of outside directorships as measure for busyness. This is widely accepted, but literature partially considers this proxy to measure managerial reputation better. As we ourselves see this variable to capture busyness more accurately, we will use it as busyness proxy. However, we will also discuss alternative interpretation approaches.

5.2 Proxies for Personal Characteristics

Overconfidence

To define overconfidence, we will use the terminology suggested by Ben-David et al. (2013): optimism refers to an upward bias regarding the expected mean of a future outcome, while miscalibration denotes a downward bias in the risk of a future outcome.

As mentioned before, overconfident CEOs act less risk averse because they perceive risk to be smaller than it actually is. Overconfident CEOs undertake too many and poor acquisitions, invest too much and choose too high debt levels. Goel and Thakor (2008) find positive aspects of overconfidence in their model. They theoretically propose that moderate levels of overconfidence may enhance the firm value whereas excessive levels destroy firm value and from there provide evidence that overconfidence impacts the firm value in an inverse U-shape.

Nonetheless, most studies examine the value destroying aspects of overconfidence. We will deal with both by employing existing measures for both approaches. Many proxies for overconfidence have been brought forward in the past. Most famously,

Malmendier and Tate (2005) construct measures using the option exercising behavior of managers to infer to their overconfidence. Alternatively, Kolasinski and Li (2013) strongly criticize these measures as they only focus on the managers' action but not on the outcome of his action. Therefore, they develop their own measure using stock purchases made by the CEO and investigate their abnormal return gained after half a year.
Ben-David et al. (2013) use a survey from Duke university among 2000 to 3000 CFOs between 2001 and 2010 to infer their level of miscalibration.

As we do not have access to the relevant data to construct the option based or stock purchases based measure, we follow some other approaches brought forward by Campbell et al. (2011), Malmendier and Tate (2008) (similarly Kim (2013), Ferris et al. (2013)) and Aktas et al. (2011) (also Billet and Qian (2008)). We further construct a new measure that has not been used in literature yet.

Investment based measure: Our first measure follows an approach made by Campbell et al. (2011). They provide evidence of the theoretical approach by Goel and Thakor (2008) distinguishing between excessive overconfidence, moderate overconfidence and excessive diffidence. On the one hand, they modify Malmendier and Tate (2005)'s option-based measure, but on the other hand they develop their own measure exploiting the firm's investment rate. The intuition to measure overconfidence this way is as follows. Ben-David et al. (2013) find that overconfident CFOs invest more. However, the CEO's role puts him into the position to set a general strategy for the firm but he also aligns this with the board that serves as monitor and advisor for the CEO. While the CFO and all other executives only set a direction for their projects and department, their direction must first be accepted by the CEO. Hence, the CEO impacts the firm's overall strategy advised and monitored by the chairman. So the firm's investment rate can be attached to the CEO, since an overconfident CFO can only push his direction when the CEO and the chairman are also overconfident. This line of reasoning is provided by Goel and Thakor (2008). Therefore, for this measure we restrict our sample to the consideration of CEOs and chairmen.

Like Campbell et al. (2011), we classify a CEO or chairman as excessively diffident (excessively overconfident) if their firm is in the bottom quintile (top quintile) of firms on industry-adjusted investment rates for two years in a row. He is called moderately overconfident if the firm is in neither of the quintiles. Two years are used because investment can be erratic between the years and so we avoid including firms that invest a lot in a certain year but usually do not. Here, investment rate is measured as capital expenditures (CAPX) divided by beginning of the year property, plant and equipment (PPENT).[14] Table 4 provides an overview of the distribution of our sample.

Measure	% of Managers
Excessive Overconfidence	11.33
Moderate Overconfidence	73.33
Excessive Diffidence	15.33

Table 4: % of overconfident Managers. This table shows the three defined overconfidence proxies and the distribution in the sample.

Investment Based Measure over Q: We also use the above measure and standardize it by the performance measure Q. Thus, we compute the investment rate by dividing the existing rate by Q.[15]

Hence, we classify a CEO or chairman excessively diffident (excessively overconfident) if his firm is in the bottom quintile (top quintile) of firms on industry-adjusted investment rates for two years in a row. He is called moderately overconfident if the firm is in neither of the quintiles. Here, investment rate is measured as capital expenditures (CAPX) divided by beginning of the year property, plant and equipment

[14] Industry adjusted means that the rate is adjusted by firms with the same 2-digit SIC code average over the last two years preceding to death.

[15] We compute Q using Malmendier and Tate (2005)'s approach.

$$Q = \frac{MarketValueOfAssets}{BookValueOfAssets} = \frac{TotalAssets + MarketEquity - BookEquity}{BookValueofAssets}$$
$$= \frac{AT + CSHO * PRCC - (SEQ - PSTKL + TXDITC)}{AT}$$

where AT are total assets, CSHO common shares outstanding, PRCC fiscal year closing price, SEQ stockholder's equity, PSTKL preferred stock liquidating value, TXDITC balance sheet preferred taxes and investment credit.

(PPENT) over Q.

Measure	% of Managers
Excessive Overconfidence	31.78
Moderate Overconfidence	36.6
Excessive Diffidence	31.72

Table 5: % of overconfident Managers. This table shows the three defined overconfidence proxies and the distribution in the sample.

Press Portrayal: Our next measure is based on press portrayals of the deceased managers and analyzes the wording used by the deceased. This is a method that was used by Malmendier and Tate (2008) (also Kim (2013) and Ferris et al. (2013)). We follow their approach, but undertake some slight changes. The authors examine firms that are listed at least four times in the Forbes Magazine among the largest U.S. companies between 1984 and 1994. From those firms, they collect articles on their CEOs from New York Times, Business Week, Financial Times, The Economist and The Wall Street Journal using LexisNexis and Factiva.com for their search. Then they count the number of articles on each CEO and count the number of words that may imply overconfidence such as 'optimistic', 'overconfident' etc. within each article against those that imply conservatism (e.g. 'frugal', 'practical' etc.).
The focuses of all articles are determined. They state whether the article mainly deals with the CEO himself, with the firm in general or with the industry and in detail classify the content of the article. In a next step they count the number of all articles in which the CEO is classified overconfident and subtract the number of articles in which the opposite is the case. If the sum is greater than zero, he is called overconfident, otherwise he is not.

As our sample does not only consist of Forbes' largest U.S. firms, but also rather small firms, where information is only limitedly available we have to soften the above definition for the press portrayal measure. That means that some of the firms in our sample are also quite big and one can find press portrayals on the firm and their managers. For those firms, where this kind of material is available, we classify them as done by Malmendier and Tate (2008). Hence, we count the

number of overconfidence indicating words, that describe the manager words such as 'overconfident', 'confident', 'optimistic', 'optimism' (a_i) against words that imply the opposite like 'reliable', 'cautious', 'conservative', 'frugal', 'practical', 'steady' or 'not confident' and 'not optimistic' (b_j). We then call a manager overconfident, if

$$Overconfidence = \begin{cases} 1 & \text{if } \sum_i a_i > \sum_j b_j \\ 0 & \text{else} \end{cases}$$

Hence, the above holds for all 'bigger' firms, where articles in the mentioned magazines and journals exist. For smaller firms we do not find portrayals or estimations from experts. What we mostly find are interviews with the deceased or at least a bunch of statements related to the firm performance. Thus, for smaller firms and their managers with only lower levels of information available we include interviews and single statements of the manager on firm performance or the firm's standing.
We therefore classify a manager overconfident if he calls his firm's performance, strategy or standing among peers to be 'strong', 'high', 'good' or any other positive association along with a word of amplification such as 'very', 'way' or any other adverb at least twice. We argue that a CEO who stresses the good performance of his firm with an adverb and furthermore repeats this statement is overconfident as he sees the performance of the firm better than others may see it and therefore better than it actually may be, and wants his audience to realize his perception as well.

We use these two approaches and merge them to this one measure as they employ the same method of analysis. We are aware that the latter definition is weaker than the first approach. However, they capture the same effect and we run this analysis because the lack of information regarding the overconfidence level of executive is likely to persist in the market, too.
It turns out that 15% of all executives are classified overconfident.

Manager Hobbies: A next measure that we developed is not based on any prior literature. Billet and Qian (2008) ask whether a CEO's overconfidence is born or made, in other words if it always exists or if it is made over the time due to good

experience.
We propose that a manager's overconfidence can also be related to a general level of confidence. The intuition is as follows. An individual that is supposingly a 'winner' faces mainly good experiences. Given this, it leads to enhancement of the person's self esteem which in turn might motivate him to take more risk lightly on his actions and decisions next time.
Therefore, we believe that an individual that exercises any risky and life threatening sport can be called overconfident as this person takes a higher risk completely consciously and knowingly and thereby accepts the risky aspects of getting injured or even worse. However, he believes that the likelihood for him to experience these things is lower than for other people as the good experience throughout his life lets him underestimate the actual risk.
Hence, if someone is successful and accepts high risk in many facets of his life, he can be called overconfident and it can be assumed that he also possesses a corporate overconfidence.

Therefore, we classify a manager overconfident if he exercises any known hobby that in turn may be a threat for life (dummy value = 1). This for instance includes hobbies such as piloting a plane or extreme sports. For instance, we find 4 examples of managers suffering sudden death by crashing a plane they pilot themselves, or another chairman who does base jumping. Those are managers that we consider to be overconfident.
Our sample includes 23.89% overconfident executives.

M&A Deal over Tenure: Billet and Qian (2008) find evidence that especially good experience leads a CEO to adjust his level of overconfidence. Their work also implies that a CEO who experiences success in the firm's M&A deals, the same CEO is more likely to be overconfident about the next deal. That is managers with good experience in a specific field may become overconfident in the same field. This study and similarly Aktas et al. (2011) use M&A deals to investigate the overconfidence of managers. As they want to know whether it is a trait that is born or made, they distinguish between frequent and infrequent acquirers. The first group are those that acquire two public firms in five years whereas the latter is a group only acquiring one

public firm. Then, they compare the abnormal announcement returns of the first deals of both groups before the second deal and thereafter. They propose that CEOs that gain positive experience throughout their first deal are more likely to push for a second deal and underestimate the risk or overestimate the outcome of the second deal.

We are not able to construct this measure since some of the managers in our sample are not at the helm for five or more years as Billet and Qian (2008) require. However, at the same time, we believe that the more deals a manager tries to push, the less sensitive he is to the next deal. The executive will invest less in better information because he perceives his information to be well enough. In turn, this indicates overconfidence. We argue that more deals indicate higher overconfidence basing our assumption on the the results of Billet and Qian (2008).
Thus, our first measure is defined as the ratio of M&A deals over the manager's tenure. We further define a dummy. We thereby classify a manager overconfident if the number of M&A deals over the manager's tenure is greater than the mean of all managers in our sample (dummy value = 1). Thus, managers who have more deals than the average manager standardized by tenure are called overconfident following this argumentation. 25.31% of our sample are classified overconfident.[16]

Narcissism/Egotism

Readers of Walter Isaacson's biography on Steve Jobs will infer that the Apple founder was narcissistic. However, according to existing psychology and economic literature he cannot be called narcissistic as he did not insist on being on press releases constantly or being the center of attention. He also usually used "we" instead of "I" when talking about Apple's performance. All that indicates non-narcissistic behavior as stated in Forbes Magazine by Jackson (2012).
Chatterjee and Hambrick (2007) who are the leading researchers of managerial narcissism argue that more narcissistic CEOs spend more on research and development, do more acquisitions and in general seek for more extreme outcomes which in turn will provide them with the broad attention they desire. The latter develop several measures to reveal the nature of CEOs and to detect their narcissism. Furthermore,

[16]Like the Investment Based Measure, this proxy does not only rely on one individual's decisions but can be attached to groups of executives.

they highlight the fact that overconfidence and narcissism are closely related. They argue that narcissistic CEOs are more confident about their quality for the firm and about their abilities in general. Therefore, they pursue higher risk for more extreme outcomes which in turn can be confused with overconfidence. Moreover, Schmalhausen (2004) identifies strong correlation of narcissism and egotism. Psychology considers narcissism to be an aspect of egotism. Thus, we do not distinguish between these issues.

There is a large variety of measures that study personal websites of managers, even offices as well as bedrooms and many more measures as summarized and presented by Chatterjee and Hambrick (2007). However, the authors themselves develop their own measures. They base it on Emmons (1987)'s four aspects of narcissism: Arrogance, entitlement, self-admiration and leadership/authority.

They develop five measures to capture those four aspects as well as possible. They analyze the size of the CEO's photograph compared to the other executives on an annual report. Furthermore, they analyze press releases and consider the CEO's prominence and wording, whether he uses first person singular pronouns or whether he usually uses "we" when referring to the firm. Lastly, they investigate the CEOs' salary over the second highest salary of the executives.[17]

Private Pictures Online: We undertake some slight changes to their approach. We restrict ourselves to the picture measure. All other measures are hard to construct for us as we use annual reports 10-K from SEC which are not always provided with pictures and we did not discover any difference in size throughout those 10-K filings that came along with pictures.

So, instead of using the prominence of pictures in 10-Ks, we focus on the existence of pictures that show the manager in a private environment or situation.

Therefore, we define a manager to be narcissistic if there exist any non-business pictures of the deceased (dummy value = 1) by Google search. The intuition for that is that we believe that narcissistic managers are not interested in separating their private life from their job and that they seek for further attention by publicly

[17]This measure by Chatterjee and Hambrick (2007) is constructible for us. However, already the authors consider this measure as an important measure of the CEO's dominance. Hence, we will come back to it in a later context.

presenting themselves. Since our sample reaches from 1972 to 2012 we restrict the search to all managers passing away from 1998 onwards. Pictures before are barely available and therefore omitted. 17.88% of the deceased executives can be found pictures of. Furthermore, we keep in mind that the existence of private pictures strongly depends on the size of the firm. Bigger firms attract more public attention and in turn are more interested in private lives of the executives.

Firm Name=Founder Name: A second measure that we constructed is not obtained from literature but is related to the logic of the Private Pictures Online measure and also to the measure that counts the number of first person singular pronouns. We define all founders in our sample that name their company after themselves narcissistic (dummy value = 1). The logic follows closely the logic of the Private Pictures Online proxy. A narcissistic person craves for attention which in turn he automatically gets whenever his firm is mentioned. Our sample includes over 61 founders and this measure is restricted to them. 31.23% of all founders name their company after themselves in any way.

 # Marriages: The next measures we introduce have not been used in literature to our knowledge. Larcker et al. (2013) investigate the impact of a CEO divorce on shareholder value. Wheatley et al. (1991) highlight several reasons what a divorce may cause. Among other things, the authors see a loss of energy level and productivity as consequence for their divorce.
We do not look at a manager's situation before and after his divorce but examine the nature of it. When giving a confession of marriage, it is connected to dedication to one person and to take care of this person. Splitting up a relationship is therefore caused by problems between those two individuals. In case of managers this may be caused by the busyness and the little time he spends with his wife and in general by the focus he has. This may shift from family to work or to something else. The behavior can be identified as egotism as the manager keeps focusing on his own interests and does not take interests of his partner into consideration.[18]
Hence, we identify the number of marriages of a manager as proxy for his egoism or

[18]Recall that Schmalhausen (2004) sees a strong relationship between egoism and narcissism. Therefore, this serves as our measure for both aspects.

narcissism. Our executives are married 1.18 times on average.

 # Marriages Dummy: Moreover, to put this into a dummy, we classify a manager to be egotistic if he was married more than once at the time of his death (dummy value = 1). 15.38% of the managers were married more than once.

Age Difference to Wife: A similar measure and of course highly correlated with the number of marriages is the age difference to wife as such a measure. From a psychological perspective, having a much younger wife is caused by the tendency of pushing the interests over the interest of a equally competitive partner. Furthermore, a younger wife might serve as an "exhibit object" which is associated with the executive and provides him with attention. Therefore, we identify the age difference to the own wife as measure for his egotism or narcissism. The average age difference is 6.7 years.

Age Difference to Wife Dummy: Again, to put this in dummy it reads as follows. We classify a manager to be egoistic if the age difference is above ten years (dummy value = 1). This holds for 14.4% of the executives.

Generosity

Having a big family requires various attitudes. First, a family asks for attention of the manager and so does the company. Altruism or generosity, characteristics a parent should bring along to be with the family and to raise children seems also be necessary. However, Dahl et al. (2012) find evidence that children destroy a manager's generous behavior. In more detail, sons amplify this effect whereas the birth of a daughter absorbs it. The authors analyze employees' salary before and after the birth of a child to highlight differences in behavior.

# of Kids: As the sudden death is our exogenous event and not the birth of the manager's children we investigate whether this effect of generosity or the lack of generosity impacts the firm value. We do not differentiate between the sex of the children, as this information is often not reliably available. Instead, we only focus on

the number of children. This way, we also provide evidence whether the attitude of calmness or generosity lasts over a long time and not only around the birth of the children. Hence, we identify the number of kids as proxy for generosity.

# of Kids Dummy: We furthermore also run all investigations as dummy and by simply using the plain number of kids. Therefore, we classify a manager non-generous if he is parent of three or more kids (dummy value = 1). We set three kids as threshold since the average number of kids in our sample is 2.92. Accordingly, 51% are classified generous.

Resilience/Capability of bearing up lingering sacrifices

"The capacity to modify responses to changing situational demands, especially frustrating or stressful encounters" (Tugade and Fredrickson (2004), p. 322) can mean in other words that resilient individuals recover from bad emotions and negative experience and are more likely to have positive emotions (Peterson et al. (2009)). Furthermore, individuals that had to bear lingering sacrifices in their lives and recover are also resilient. Different measures to fit this definition for corporate individuals have been brought forward and capture its nature as well as possible.

Depression Baby: Malmendier and Nagel (2011) follow the question whether shocks in early life affect people's later life in any way. For resilient people, one would find the capability to recover from such an experience. Like Malmendier and Nagel (2011) we classify a manager to have borne sacrifices if he was born before 1921 (dummy value = 1). The authors emphasize that those individuals that were teenager during the great depression at the end of the twenties and thirties are particularly affected.

War Baby: Another shock is represented by the second world war. Bamber et al. (2010) consider managers born before WWII show conservative patterns in their style. Hence, again with the same argumentation we want to know whether this has any impact on the firm value when the manager dies. Therefore, we classify a manager to have borne sacrifices if he was born before 1939 (dummy value = 1).

War Participant: Lastly, in line with this is the participation in war. Many articles such as Benmelech and Frydman (2013), Lin et al. (2011) or Bamber et al. (2010) deal with CEOs that gained military experience in their past and investigate how this impacts corporate decisions. They consider this proxy to measure discipline, selflessness as well as authority.
Nonetheless, we will make a further differentiation. We isolate those managers that did not only serve in military but also served in one of the big wars the U.S. was participating which includes WWII, Korea, Vietnam and Iraq. Hence, we classify a manager to have borne lingering sacrifices if he participated in any of those wars as non-civilian (dummy value = 1).

Age>67: A last measure that we constructed ourselves is a proxy that is based on the manager's age. Therefore, if a manager refuses to retire at retirement age, it can be assumed that either he considers himself as irreplaceable or alternatively he is in need of the attention he gets by continuing his job. Additionally, even if the board wants him to stay with the company, only a narcissistic manager may feel motivated to stay longer.
Again, the capability to withstand competitors and corporate as well as economic downswings for a long time may be more important in this context and thereat serves as resilience proxy. Either way, we define a manager resilient if he is older than 67 (dummy value = 1) at the time of his death or in case of the successor consideration at the time of his announcement.

Measure	% of Managers
Depression Baby	40.76
War Baby	67.28
War Participant	23.01
Age>67	24.47

Table 6: % of resilient Managers. This table shows the defined resilience proxies and the distribution in the sample.

Note that all these measures are closely related to the executive's age. Hence,

whenever using the above proxies it might be an issue of multicollinearity with age. An older manager also has a higher likelihood to suffer a sudden death. Age is always a proxy for the entrenchment of a manager as this is related to his tenure in the firm. Moreover, resilience is closely related to the issue of entrenchment but focuses more on the resistance of his personality. We argue that it outweighs the effect of entrenchment and predict a value enhancing effect of resilience.

Openmindedness/Tolerance

Bloningen and Wooster (2003) highlight that anecdotal evidence links enhancement of the international business to CEOs with foreign background and provide relevant evidence for this hypothesis. They assign internationality to managers with foreign backgrounds. Not only can it be understood as internationality but also as openmindedness. Managers with foreign background are faced with various challenges throughout their lives which their background brings along. In consequence, they have to be openminded towards new situations and challenges and have to adapt to new environment.

Foreign Background: Like the authors we define an openminded manager as a manager who has a foreign background or alternatively studied abroad. Foreign background means that he himself or both of his parents possess a foreign citizenship (dummy value = 1). We further include people with Jewish background into the sample and assign them the value = 1, too. We believe that Jewish people are also faced with the necessity of adaption and openmindedness or tolerance since they are always in the minority with their belief. Openmindedness leads to more diversified investments and 17.23% of the executives have this foreign or Jewish background.

Discipline/Authority

The argumentation of resilience can also be adapted to the matter of discipline. Predominant literature investigates how early or former life experiences impact a manager's behavior. Bamber et al. (2010), Benmelech and Frydman (2013) and Lin et al. (2011) measure discipline with military background of the manager. They argue that military CEOs are better organized due to their education in military, are

used to authority and are required to show selfsacrifice (Benmelech and Frydman (2013)). This argumentation leads automatically to the matter discipline as done by Lin et al. (2011) and Bamber et al. (2010).

Military Manager: Thus, we take over their definition and classify a manager disciplined if he gained any military experience besides compulsory military service (dummy value = 1). According to their findings, companies with military executives are less often part of law suits and show more discipline. We classify 34.61% executives to be disciplined.

Sympathy

How boards of directors and management work along with each other can be crucial for the corporate success for many reasons. First of all, managers that work along well benefit from each other as the team spirit is better and results are better aligned. Additionally, the communication between counterparts is better.
Therefore, we investigate how boards see the deceased and whether they consider him to have been a good colleague. We examine the wording in the obituary a company releases after announcing his death.

Direct Speech: When boards publish the announcement of the manager's sudden death, they usually release some words of condolences as well as some words about the manager himself. Certainly, the language used is never negative, but there are slight differences. Very often firms quote other managers of the firm to describe the loss and again others refrain from using any direct speech. Therefore, we propose that the use of direct speech in the obituary is an indicator for a better relationship and higher sympathy of the deceased.
We classify a manager to be sympathetic if there is direct speech in the obituary released by the firm (dummy value = 1).

Personality Described: Also, it makes a big difference if the personality of the deceased is described or just the professional nature of the manager. It indicates a personal and deeper relationship if the former is the case. Therefore, we classify a

manager to by sympathetic if his personality is described in the obituary (dummy value = 1).

First Name Mentioned: The same intuition can be applied if the first name is mentioned. If the relationship works on a first name basis it is less formal and more personal. Hence, we classify a manager to by sympathetic if his first name is mentioned in the obituary (dummy value = 1).

Measure	% of Managers
Direct Speech	80.90
Personality Described	29.30
First Name Mentioned	64.22

Table 7: % of sympathetic Managers. This table shows the defined sympathy proxies and the distribution in the sample.

Sympathy and good relations to the remaining executives can be beneficial but also bad for the company. It is beneficial as the advisory of boards works better and the communication does so as well. On the other hand, a close relationship might also cause worse monitoring. Hence, better monitoring comes along with lower sympathy.

5.3 Proxies for Managerial Characteristics

Power

The Money Morning wondered in 2013 if JP Morgan Chase CEO and chairman Jamie Dimon was too big to get fired (Gilani (2013)). In other words, the author means that the power of Jamie Dimon is simply too big and his influence on the board and the shareholders too strong to separate the position of CEO and chairman. Gilani (2013) further moans about the "Cult of the CEO" which is deeply entrenched in American business but it is not necessarily beneficial for big companies. In most cases the CEO holds the position of chairman, so he leads the board which he is supposed to refer to. Second, he will be able to choose the board of directors himself. Again, the board's job is it to pick the CEO. So, this article highlights the negative aspects power can bring along in a company. On the flip side, there might also be

some positive aspects.

Adams et al. (2005) only see a possibility for a CEO to influence decisions of the management or the firm in general if he is powerful. They specifically focus on decision making power and its consequence for variability in performance. They find what is stated above namely that powerful CEOs have significant impact on firm performance.
Obviously, a powerful manager is able to push his own strategy against contradiction by other executives or directors. Consequently, a CEO who enhances the firm's value and improves its performance through his ability and personality is free to even better play out his strengths.
Several measures to actually capture the effect of power have been brought forward. Adams et al. (2005) highlight four aspects of power that were identified by Finkelstein (1992): Structural power as an accumulation and distribution of positions, ownership, expertise and prestige.[19] Adams et al. (2005) focus on the first aspect and propose that the more individuals participate on corporate decision making processes the less power a single individual has. They develop some measures to capture this effect. Their first measure is the founder status of the manager, the second is the only insider status of the CEO. We reconstructed the latter measure and had to drop it as too few companies showed this characteristic. Furthermore, we use the founder variable to measure a closely related issue, entrenchment. We follow Adams et al. (2005)'s approach and further take the aspect of ownership into consideration.

Duality: As we already presented in the beginning, duality, meaning that the CEO not only holds this position but additionally the position of the chairman, is our first measure for power. Hence, we classify a manager to be powerful if he holds the position of the CEO and chairman at the time of his death (dummy value = 1). For successors, we assign the value = 1 if he inherits both positions from his predecessor or adds a position so that he obtains both when being announced. This definition clearly represents Finkelstein (1992)'s structural power aspect. This measure has also been used by Nanda et al. (2013).

[19]Note that we develop a separate variable for prestige/reputation. However, we will return to the relation between power and reputation later.

The additional position as chairman allows the CEO to hold an important key role within the company, as he leads the board which is supposed to answer to and also because chairmen play an important role in the corporate decision making process (Adams et al. (2005)).

Triality: Adams et al. (2005) (also Nanda et al. (2013)) do not only use the dual role of a CEO but additionally require the CEO to also hold the position of president within the company. In line with this, we classify a manager to be powerful if he holds the position of CEO, chairman and president at the time of his death (dummy value = 1). Analogously, this is defined for successors.

Chair President Duality: We also add two further forms of duality to our measures of power. First we classify a manager to be powerful if he holds the position of chairman and president at the time of his death (dummy value = 1). We argue that with the role of chairman, the manager is at the top of the board and is responded to by the executives. On the other hand, in the role of the president he is involved in the daily business of the company. This is analogously defined for successors.

CEO President Duality: Similarly, we classify a manager to be powerful if he holds the role of CEO as well as of president at the time of his death (dummy value = 1). This, again, is also in line with the structural power aspect that fewer managers participating in the decision making process means more power for each one of them. Analogously, this is defined for successors.

Additional Executive: Following the argumentation of the CEO President Duality we also add another measure by requiring the manager to not only hold one executive position but two. Thus, we classify a manager to be powerful if he holds more than one senior executive position (dummy value = 1). In addition to the CEO position, we define the COO, CFO and CIO to be senior executive positions. Analogously, this is defined for successors.

Ownership: Another aspect Finkelstein (1992) highlights is ownership. Nanda et al. (2013) argue that great CEO ownership leads him to act at more discretion as

consequence of the board lowering its influence. Thus, we use ownership as proxy for power and assume that greater ownership means greater power.

Ownership>5%: Based on the ownership, we will define two dummy variables. The first comprehends all those managers who are block owners, that is individuals who own more than 5% of the outstanding stock. Nguyen and Nielsen (2013) use this measure to investigate the impact of block holders on firm value. They do not restrict themselves to managers only but compare how managerial block holders have and impact on firm value compared to outside stockholders. Following this, we classify a manager to be powerful if he is a blockholder at the time of his death (dummy value = 1).

Ownership>10%: In addition, we require the manager to at least possess 10% of the company's stock. We set the 10% condition as it serves as an important ownership threshold beyond which the owner has certain rights. Hence, we classify a manager to be powerful if he has more than 10% of the company's stock at the time of his death (dummy value = 1)

Nominating Committee: The next measure mostly aims at the chairmen in our sample. If a chairmen is CEO as well, he can only be powerful if is in control of the board's decisions. This is possible when he is controlling the other directors or alternatively is surrounded by directors thinking alike. Therefore, a chairman who is also member of the nominating committee is in control of choosing directors for the board and consequently can choose directors acting in his favor. Thus, we classify a manager (chairman) to be powerful if he is also member of the nominating committee (dummy value = 1).

Committee Presence: Apart from being the nominating committee member, the presence in any committee as an important factor to guarantee the own power. As we see the nominating committee to be the most prestigious one we separated it as an independent measure. However, we also consider the number of committees the manager is a member of at the time of his death as a good indicator for his power within the firm. This may also be an indicator for the manager's busyness. However,

we argue that the additional effort for committee meetings is manageable. Therefore, power dominates busyness in this case. Thus, the committee presence index is the number of committees the deceased is member of at the time of his death.

Measure	% of Managers
Duality	43.57
Triality	17.43
Chair President Duality	21.55
CEO President Duality	33.94
Additional Executive	16.63
Ownership	no dummy
Ownership>5%	45.55
Ownership>10%	32.22
Nominating Committee	51.61
Committeee Presence	no dummy

Table 8: % of powerful Managers. This table shows the defined power proxies and the distribution in the sample.

Reputation

Reputation is a determining issue for the credibility of information of a firm. Research on managerial reputation finds evidence both beneficial and cost intensive for the company (Jian and Lee (2011)). A good reputation is mostly a result of a well-performing past and a good publicity. Furthermore, it reflects the public perception of the manager. As mentioned before, Finkelstein (1992) identifies prestige as an essential aspect of managerial power. As we consider reputation as an important factor, we explicitly separate reputation from power. We keep in mind that reputation may be understood as measure for power.

Malmendier and Tate (2009) highlight the performance of so called superstar CEOs, that is those who received a price for their firm performance. This is certainly a measure capturing the nature of reputation very precisely. We constructed this measure, but only five managers in our sample actually received an award for their performance. Moreover, Jian and Lee (2011) use the manager's tenure or the fact

whether he was appointed as outsider as their measures for reputation. Another proxy they employ is the number of articles which come up when searching for the manager's name on LexisNexis. Francis et al. (2010) use a similar measure. Hence, both aim at the public perception and media coverage of the manager.
Keeping this in mind we construct our own proxies for reputation. We expect reputation to react positively on firm value, hence, a negative sign for the regression analysis.

Wikipedia Article Exists: Instead of counting the number of articles on a manager, we check whether there exists a wikipedia article on the deceased. Wikipedia is a free internet encyclopedia where articles can be edited by the users of the platform. As it is worldwide available and widely known, it is a good indicator for our intention. Since everyone can participate in editing or creating articles on any arbitrary topic, only publicly known managers will receive their own article. Here, we disregard the fact that managers themselves would be able to create an article on themselves as we believe that only a small number of people do so. Managers are known well when they work in a big and widely known firm and perform well. Both are considered drivers for the manager's reputation. Therefore, we classify a manager highly reputable if there exists a wikipedia article on the manager (dummy value = 1). Even though the internet or wikipedia have not existed for huge parts of our sample at the time of managers' deaths, we still take those wikipedia articles into account that were created posthumously. We can do so, because articles that were created after a person's death automatically mean a stronger popularity for this person at lifetimes. The fact that he is known even after his death consequently means higher reputation. 12.33% of our executives have their own wikipedia article.

Mentioned in Wikipedia Article of Firm: Similar to the proxy above we also consider the situation when a manager does not have his own article but is mentioned in the article of the firm. It can be argued that only managers who are important enough are mentioned on the firm's article, particularly after their own death. As he was important for the firm and because the firm is reputable enough to have a wikipedia article, so is the manager. Thus, we classify a manager reputable if his name is mentioned on the firm's wikipedia article (dummy value = 1). This is the case for 42.23% executives.

Pictures Exist without Mentioning Firm: In the spirit of the above intuition, we develop two further measures. Above we used the existence of wikipedia articles as proxy for reputation, now we will use the existence of pictures on the internet. We argue that if pictures of a manager can be found without mentioning of the firm name, but the internet automatically assigns the firm name to the manager, the manager himself is well-known and reputable without the help of his firm. Of course, this is related to the firm size and may be driven by this, but it still captures the intended effect.
Hence, we classify a manager to be reputable if pictures of the manager exist without mentioning the firm name which in turn is assigned by the internet (dummy value = 1). The argumentation for dead managers can be adapted from above. We only include the sample down to the year 1996 as before pictures are too rare. Pictures exist for 22.33% of the sample.

No Pictures Exist: We also classify a manager non-reputable if there does not exist any picture of the deceased even when mentioning the firm name (dummy value for non-reputable = 1). This holds for 67.23% of the sample.

Entrenchment

Having an entrenched manager in the company can have various consequences. For example, Shleifer and Vishny (1989)'s evidence implies higher wages for the entrenchment managers. A huge body of literature dealing with this issue was brought forward.
Entrenchment is widely seen as a negative trait one can have within a company and companies try to avoid running with entrenched managers. Consequently, we expect negative impact of entrenchment on firm value. However, if the manager was highly talented and qualitative valuable, the effect should be positive (Salas (2010)). Different measures are constructed.

Founder: Borokhovich et al. (2005) uses the founder status as a measure for entrenchment as founders in companies are less likely to suffer a forced departure

after bad performance. They further build up the company and participate in the hiring actions and strengthen their network within the company. Often they are also the face of the company.
Therefore, we define a manager to be entrenched if he is (co-)founder of the company from which he passes away (dummy value = 1). Adams et al. (2005) exploits the founder status as their proxy for power. This is reasonable for the same reasons mentioned above. Even though we believe the entrenchment aspects to dominate power aspects, it can be understood both ways.

Tenure: Yermack (2006) as well as Berger et al. (1997) use the CEO tenure as their proxy for entrenchment.[20] One may argue the same way as done for founders that highly tenured managers could build their network over time which ensures their position within the firm even though they perform badly. Therefore, we also use Tenure as proxy for entrenchment. It can be considered to capture managerial experience as well, but we see the negative effects to outweigh positive effects.

Tenure over Age: As already presented, we use the manager's tenure as measure for his entrenchment in the firm, but have already claimed that tenure is a good experience measure as well. We employ a further proxy to better capture the nature of entrenchment and standardize tenure by the age of the deceased. Executives that spent a quarter of their life in one company are highly entrenched no matter how old they are and how many years they have exactly been working at the same firm. Therefore we classify the proxy for managerial entrenchment as tenure over age.

Tenure over Age Dummy: Putting this in a dummy variable we define a manager entrenched if his tenure in the company makes up more than a quarter of his life, which is the mean of the sample (dummy value = 1).

Takeover Target: Salas (2010) introduces a last measure which he does not identify as direct proxy of entrenchment, but it links to the same issue. He argues that firms that suffered the death of a manager are more likely to become a takeover target as

[20] They also use age as measure for entrenchment. However, Salas (2010) already provides evidence on this, showing that age does not have any effect on firm value.

it lowers the barrier of takeovers. From that he derives another implication saying that if a firm has been takeover target during the time the deceased manager held his position the firm and also the deceased might have blocked a takeover attempt successfully which enhances his position in the firm, i.e. it may provide higher entrenchment.
We will use it anyway and classify a manager to be entrenched if the firm has been a takeover target during the time the manager has been at the helm of the company.

Busyness/Distraction

There is a large body of literature dealing with the issue of busy boards and the implications. Most literature such as Fich and Shivdasani (2006) and Falato et al. (2013) show value destroying aspects of busy directors. The latter employ sudden death events to investigate the value of directors in busy boards. However, they do not focus on the busyness of the deceased director and the implication for firm value but for the remaining directors on the board when a director or the CEO of the firm dies.
We instead focus on the busyness of managers and their impact on the firm value. I.e. we investigate how busyness of a manager distracts him or shifts his focus from doing what is supposed to be his primary task.

#**Outside Directorships:** A measure dominant in literature and widely accepted, e.g. used by Fich and Shivdasani (2006) is the number of outside directorships. They define a director to be busy if he holds three or more directorships. They argue that managers acting on too many boards are no efficient monitors anymore.
On the other hand, outside directorships can also have positive implications as this may be an indicator for the reputation of a director and his network. Directors acting on many boards are integrated in a larger network and profit from the experience gained from other boards. Moreover, it implies that the director has gained a certain reputation within the business community. According to the literature, busyness seems to outweigh the positive effects of outside directorships. Hence, we also use it as measure for busyness and not for a strong network or reputation. We classify a manager to be the busier the more directorships he holds.

#Outside Directorhsips ≥2: We also use the dummy variable from Fich and Shivdasani (2006) and classify a manager to be busy if he holds three or more directorships (dummy value = 1). That means two outside directorship in addition to the position he holds in his own company. Note that all managers in our sample are directors of the firm as well. That means they hold three directorships in total.

Outside Director Board Meetings: A next measure that has been brought forward by Limbach and Scholz (2014) is a measure that can purely be used as proxy for busyness. They argue that the number of directorships may be an indicator for busyness but that effort and time investment for different directorships can be diverse. Therefore, they use the number of board meetings as indicator and state that board meetings among companies differ strongly. Consequently, they derive a measure by the number of board meetings attended on all boards. Therefore, we define the index by summing the number of the board meetings over the companies i where the manager holds a directorship.

$$Busyness - Index = \sum_i \#Boardmeetings_i$$

Non-Profit Board Index: Chemmanur and Paeglis (2005) introduce a proxy that deals with non-profit board memberships of managers. They link the presence of managers in non-profit boards to their publicity and state that being engaged with a non-profit organization enhances the visibility for members outside the industry or the direct business. They consider this as indicator for reputation. However, we suggest a different intuition.

Peterburgsky (2012) rules out the hypothesis that non-profit experiences of managers has no impact on his management of his later employment and instead confirms the competing hypothesis that it enhances mismanagement due to bad corporate culture of a non-profit organization. Those firms tend to restate their financials more often, and announcement returns to class actions are more negative.

The work in non-profit boards is often very time consuming. Managers have to spend a lot of time on the work in their own company but are distracted by extraordinary work. The effect to build a network to provide better monitoring vanishes. However,

we argue that a certain number of extraordinary activities will not damage the performance, but enhance the reputation. Too much activity, in turn, will damage the performance in the manager's actual position.
Hence, we provide a Non-Profit Board Index to capture the above effect of busyness properly. We assign a value of = 1 to any non-profit board membership. Furthermore, we assign this value to any kind of voluntary work, chair of charity or own foundations. We sum up the memberships thereafter.

$$Index = \sum_{j} ChairofCharity_j + \sum_{k} OwnFoundation_k + \sum_{l} VoluntaryWorkPosition_l$$

Chair of Charity: Not only do we summarize the single parts of the sum, but also consider them as separate measures. First, we classify a manager to be busy if he holds the chair of any charity organization (dummy value = 1). Again, this proxy indicates a good reputation as well. However, we argue that the busyness is a stronger factor to impact the firm value.

Own Foundation: We use the same explanations for the next measure and classify a manager to be busy if he is founder of his very own (non-profit) foundation (dummy value = 1). This may be even more time consuming, but also promises to provide even better publicity outside the business community. Again, it can be considered a proxy for reputation as well. For the above reasons we see busyness as the dominant effect captured.

Voluntary Work: Lastly, we classify a manager to be busy if he does any kind of voluntary work (excluding chair of charity position and own foundation, dummy value = 1). This is also in line with the former argumentation and can again be seen as reputation proxy.

Measure	% of Managers
# Outside Directorships	no dummy
# Outside Directorships ≥ 2	26.31
Outside Director Board Meetings	no dummy
Non-Profit Board Index	no dummy
Chair of Charity	29.31
Own Foundation	15.03
Voluntary Work	52.34

Table 9: % of busy Managers. This table shows the defined busyness proxies and the distribution in the sample.

Generalist/Specialist

The education as well as the diversity of experiences is an important factor for the firm performance and therefore for the value of a manager. Custodio et al. (2012) and Custodio et al. (2013) find higher pay for CEOs who gained general experience compared to those CEOs who gained a very firm or industry specific experience during their career. They also found that firms with generalist CEOs produce more patents as result of higher R&D expenses. Both studies clearly point out that general skills are better compared to specific skills.

GAI Index: For their analysis of the general ability they employ a General Ability Index (GAI) developed by Custodio et al. (2012). It includes factors regarding the work experience a manager gained during his professional career. They define the index as follows which we use for our investigations as well.

$$GAI_{i,t} = 0.268X1_{i,t} + 0.312X2_{i,t} + 0.309X3_{i,t} + 0.218X4_{i,t} + 0.153X5_{i,t}$$

$X1$ represents the number of different management positions the manager held throughout his career, $X2$ the number of different firms, $X3$ the number of different industries based on a 4-digit SIC code, $X4$ denotes whether the manager held the same position before (Custodio et al. (2012) use it if the manager has been CEO before as they focus on CEOs only in their studies. This is the only slight adaption

made.) and $X5$ is a dummy whether firm is a multi-division company.
Obviously, the GAI is also a strong measure for the manager's ability. We also seek to make a distinction between generally educated and experienced managers and specifically educated and experienced managers. Therefore, we list the GAI under the generalist trait even though it can equally be considered a quality or ability measure.

General Degree: Another measure that captures the nature of generalists and specialists rather than focusing on the ability at the same time is the analysis of the degree the manager earned at university. Almost all managers in our sample received a degree from a university equal to a bachelor or higher. Only few exceptions turned out to have no degree. We argue that the degree is a good indicator for the specialist or generalist capabilities. E.g. physicians are specialists as by education. They are not typical leaders of companies or, in other words, never learned the secrets of business.
On the other hand, economic or business graduates study the business side and are prepared to run a company. Running a company always requires business skills no matter in which field companies act. Thus, we classify a manager to be a generalist if he graduated in any major related to business, economics or law (dummy value = 1). 56.30% hold such a degree.

Special Degree: Equivalently, we define a manager to be a specialist if he graduated in any other major than one related to business, economic or law (dummy value = 1). This holds for 45.20%. Note that some executives hold more than one degree one in a general field and another one in a special field.

Quality/Experience

Chemmanur and Paeglis (2005) indicate that for venture capitalists the quality of the management is absolutely crucial to determine the feasibility of a start-up. Furthermore, the quality of the management affects parts of the IPO and also the performance after IPO. The authors point out the importance of management quality. Hence, at last we deal with the aspect of managerial quality and experience to provide

evidence on its value. Quality and experience have both been object to a large strand of literature. Several measures have been brought forward. Chemmanur and Paeglis (2005) investigate the quality of the entire management while we focus only on the role of one single manager who passes away.
We will first start to introduce a few measures we constructed ourselves, before we go over to some existing measures we use.

First Manager Age: Li et al. (2011) investigate how CEO age impacts different investment decisions and they find evidence that young CEOs work more actively and have more investments on average. Hence, the authors highlight that there is a link between age and firm performance even though using the age as variable provides not evidence on this, as done by Salas (2010). We take up these thoughts and develop a measure which is closely connected to the quality of the manager as well.
A manager that gets into his position at a very early age has to be very well connected (good network) and, most importantly, must be highly talented so that the board and the management is willing to announce him. Hence, we argue that getting executive at a young age is an excellent indicator for the manager's talent or quality. We also argue that, the younger the person holding the managerial position in which he dies, the more talented he has to be, the higher his quality for the firm, and the more experience he can gain over time until his death. This measure is very clean and very useful for our purpose.
Thus, we define the first age at which the deceased gets the position in which he dies as the first manager age, which in turn serves as our proxy for quality.

First Manager Age Mean: We classify a manager to be qualified if his First Manager Age is below the mean of the sample which is 40 years (dummy value = 1).

Elite Uni: Chemmanur and Paeglis (2005) also highlight three dimensions for management quality. First, human and knowledge resources of the management, second the management team structure. The third aspect focuses on the reputation of the board and is therefore omitted by us. To reflect the first dimension we observe the education a manager had. Bamber et al. (2010) state that most CEOs from

Fortune 1000 Firms graduated from an elite university.
Being a graduate from such an institution is a quality measure in several ways. First, it strengthens the network of the manager. He is part of a business elite among other highly ranked managers and people important for politics. A good network, in turn, is driver for the quality. Secondly, even though the costs to study at an elite university are high, still only the most talented and capable individuals are granted access to such an institution.
Therefore, we classify a manager to be highly qualified if he has a degree from any elite university (dummy value = 1). Elite universities in the U.S. are all Ivy League Members and additionally Stanford University, NYU, MIT, UC Berkeley and University of Chicago.

MBA: Another proxy that is used by Chemmanur and Paeglis (2005) as well as by Bertrand and Schoar (2003) is the MBA presence of the management members. The same reasoning as for Elite Uni can be applied here. Therefore, we classify a manager to be qualified if he has an MBA degree (dummy value = 1).

Compensation 2nd Highest: The last proxy we obtain is a measure used by Chatterjee and Hambrick (2007) to actually capture the effect of dominance of a manager over others. They generate the compensation of the CEO over the second highest salary and argue that CEOs usually have great impact on determining their own pay as well as the pay of others. This is a reasonable argumentation on the one hand, but on the other, only highly qualified managers are paid high salaries compared to the remaining executives. Managers receive high salaries to tie them to the firm and to give them incentive to stay and to not leave. Nguyen and Nielsen (2010b) find a positive sorting between a manager's contribution to firm value and his salary, namely, highly contributing managers earn significantly more than their peers. Therefore, we classify a manager qualified if he earns 50% more in the year prior to his death than the second highest salary in case he is CEO, if he earns more than 90% of the CEO's salary in case he is president and not CEO and if he earns 100% more than all other directors if he is chairman and not CEO (dummy value = 1). Those thresholds are the means of our sample.

Measure	% of Managers
First Manager Age	no dummy
First Manager Age Mean	28.75
Elite Uni	32.31
MBA	22.22
Compensation 2nd Highest	31.11

Table 10: % of qualified/experienced Managers. This table shows the defined quality/experience proxies and the distribution in the sample.

5.4 Control Variables and Regression Model

Some questions arise and have to be answered before diving into empirical analyses. What tests should be applied? Which control variables should be included into the regression model?

To investigate the impact of traits on firm value, we run OLS regressions like Nguyen and Nielsen (2010b) where the CAR of the interval $[-1, 1]$ around death announcement serves as our dependent variable and our proxy for firm value as it does for most of the sudden death literature. We run all regressions for the interval $[0, 1]$ and $[-1, 2]$, too, and find the same results. When we look at the pairwise correlation of these proxies in table 11, we find highly significant correlation which means that those variables capture the same effect.

	CAR[-1,1]	CAR[-1,2]	CAR[0,1]	CAR[0,2]
CAR[-1,1]	1 (***)	0.92 (***)	0.83 (***)	0.81 (***)
CAR[-1,2]	0.92 (***)	1 (***)	0.71 (***)	0.86 (***)
CAR[0,1]	0.83 (***)	0.71 (***)	1 (***)	0.89 (***)
CAR[0,2]	0.81 (***)	0.86 (***)	0.89 (***)	1 (***)

Table 11: Cumulated Abnormal Return Correlation Factors. This table shows the pairwise correlation between CARs of different intervals around the event date. *,**,*** denote significance at 10%,5%, 1% level.

We use the standard OLS regression model as this is done by most of the sudden death literature, which also investigates the impact of any issue on firm value, e.g. Salas (2010), Nguyen and Nielsen (2010a) etc. It should capture the effects we seek to obtain sufficiently well.

To get an idea which proxies are related and to gain an insight into their nature, we calculate the pairwise correlation between the variables. This way we get an idea whether power variables are related with variables of reputation and many more. We also learn whether some variables capture the same effect when the correlation is too large. We get back to this issue in the next sections.

We include some control variables into our model to provide better understanding of the shareholder reaction. When choosing the controls, we closely follow the approaches of most sudden death literature such as Salas (2010) and Nguyen and Nielsen (2010b).
As done in the latter study we include the manager's age as manager characteristic and a dummy for CEO to always see the difference between non-CEOs and CEOs in the sample. We as well as Salas (2010) use the manager's tenure as entrenchment proxy. Therefore, it does not serve as control variable in our sample, but it will be investigated in more detail. We would also include a gender dummy, but all our observations are male and therefore there is no need for this.
A second set of variables comprehends corporate governance proxies. We use the board size of the company and also the outsider ratio. As the board has two important functions, advisory and monitoring, it is also important to reflect both within the OLS. Lastly, we need to include some company characteristic controls. We use the ROA industry adjusted by a two digit SIC code over the last three years before death, Market Capitalization industry adjusted by a two digit SIC code in the year preceding to death and the industry adjusted Market-To-Book ratio for the year preceding to death .

$$ROA = \frac{NI}{AT},\ MarketCap = PRCC * CSHO$$
$$Market - To - Book = \frac{PRCC * CSHO}{AT - LT}$$

whereas NI is net income, AT total assets, PRCC the stock close price at the end of the year preceding to death, CSHO the common shares outstanding, and LT total liabilities. In addition to all those variables we include a dummy, indicating

when the successor was announced in less than three days after the sudden death announcement. We propose that there may be a different shareholder reaction when a successor is announced right away. We claim this two day window after death, since we expect the sudden death reaction to be affected most likely.

Control	Mean	CEO	Others
A. Executive Characteristics			
CEO	0.61		
Age	61.2	59.2	64.32
B. Firm Characteristics			
ROA	-0.087	-0.129	-0.029
Market Cap	-583.77	-1782.17	1486.19
Market-To-Book Ratio	-1.48	-3.58	-2.16
C. Corporate Governance			
Boardsize	8.63	8.3	9.1
Outsider Ratio	0.405	0.422	0.377
Successor<3 days	0.559	0.591	0.355

Table 12: Overview of Control Variables. This table provides an overview of the control variables used in later regression analyses and the means for the whole sample (column 1), the CEO only subsample (column 2) and for the remaining observations (column 3). Age is the executive's age at the time of his death. ROA is the Return On Assets industry adjusted with two digit SIC code averaged over the past three years preceding to death. Market Cap is also industry adjusted for the year preceding to death. The same holds for Market To Book Ratio. Finally Succ<3days is a dummy, which is one if the successor is announced within two days after the sudden death.

6 Impact of Personal and Managerial Traits on Firm Value

6.1 Whole Sample Analysis

6.1.1 Sample on Personal and Managerial Characteristics

In this section, we start on giving an insight of our variables by providing some detailed descriptive statistics. Our sample consists of 216 sudden death events. But as we hand collect most of the data, it is quite hard to find those details for every single manager who passed away. Even when we get the data from Compustat, it does not necessarily mean that it is entirely available. We obtain the data from either one of the sources, but a lot has been obtained from SEC filings and simple Google search.

Some of our firms are quite small and it is not uncommon to see for those firms the financial data to be lumpy. Table 14 gives a short overview of the data density we obtain. We see that some of the measures are hard to get. Even though we softened up the conditions of the press portrayal we could only obtain it for 96 managers. Since the M&A data is only available for firms from 1996 onwards we only obtain 79 observations for our sample.
Another issue which needs to be discussed is that in particular personal characteristics are prone to be affected by endogeneity. We talked about this in earlier chapters but we want to recall this issue by focusing how this exposes in particular for single attributes. Recall that endogeneity is predominant because the likelihood of being terminated is related to personal traits. For example, an excessively overconfident manager might suffer a higher likelihood of a forced departure.

Personal Trait	Variable	# of Obs
Overconfidence/Hubris	Excessive OC (Inv. based)	150
	Moderate OC (Inv. based)	150
	Excessive DD (Inv. based)	150
	Excessive OC (Inv. over Q based)	145
	Moderate OC (Inv. over Q based)	145
	Excessive DD (Inv. over Q based)	145
	Press Portrayal	96
	Manager Hobbies	113
	M&A Deals over Tenure	79
	M&A Deals over Tenure Dummy	79
Narcissism/Egoism	Private Pictures Online	73
	Firm Name=Founder Name	61
	# Marriages	106
	# Marriages Dummy	106
	Age Diff to Wife	90
	Age Diff to Wife Dummy	90
Generosity	# of Kids	118
	# of Kids Dummy	118
Resilience	Depression Baby	216
	War Baby	216
	War Participant	107
	Age>67	216

Table 13: Overview of availability of personal trait variables and number of observations obtained from different sources for each of the proxies. (1)

However, at the same time, if this exceedingly overconfident executive performs very well, the likelihood of being terminated may be reduced. We cannot measure the likelihood of termination, which is the driver of endogeneity. Overconfidence correlates with this as an omitted variable in a regression model. This intuition can also be applied to other personal traits. Narcissism/ Egoism clearly suffers this as well due to the nature of it. Narcissistic managers prefer extreme outcomes. Therefore, they take higher risks which again impacts the likelihood of a forced

Personal Trait	Variable	# of Obs
Openmindedness/Tolerance	Foreign Background	122
Discipline	Military Experience	104
Sympathy	Direct Speech	110
	Personality Described	110
	First Name Mentioned	109

Table 14: Overview of availability of personal trait variables and number of observations obtained from different sources for each of the proxies. (2)

departure. The same line of reasoning can be applied for all other traits we work with. For instance, openmindedness may enhance the performance of a manager while simultaneously reducing the likelihood of being terminated. Similarly, disciplined managers can also lower their likelihood of a forced departure. For sympathy, we cannot precisely predict whether there is a higher or lower likelihood of being fired.

Similarly, endogeneity can be observed with managerial traits. Undoubtably, powerful managers are less prone to be terminated as they tend to keep themselves away from such options. Reputation works in a similar way, as does entrenchment and all remaining variables. Despite the fact that not every single proxy we obtain is affected by endogeneity, all issues are resolved by employing the sudden manager death and even if a proxy does not suffer endogeneity, exploiting the shareholders' reaction seems right to investigate the value of a trait.[21] Once more, we hand collected most of the managerial trait proxies, particularly for older parts of the sample. The data density which we obtain is shown in tables 15,16.

[21]Salas (2010) has thoroughly shown the value destroying effects of managerial entrenchment. As we use the same sample and similar proxies, we obtain the same results. Hence, we use entrenchment only for subsample analyses as well as for successor and outside director analysis.

Managerial Trait	Variable	# of Obs
Power	Duality	216
	Triality	216
	Chair President Duality	216
	CEO President Duality	216
	Additional Executive	146
	Ownership	180
	Ownership> 5%	180
	Ownership> 10%	180
	Nominating Committee	93
	Committee Presence	95
Reputation	Wikipedia Article Exists	195
	Mentioned in Wikipedia Article of Firm	103
	Pictures Exist without Mentioning Firm	103
	No Pictures Exist	103
Entrenchment	Founder	214
	Tenure	204
	Tenure over Age	205
	Tenure over Age Dummy	205
	Takeover Target	213
Busyness	#Outside Directorships	114
	#Outside Directorships>2	114
	Outside Director Board Meeting	94
	Non-Profit Board Index	129
	Chair of Charity	133
	Own Foundation	133
	Voluntary Work	128
Generalist/Specialist	GAI	169
	General Degree	96
	Special Degree	96

Table 15: Overview of availability of managerial trait variables (1) and number of observations obtained from different sources for each of the proxies.

Managerial Trait	Variable	# of Obs
Quality/Experience	First Manager Age	160
	First Manager Age Mean	160
	Elite Uni	116
	MBA	108
	Comp over 2nd Highest	93

Table 16: Overview of availability of managerial trait variables (2) and number of observations obtained from different sources for each of the proxies.

6.1.2 Empirical Analysis and Interpretation on Personal Characteristics

We will start analyzing the regression results step by step. We refrain from presenting every table, but instead put non-significant results into the Appendix. We only present correlation tables if they show any interesting results.[22]

Overconfidence: Table 17 presents the results first from univariate analysis of the overconfidence proxy proposed in prior sections using the sudden death sample and then from multivariate results including all control variables to see the changes. This table employs overconfidence defined by the investment rate as suggested by Campbell et al. (2011). Even though the authors find evidence on turnover rates, i.e. excessively overconfident and excessively diffident managers impact this rate negatively whereas moderately overconfident managers impact the turnover rate positively, our analysis does not back up these results. Instead, we do not find any significant evidence. None of the suggested measures show any significant behavior. These results are confirmed by the analysis on the investment rate proxy standardized by Q. You can find these results in table 79 in the appendix.

Next, if we look at the results on the remaining overconfidence proxies in table 18, we neither find significant effects of the Malmendier and Tate (2008) proxy employing a press portrayal nor for the measure exploiting the hobbies of the manager.

[22]We do not put all correlation tables in the Appendix, but only present those that are necessary to explain our results properly.

Overconfidence OLS, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Excessive OC (Inv based)	+	-0.0249	0.0107				
Moderate OC (Inv based)	-			0.0164	0.0019		
Excessive DD (Inv based)	+					-0.0024	-0.0121
Age			0.0022 (***)		0.0021 (***)		0.0021 (***)
CEO			0.0220		0.0201		0.0216
ROA			0.0375 (**)		0.0341 (*)		0.0322 (*)
Market To Book			0.0000		0.0001		0.0000
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0036		0.0036		0.0033
Outsider Ratio			-0.0497		-0.0527		-0.0505
Successor<3 days			-0.0068		-0.0054		-0.0064
Intercept		0.0026	-0.1517 (***)	-0.0121	-0.1475 (***)	-0.000994	-0.1445 (***)
Observations		193	128	193	128	193	128
Adj. R-squared		0.0107	0.1747	0.0078	0.1734	0.0001	0.1754

Table 17: Results on Overconfidence (1). This table shows regression analysis of overconfidence proxied by the Investment Rate Quintiles and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Only the proxy using the M&A Deals over Tenure adapted from Aktas et al. (2011) show significant behavior as predicted. The evidence is obtained for both the continuous as well as for the dummy. Those proxies indicate value destroying effects of managerial overconfidence.[23]

[23]Recall that positive coefficient for variables stands for value destroying effects and a negative one for value creating effects.

Overconfidence OLS, robust CAR[-1,1]									
Variable	Predicted Sign	(7)	(7) *	(8)	(8) *	(9)	(9) *	(10)	(10) *
Press Portrayal	+	0.0014	0.0076						
Hobby	+			-0.0026	-0.0110				
M&A Deals over Tenure	+					0.0069	0.0080 (*)		
M&A Deals over TenureDummy	+							0.0498 (**)	0.0501 (***)
Age			0.0019 (**)		0.0016 (*)		0.0025 (**)		0.0030 (***)
CEO			0.0096		0.0234		0.0310		0.0364
ROA			0.0251		0.0231		0.0175		0.0122
Market To Book			0.0010 (**)		0.0001		0.0003		0.0004
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0054		0.0054		0.0067		0.0044
Outsider Ratio			-0.0366		-0.0179		-0.0516		-0.0632
Successor<3 days			0.0065		-0.0050		0.0039		0.0004
Intercept		0.0171	-0.1474 (**)	-0.0095	-0.1527 (**)	-0.0201 (*)	-0.2147 (***)	-0.0298 (**)	-0.2286 (***)
Observations		92	75	108	88	76	65	76	65
Adj. R-squared		0.0001	0.2315	0.0002	0.1698	0.0096	0.2428	0.0659	0.2846

Table 18: Results on Overconfidence (3). This table shows regression analysis of overconfidence proxied by the Press Portrayal, Manager Hobbies, M&A Deals over Tenure as well as its dummy and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (7) or (8)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

The result is significant at a 1% level for the dummy proxy (0.0501) and at a 10% level for the M&A Deals over Tenure (0.008). Note that for the latter, the simple regression does not show significance. This can be explained that there are underlying effects coming along with this proxy. In other words, with the simple regression this proxy measures more than simply value destroying overconfidence. It may also capture value enhancing effects, so that both effects absorb each other. In the multivariate regression those underlying effects vanish by interaction with any of the control variables so that we obtain significant value destroying results.
Note that the Investment Rate Based proxies do not correlate strongly with any other of the control variables in our regression model. Furthermore, they also do not correlate with any other variable strongly. Table 19 tells us that overconfidence

	Press Portrayal	Hobbies	#M&A/ Tenure	#M&A/ Tenure Dummy
Private Pictures Online	0.32 (**)	0.39 (***)	0.05	0.16
Name=FirmName	-0.17	0.09	0.40 (*)	0.30
Wikipedia Article Exists	0.07	0.39 (***)	0.09	0.03
Picture Exist no Firm Mentioned	0.07	0.44 (***)	0.09	0.18
Firmsize	0.11	0.19 (*)	0.36 (***)	0.52 (***)

Table 19: Pairwise Correlation of Overconfidence with other Traits and Controls. This table shows the pairwise correlation between overconfidence proxies (horizontally) and other traits and controls (vertically). *,**,*** denote significance at 10%, 5%, 1% level

proxies and narcissism proxies are strongly related (row 1 and 2). The same holds for reputation proxies (row 3 and 4). It means, that our chosen measures might also capture reputation or narcissism. Chatterjee and Hambrick (2007) clearly see strong relation between overconfidence and narcissism and state that both effects are hard to disentangle. By looking at the M&A Deals over Tenure proxy, one reads that it correlates with the Firmsize measured in assets. This finding is entirely understandable, since bigger firms tend to acquire more on average than smaller firms, as there are more possible targets.

In summary, we state overconfidence barely affects the shareholder reaction to sudden death. Only the M&A over Tenure proxy seems to be incorporated by the

market. This latter is in line with the semi-strong form of market efficiency. It shows that the market reacts quickly enough and correctly to relevant information and incorporates it into the stock price.

In chapter 4 when presenting the EMH, we provide exclusive explanations for why the market might not adjust the stock price to certain information releases or in this case to the overconfidence level of the deceased and his traits in general. Recall, that a basic assumption of EMH requires the market to incorporate new information quickly and correctly whereas another assumption implies that the market should not react to non-information.

Hence, our first explanation states that shareholders are not aware of their managers' overconfidence level as this kind of information is not accessible or publicly available and thus not reflected in the stock price. Shareholders may only observe corporate decisions made by executives because they do not have a proper insight and not enough information to infer on the executive's personality. However, recall that all information is collected from public sources even though some information is released in obituaries and might not be publicly known beforehand. Therefore, a ruling in relation to the EMH is impossible because the theory in its semi-strong form deals with publicly known information. On the other hand, not incorporating known information might go against the assumption of EMH that all information has to be reflected quickly and correctly by the market participants.
Alternatively, the market is either not interested in the personality of the manager or relevant information is simply ignored. This statement, in turn, argues strongly in favor of the EMH whereupon no relevant information leads to no significant reaction. Lastly, we add a third possible explanation that can explain the results. Existing measures may not capture the effect of overconfidence sufficiently well, and instead may suffer strong endogeneity. Since prior studies do not exploit sudden death events to wipe out the endogeneity problem, those might suffer it. Consequently, endogeneity might drive the results of existing studies and provide significant effects. We instead provide direct evidence of existing literature's proxies on firm value and do not find significant impact. Our analysis is free of endogeneity and therefore, should provide the proposed results.

These explanations and also the interpretation for why markets react significantly to certain traits can be applied to many more of our proxies as we will see and we will refer to them in the following.

Narcissism/Egoism: Continuing and looking at narcissism and egotism, tables 20 as well as 80 (can be found with looking at in Appendix) provide no significant impact on firm value for any of the proxies even though from prior studies a value destroying effect can be expected. Only the Firm Name proxy indicates value destroying behavior. By looking at table 19, we realize that this proxy correlates significantly with the M&A Deals over Tenure, which holds significantly itself. Recall further, that narcissism measures partially correlate with overconfidence proxies as shown. However, also note for the Firm Name=Firm Value measure, that the sample size is only 37 observations, therefore, the results are probably driven by this fact.

As for overconfidence it can be summarized that narcissism plays no significant role for shareholders when evaluating their executives. Hence, the provided explanations can easily applied again. Quickly recall that either the market ignores this trait and therefore does not react to no information which confirms the semi-strong form of EMH or does not have sufficient information to account for it. Alternatively, it does not incorporate publicly available information, contradicting to EMH, or the provided measures do not capture the effect precisely enough and is driven by other controls in prior studies.

Narcissism/ Egoism OLS, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1) *	(2)	(2) *	(3)	(3) *
Firm Name = Founder Name	+	-0.0086	-0.0661 (**)				
Age Difference to Wife	+			0.0025 (**)	0.0013		
Age Difference to Wife Dummy	+					0.0428 (*)	0.0124
Age			0.0036 (***)		0.0019		0.0020
CEO			0.0817 (*)		0.0240		0.0234
ROA			0.0674		0.0461 (***)		0.0466 (***)
Market To Book			0.0006 (*)		0.0003		0.0002
Market Cap			0.0000 (***)		0.0000		0.0000
Board Size			0.0060		-0.0007		-0.0011
Outsider Ratio			-0.1491 (**)		-0.0739		-0.0723
Successor<3 days			-0.0392		-0.0171		-0.0197
Intercept		0.0104	-0.2146 (**)	-0.0082	-0.0846	0.0031	-0.0778
Observations		58	37	86	67	86	67
Adj. R-squared		0.0011	0.5679	0.0211	0.2114	0.0222	0.2058

Table 20: Results on Narcissism (1). This table shows regression analysis of narcissism proxied by the Firm Name=Founder Name, Age Difference to Wife as well as its dummy and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the narcissism proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the narcissism proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Generosity, Sympathy, Resilience/Capability of Bearing Lingering Sacrifices: Table 81 (Appendix) provides evidence on generosity and again, generosity seems to not have any significant impact on firm value. Moreover, it does not even correlate strongly with any of the control variables. It can be inferred, that the chosen variables and in turn the effect of generosity, do not have any impact on the market reaction to sudden death.

Table 83 (Appendix) further presents the results for sympathy which also does not provide any significant evidence. Again, the proxies do not correlate with any other control variable strongly. It can be concluded, that sympathy as well, does not play any significant role.
The same can be seen for resilience or the capability to bear lingering sacrifices in table 82 (Appendix). Although we obtain strong value destroying impact for the proxies of resilience in the simple regression analysis, the results vanish in the multivariate case. Proxies stem from Malmendier and Nagel (2011) and also Bamber et al. (2010). There is however one mediating factor that all of these variables have in common, the manager's age. Being born before 1921 or 1939 and also to have participated in a war requires a certain age. It is important to take into account, that age is always a measure which can be used for various things but is not explicitly restricted to measure resilience. Furthermore, age correlates strongly with tenure which is a driver of entrenchment. Therefore, underlying effects and the strong correlation with age as a control, suppress a significant reaction of the resilience proxies or that which might drive the results in prior studies. The measures chosen by prior studies probably do not capture well enough the intended nature. The above results can again explained with the same intuition as before.

Discipline: Similar reasoning can be applied for Benmelech and Frydman (2013)'s proxy of military managers for discipline. One expects value enhancing behavior effects according to the findings of prior studies.

	Military Background
Outside Directorship Board Meetings	0.38 (***)
Chair of Charity	0.40 (***)

Table 21: Pairwise Correlation of Discipline with other Traits and Controls. This table shows the pairwise correlation between discipline proxy (horizontally) and other traits and controls (vertically). *,**,*** denote significance at 10%, 5%, 1% level

We however, do not back up this prediction. Rather, our results show no significance (table 84 in appendix). Reasons for this are various and are mentioned above before.

Interestingly, the Military Background Proxy correlates strongly with the busyness proxies (table 21). We can argue, that disciplined managers believe to likely work more efficiently, thus get more work done than others. All other variables do not correlate with this proxy strongly.

Openmindedness/Tolerance: Next, we investigate the regression results for openmindedness and tolerance. It turns out, that openmindedness, proxied by the Foreign Background variable, holds significantly at a 10% level in the multivariate regression (-0.0196), even though the effect does not hold significantly in the simple regression (table 22).
According to reasons provided before, underlying effects lead to absorb value enhancement and then in the multivariate regression, value destroying effects vanish and the intended positive effects dominate. We see, that openmindedness is reflected by the market and enhances the firm value.
The result confirms our expectation of openminded managers, saying they are more open to new situation and to better able to adapt to changes in the environment. Shareholders also seem to realize this and consequently, positively reflect openmindedness in the stock price.

To briefly summarize our results, the findings suggest that personal traits do not play a major role when the market evaluates a manager. The only traits which may be involved in a shareholder evaluation is overconfidence when measured by the M&A Deals over Tenure which shows a strong value destroying effect, as predicted, and openmindedness which shows a value enhancing impact, as also predicted.
It seems that personality does not play a big role for the value of the manager. We offered three explanations for this in the beginning of this section and linked them to the EMH. The first explanation, the market ignores the personal traits entirely and simply focuses on managerial traits and performance, those characteristics that obviously have a direct association to the firm. This is in line with the EMH which requires the market to only react to (relevant) information. Another possible explanation, the market simply does not have access to certain information as it is released e.g., with an obituary, or only insufficient information regarding his personality and consequently does not account for traits. The market may only

observe corporate decisions and infer to the personality, which might not be sufficient. This is an argument against the EMH since not all public (and relevant) information is incorporated into the stock price.
For few of the variables used, one may argue that prior studies suffered endogeneity and therefore, those studies obtained effects in their regression which are driven by omitted variables. This is likely the case for the resilience proxies which are all related to age.

Openmindedness/ Tolerance OLS, robust CAR[-1,1]			
Variable	Predicted Sign	(1)	(1)*
Foreign Background	-	0.0017	-0.0196 (*)
Age			0.0025 (***)
CEO			0.0271
ROA			0.0375 (**)
Market To Book			0.0002
Market Cap			0.0000
Board Size			0.0014
Outsider Ratio			-0.0719
Successor<3 days			-0.0029
Intercept		0.0030	-0.1366 (**)
Observations		118	97
Adj. R-squared		0.0001	0.2049

Table 22: Results on Openmindedness/Tolerance. This table shows regression analysis of Openmindedness/Tolerance proxied by Foreign Background and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the openmindedness/tolerance proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1)) shows the results of a robust simple regression of the openmindedness/tolerance proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overall, we do not provide evidence for all parts of the first hypothesis but only confirm part a) and e).[24] Evidence for the remaining parts although they are expected

[24]Recall, it predicts value destroying effects for overconfidence and enhancement for openmindedness.

results from prior research, cannot be found, and therefore, must be rejected.

6.1.3 Empirical Analysis and Interpretation on Managerial Characteristics

Power: In this subsection we dedicate ourselves to the analysis of the effect of managerial traits. Starting with power, table 23 power proxied by the standard variable Duality shows significant negative impact (0.0450) on CAR at a 5% level. Table 24 confirms this finding with Ownership as proxy, first simple ownership (0.0918) at a 10% level, and secondly, the Ownership>10% (0.0305) at a 10% level as well. The latter is in line with the findings of Nguyen and Nielsen (2013) indicating value destroying effects for growing insider ownership. The other measures, also on table 85 in the Appendix do not provide this significant impact. But the standard measures for power such as Duality and Ownership hold significantly.

Power OLS, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Duality	?	0.0065	0.0450 (**)						
Triality	?			0.0168	0.0278				
Chair President Duality	?					0.0200	0.0294		
CEO President Duality	?							-0.0173	-0.0103
Age			0.0018 (**)		0.0021 (***)		0.0020 (***)		0.0021 (***)
CEO			-0.0142		0.0120		0.0134		0.0278
ROA			0.0330 (*)		0.0279 (*)		0.0278 (*)		0.0391 (**)
Market To Book			0.0000		-0.0001		-0.0001		0.0001
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0034		0.0041		0.0041		0.0035
Outsider Ratio			-0.0466		-0.0478		-0.0476		-0.0427
Successor<3 days			-0.0070		-0.0056		-0.0064		-0.0062
Intercept		-0.0010	-0.1276 (**)	-0.0010	-0.1515 (***)	-0.0024	-0.1469 (***)	0.0075	-0.1451 (***)
Observations		213	133	213	133	213	133	213	133
Adj. R-squared		0.0014	0.1993	0.0052	0.1847	0.0087	0.1892	0.0087	0.1736

Table 23: Results on Power (1). This table shows regression analysis of power proxied by Duality,Triality, Chair Preident Duality, CEO President Duality and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the power proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the power proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Power OLS, robust CAR[-1,1] Variable	Predicted Sign	(8)	(8)*	(9)	(9)*	(10)	(10)*
Ownership	?	0.0918 (*)	0.1094 (**)				
Ownership>5%	?			0.0133	-0.0071		
Ownership>10%	?					0.0309 (*)	0.0305 (*)
Age			0.0013		0.0021 (**)		0.0015 (*)
CEO			0.0124		0.0200		0.0144
ROA			0.0275		0.0352 (**)		0.0293 (*)
Market To Book			0.0000		0.0000		0.0000
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0068 (**)		0.0038		0.0059
Outsider Ratio			-0.0341		-0.0554		-0.0390
Successor<3 days			-0.0008		0.0000		0.0015
Intercept		-0.0065	-0.1404 (***)	-0.0023	-0.1421 (***)	-0.0060	-0.1422 (***)
Observations		177	128	177	128	177	128
Adj. R-squared		0.0283	0.202	0.0052	0.1677	0.0245	0.1875

Table 24: Results on Power (3). This table shows regression analysis of power proxied by Ownership as well as its two dummies and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the power proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (8) or (9)) shows the results of a robust simple regression of the power proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

	First Manager Age	Tenure	Tenure over Age	Founder	Mentioned on Wiki Article of Firm	Boardsize	Assets
Duality	-0.13	0.05	0.10	-0.04	0.28 (***)	0.03	0.07
Dua_CEO_Pr	-0.01	-0.1 (**)	-0.08	-0.2 (**)	-0.04	-0.2 (***)	-0.1 (**)
Dua_Pre_CM	-0.02	0.07	0.10	0.05	-0.09	-0.01	0.00
Ownership	-0.3 (***)	0.35 (***)	0.34 (***)	0.18 (***)	0.44 (***)	-0.3 (***)	-0.1 (**)
Ownership>5%	-0.3 (***)	0.44 (***)	0.45 (***)	-0.07	0.44 (***)	-0.3 (***)	-0.3 (***)
Ownership>10%	-0.2 (***)	0.39 (***)	0.38 (***)	-0.2 (**)	0.44 (***)	-0.2 (***)	-0.1 (*)

Table 25: Pairwise Correlation of Power with other Traits and Controls. This table shows the pairwise correlation between power proxies (vertically) and other traits and controls (horizontally). *,**,*** denote significance at 10%, 5%, 1% level

Analyzing the correlations with other variables helps for a better understanding of power. Table 25 shows clearly a strong positive and significant correlation between power proxies and entrenchment in column 2-4. Salas (2010) and many others provide evidence on the value destroying nature of entrenchment. Obviously, entrenchment and power are often related issues. It is harder to remove a powerful manager from the company which in turn means entrenchment. Thus, it can be argued similarly as Founder is often also used as proxy for entrenchment. Tenure, as well as Tenure over Age, capture the time the manager spent in the company. The more time, he spent in this one company, the higher the likelihood to build up a strong network and to gain a lot of power. It is hard to separate the effects. However, we recognize the strong negative aspects of power.
In addition, there is a strong relationship between one of the reputation proxies and power as it can be seen in column 5. This is in line with Finkelstein (1992) who identifies prestige as an important aspect of power.
The last two columns of table 25 show the negative relation to board size and firm size in assets. This indicates that the bigger the board, the less power for one executive, and the bigger the company, the less power for the managers. Despite both being reasonable relations, they do not explain the value destroying nature of power, what they do indicate is where powerful managers are most likely to be found. Lastly, the first column provides evidence that manager talent or quality is negatively correlated with power.

In general, the results indicate that power is rather a value destroying asset independent of any performance. It can also be argued, that if a powerful manager passes away, this gap has to be filled as a great vacancy is always a weakness and the company may suffer poor performance. Filling a big gap is certainly more difficult than filling a small gap. Hence, finding an appropriate successor with the same capability is a threatening scenario for the market, so that it in turn reflects this with a positive effect to sudden death. Furthermore, losing a huge stockholder can cause the same problem, in that the heir may be unknown to shareholders and not necessarily an insider anymore. Essentially, the loss of managers with a high degree of responsibility, combined with the uncertainty of the future, will lead the market to value the loss of a powerful manager as a bad outcome for the company.

We did not predict any sign as one might expect both power to be a value enhancing setting if the manager is also of high quality and value destroying effects if he is of rather low quality. The results do however indicate that shareholders consider power to be a negative attribute in general. Nevertheless, this finding is in line with the suggestions of Bebchuk et al. (2008) and Nanda et al. (2013) and can be argued perfectly.

Reputation: Surprisingly, results for reputation in table 86 (Appendix) imply no significant impact for any of the proxies. Note that the Wikipedia Article Exists proxy's significance level is $p = 0.1062$. One would expect, for particularly famous managers, a significant negative reaction, or alternatively, due to the relation to power, a positive reaction. This however is not the case and may be explained by the reasons already provided for personal traits. As the reputation proxies are not necessarily connected to the company, the market may ignore them because they are not of further interest. Alternatively, the proxies are not perfectly suitable to measure reputation.

Busyness: Now, we focus on the analysis on managerial busyness. Table 26 shows that the standard measure for busyness, the number of Outside Directorships, has the predicted sign. The Outside Directorship dummy (0.0347) is significant at a 10% level. Table 27 confirms this result when looking at the chair of charity proxy (0.0327). It also holds at a 10% level. All other variables do not have any significant effect.
The correlation table 28 shows, that busyness measures strongly correlate with those entrenchment proxies, that are related to the tenure. This finding is logical, as older executives begin having more activity outside of the company, whereas younger managers are more prone to being career-focussed. Additionally, executive busyness, especially those managers with many outside directorships, are more likely to be found in bigger and older firms (column 4 and 5). Executives from larger firms are better known to other firms and therefore more likely to be asked to act as director on outside companies. The same argument can be applied for older firms. The more well known and established the company is, the more well known the managers are.

Busyness OLS, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
# Outside Directorships	+	0.0099 (*)	0.0073				
# Outside Directorships>2	+			0.0306 (**)	0.0347 (*)		
Outside Directorship							
Board Meeting	+					0.0014 (*)	0.0009
Age			0.0019 (**)		0.0021 (**)		0.0026 (***)
CEO			0.0192		0.0232		0.0394
ROA			0.0154		0.0152		0.0262 (**)
Market To Book			0.0006		0.0005		0.0004
Market Cap			0.0000		-0.0000 (***)		0.0000
Board Size			0.0026		0.0021		0.0060
Outsider Ratio			0.0061		-0.0042		-0.0364
Successor<3 days			0.0001		-0.0014		0.0011
Intercept		-0.0138	-0.1593 (**)	-0.0134021	-0.1633 (***)	-0.0188 (*)	-0.2223 (***)
Observations		109	88	109	88	89	73
Adj. R-squared		0.0216	0.1537	0.0284	0.1739	0.0176	0.2529

Table 26: Results on Busyness (1). This table shows regression analysis of busyness proxied by Number of Outside Directorships, its dummy, as well as the number of Board Meetings and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the busyness proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the busyness proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Busyness OLS, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1) *	(2)	(2) *	(3)	(3) *	(4)	(4) *
Non-Profit Board Index	+	0.0165 (**)	0.0096						
Chair of Charity	+			0.0501 (***)	0.0327 (*)				
Own Foundation	+					0.0449 (**)	0.0335		
Voluntary Work	+							0.0056	-0.0095
Age			0.0020 (**)		0.0020 (**)		0.0020 (**)		0.0023 (***)
CEO			0.0114		0.0126		0.0062		0.0094
ROA			0.0293 (*)		0.0180		0.0184		0.0287
Market To Book			0.0003		0.0003		0.0002		0.0002
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0022		0.0027		0.0027		0.0025
Outsider Ratio			-0.0268		-0.0220		-0.0228		-0.0313
Successor<3 days			-0.0159		-0.0116		-0.0139		-0.0191
Intercept		-0.0119	-0.1338 (*)	-0.0111	-0.1444 (***)	-0.0030	-0.1338 (**)	0.0020	-0.1380 (*)
Observations		130	100	130	104	130	104	125	100
Adj. R-squared		0.0355	0.1848	0.0568	0.2083	0.0275	0.1986	0.0008	0.1751

Table 27: Results on Busyness (2). This table shows regression analysis of busyness proxied by Non Profit Board Index, Chair of Charity, Own Foundation as well as Voluntary Work and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the busyness proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the busyness proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

	Tenure over Age	Tenure over Age Dummy	Hobbies	Assets	Firm Age
Chair of Charity	0.31 (***)	0.36 (***)	0.10	0.23 (**)	0.15 (*)
Own Foundation	0.33 (***)	0.24 (***)	0.11	0.13	-0.01
Voluntary Work	0.27 (***)	0.26 (***)	0.14	0.08	0.24 (***)
# Outside Directorships	-0.02	-0.01	0.37 (***)	0.33 (***)	0.31 (***)
# Outside Directorships>2	-0.08	-0.03	0.29 (***)	0.31 (***)	0.36 (***)

Table 28: Pairwise Correlation of Busyness with other Traits and Controls. This table shows the pairwise correlation between Busyness proxies (vertically) and other traits and controls (horizontally). *,**,*** denote significance at 10%, 5%, 1% level

Concluding this means that busyness affects the shareholder reaction positively when using the common busyness proxies. It also means that busyness seems to be a crucial factor for the market when evaluating their managers. These findings are rational. Busy managers who must spread their focus amongst extra corporate activities, unrelated to their own company, spend a great deal of time and energy on this. In turn, the performance suffers, leading to the shareholders reaction by negatively taking this into account in the stock price. Exactly alike argues prior literature and suggests busyness to be a value killer which we confirm with our findings.

Generalist/Specialist: In a next step, we take a closer look on the generalist and specialist effects. Table 29 provides significant evidence for the GAI proxy (-0.0207) at a 10% level. All other variables do not show significant effects. However, the finding is in line with Custodio et al. (2012) and Custodio et al. (2013). The two studies imply that experienced managers with general education are beneficial for companies. Literature also suggests that Generalist and Quality are difficult traits to separate.

Generalist/ Specialist CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
GAI	-	-0.0272 (**)	-0.0207 (*)				
General Degree	-			0.0020	0.0168		
Special Degree	+					-0.0342 (*)	-0.0316
Age			0.0021 (***)		0.0028 (***)		0.0026 (***)
CEO			0.0229		0.0360		0.0387
ROA			0.0253 (***)		0.0249 (**)		0.0224
Market To Book			0.0001 (***)		0.0010		0.0008
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0033		0.0021		0.0021
Outsider Ratio			-0.0346		-0.0593		-0.0561
Successor<3 days			-0.0069		-0.0014		0.0000
Intercept		0.0212 (*)	-0.1353 (**)	0.0059	-0.1788 (*)	0.0192 (*)	-0.1480 (*)
Observations		164	124	92	75	92	75
Adj. R-squared		0.0317	0.1826	0.0001	0.232	0.0331	0.252

Table 29: Results on Generalist/Specialist. This table shows regression analysis of generalist/specialist proxied by GAI, General Degree, Special Degree and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the generalist/specialist proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the generalist/specialist proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Therefore, table 30 shows the strong correlation between the GAI proxy as well as the First Manager Age proxy for Quality. It is significant at a 1% level with a value of 0.26. Also, the GAI is negatively correlates with entrenchment as it can be seen in the first three columns. These findings are in line with literature as they show that less qualified managers are likely to be entrenched and secure their position within

the company (Salas (2010)).

Lastly, firms in rather risky industries have generalist managers as shown in the last columns. These companies, that have higher R&D expenses, confirm the results from Custodio et al. (2012), that generalist managers spur innovations and therefore are more likely to be found in risky industries. They find more patents for managers with generalist skills and more investment in R&D.

	Tenure over Age	Tenure over Age Dummy	Founder	First Manager Age	R&D Market Adjusted
GAI	-0.4 (***)	-0.3 (***)	-0.3 (***)	0.26 (***)	0.21 (***)

Table 30: Pairwise Correlation of Generalist/Specialist with other Traits and Controls. This table shows the pairwise correlation between Generalist/Specialist proxy (vertically) and other traits and controls (horizontally). *,**,*** denote significance at 10%, 5%, 1% level

Quality/Experience: Lastly, we investigate one of the most important issues, and what the market is likely most interested in, whether or not it is the quality or talent or simply the experience of a manager that is important. Evidently, we expect a strong negative reaction to the sudden death of a manager, and this is exactly what we find. Table 31 shows a significantly negative reaction (-0.0023) at a 1% level for the First Manager Age proxy. Note, this measure does not correlate with the manager's age and therefore captures the effect of quality well, making this the only measure which provides evidence. All others do not as it can be seen in the table and also in table 87 (Appendix). The first manager age, measures the experience very precisely and disregards the tenure within a company, therefore ignoring entrenchment.

Additionally, we show in table 32, that the First Manager Age proxy is negatively correlated with two entrenchment proxies in column 1 and 2. This also confirms, that our measure is not positively related to the tenure or age of the executive and therefore is an excellent proxy to capture the quality and experience. In addition, we mentioned some of the relations before such as the strong negative correlation with power, or the positive with Generalist.

Quality/ Experience CAR[-1,1]					
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
First Manager Age	-	-0.0009	-0.0023 (***)		
First Manager Age Mean	-			-0.0028	0.0098
Age			0.0024 (***)		0.0021 (***)
CEO			0.0262		0.0278
ROA			0.0230		0.0282
Market To Book			-0.0001		0.0000
Market Cap			0.0000		0.0000
Board Size			0.0057 (*)		0.0033
Outsider Ratio			-0.0284		-0.0442
Successor<3 days			-0.0071		-0.0128
Intercept		0.0457	-0.0862	0.0042	-0.1518 (**)
Observations		155	121	155	121
Adj. R-squared		0.0121	0.2262	0.0002	0.1604

Table 31: Results on Quality/Experience (1). This table shows regression analysis of Quality/Experience proxied by First Manager Age as well as its dummy and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the quality/experience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the quality/experience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

	Tenure over		
	Age	Founder	Boardsize
First Manager Age	-0.5 (***)	-0.3 (***)	0.31 (***)

Table 32: Pairwise Correlation of Quality/Experience with other Traits and Controls. This table shows the pairwise correlation between Quality/Experience proxy (vertically) and other traits and controls (horizontally). *,**,*** denote significance at 10%, 5%, 1% level

Overall, we can partially confirm our Hypothesis three and claim, that we found

evidence on a significant level for power, a value destroying reaction for busyness, as well as a value enhancement for generalist/specialist and quality. Reputation is the only variable we cannot provide significant evidence for.

6.2 CEO und Chairmen Subsamples

6.2.1 Distinction and Expectations

We mention this up front. We refrain from presenting results that contain statistically non-usable data, referring to too small samples or too few specifications for a dummy. Although we include presidents within our sample we are particularly interested in the value effects of CEOs and chairmen, as they play a key role in the companies. So far, we investigated the sample as a whole but now we will look at CEOs and chairmen separately. Note that even if we restrict the sample to CEOs only, observations in this subsample can be chairman as well and vice versa. Otherwise subsamples would become too small.
We eventually expect different results on certain traits for CEOs and chairmen. For example, one may argue that busyness is a much bigger problem for CEOs, since if they do not focus accurately on their work as CEO, the company as a whole suffers more than a chairmen whose monitoring qualities suffer.

6.2.2 Empirical Results

Overconfidence: Again starting with overconfidence, tables 88-91 (Appendix) as well as 33 on CEOs and table 34 on chairmen do not show any different effect from prior investigations on the whole sample. To put this differently, for the M&A Deals over Tenure Variable we again find a strong value destroying effect for both chairmen and CEOs whereas the remainder of the variables show no significant impact. In conclusion, this shows that one cannot expect different valuation of overconfidence by the market for CEOs or chairmen.

Overconfidence OLS if CEO=1, robust CAR[-1,1]									
Variable	Predicted Sign	(7)	(7) *	(8)	(8) *	(9)	(9) *	(10)	(10) *
Press Portrayal	+	0.0091	0.0098						
Hobby	+			-0.0256	-0.0368				
M&A Deals over Tenure	+					0.01289 (***)	0.0049		
M&A Deals over TenureDummy	+							0.0664 (***)	0.0377 (*)
Age			0.0009		0.0008		0.0013		0.0016
ROA			0.0220		0.0245		0.0220		0.0185
Market To Book			0.0012		0.0005		0.0006		0.0005
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0114 (**)		0.0073		0.0109 (*)		0.0084
Outsider Ratio			-0.0805		-0.0048		-0.0483		-0.0547
Successor<3 days			0.0047		-0.0061		0.0163		0.0140
Intercept		0.0127	-0.1007	-0.0079	-0.0978	-0.0221 (*)	-0.1483 (**)	-0.0323 (**)	-0.1499 (**)
Observations		59	49	66	56	51	45	51	45
Adj. R-squared		0.0018	0.3107	0.018	0.2296	0.042	0.3206	0.1279	0.3508

Table 33: Results on Overconfidence for CEOs (3). This table shows regression analysis of overconfidence proxied by the Press Portrayal, Manager Hobbies, M&A Deals over Tenure as well as its dummy and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (7) or (8)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if chairman=1, robust CAR[-1,1]									
Variable	Predicted Sign	(7)	(7) *	(8)	(8) *	(9)	(9) *	(10)	(10) *
Press Portrayal	+	-0.0099	0.0036						
Hobby	+			0.0108	0.0136				
M&A Deals over Tenure	+					0.0123 (***)	0.0089 (**)		
M&A Deals over TenureDummy	+							0.0647 (***)	0.0598 (***)
Age			0.0014		0.0004		0.0011		0.0013
ROA			0.0360 (**)		0.0401 (***)		0.0329		0.0275
Market To Book			0.0004		-0.0003		-0.0014		-0.0013
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0065		0.0057		0.0099		0.0089
Outsider Ratio			-0.0278		-0.0068		-0.0517		-0.0542
Successor<3 days			0.0081		0.0046		0.0137		0.0059
Intercept		0.0333 (**)	-0.1107	-0.0010	-0.0744	-0.0118	-0.1257 (**)	-0.0199	-0.1301 (**)
Observations		70	57	77	63	53	45	53	45
Adj. R-squared		0.0025	0.1703	0.0032	0.0908	0.0317	0.1786	0.0945	0.2364

Table 34: Results on Overconfidence for Chairmen (3). This table shows regression analysis of overconfidence proxied by the Press Portrayal, Manager Hobbies, M&A Deals over Tenure as well as its dummy and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (7) or (8)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Narcissism/Egoism, Generosity, Resilience, Discipline, Sympathy: Furthermore, we obtain the same non-significant results as for the whole sample analysis for narcissism/egoism (table 92-95 in Appendix), generosity, discipline, sympathy and resilience for chairmen (table 96-102 in Appendix). Surprisingly, table 35 displays significant impact for one of the resilience variables for only CEOs, in particular the War Participant dummy. This dummy includes all those CEOs who have participated in the war and additionally those with a general military experience. It is highly value enhancing at a level of 5%. The beneficial effects of discipline can be examined here in a sense that resilient managers who have previously recovered from bad experiences in the past, already know and understand discipline and know how to handle sacrifices. These results display that these types of managers as less likely to become victims of lawsuits and are more accurate in their work, which in turn enhances their value. This finding however holds for CEOs. It can be argued, that it is even more essential for CEOs to follow disciplined rules to manage their job well whereas for a chairmen this might not be as crucial.

Resilience, Capability of bearing sacrifices OLS if CEO=1, robust CAR[-1,1]									
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Depression Baby	-	0.0254	-0.0201						
War Baby	-			0.0438 (**)	-0.0030				
War Participant	-					-0.0196	-0.0786 (**)		
Age>67	-							0.0383	-0.0264
Age			0.0022 (*)		0.0019		0.0024		0.0026 (*)
ROA			0.0369 (*)		0.0361		0.0303		0.0353 (*)
Market To Book			0.0002		0.0001		0.0009		0.0001
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0055		0.0051		0.0033		0.0043
Outsider Ratio			-0.0531		-0.0417		-0.1312		-0.0425
Successor<3 days			-0.0176		-0.0186		-0.0124		-0.0160
Intercept		-0.0117	-0.1347 (**)	-0.0292 (**)	-0.1207	0.0173	-0.0685	-0.0078	-0.1534 (**)
Observations		129	85	128	85	59	48	128	85
Adj. R-squared		0.0171	0.1934	0.0506	0.1882	0.0047	0.277	0.0207	0.1936

Table 35: Results on Resilience for CEOs. This table shows regression analysis of resilience proxied by the Depression Baby, War Baby, War Participant as well as Age>67 and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the resilience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the resilience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Openmindedness/Tolerance: The whole sample analysis shows that executives who are openminded and tolerant tend to have a positive impact on their firm value. This result holds for CEOs as well as chairmen both at a 10% level. Openminded CEOs (-0.0241) are more likely to be open towards new business models, investment strategies or anything else. This in turn is evaluated positively by the market. Tables 36, 37 present our findings.

Openmindedness/ Tolerance OLS if CEO=1, robust CAR[-1,1]			
Variable	Predicted Sign	(1)	(1) *
Foreign Background	-	-0.0023	-0.0241 (*)
Age			0.0021
ROA			0.0331 (*)
Market To Book			0.0003
Market Cap			0.0000
Board Size			0.0037
Outsider Ratio			-0.0900
Successor<3 days			-0.0026
Intercept		-0.0007	-0.0940
Observations		69	58
Adj. R-squared		0.0003	0.2208

Table 36: Results on Openmindedness/Tolerance for CEOs. This table shows regression analysis of openmindedness/tolerance proxied by Foreign Background and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the openmindedness/tolerance proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1)) shows the results of a robust simple regression of the openmindedness/tolerance proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Openmindedness is a beneficial trait for chairmen to portray (-0.0206) as it can

open up new perspectives for the executives and in turn lead to better advisory and monitoring practices.

Openmindedness/ Tolerance OLS if chairman=1, robust CAR[-1,1]			
Variable	Predicted Sign	(1)	(1) *
Foreign Background	-	-0.0040	-0.0206 (*)
Age			0.0015
ROA			0.0203
Market To Book			0.0006
Market Cap			0.0000
Board Size			0.0000
Outsider Ratio			-0.0687
Successor<3 days			0.0032
Intercept		0.0187	-0.0365 (***)
Observations		120	70
Adj. R-squared		0.0008	0.098

Table 37: Results on Openmindedness/Tolerance for Chairmen. This table shows regression analysis of openmindedness/tolerance proxied by Foreign Background and the stock price reaction to executive deaths by restricting the sample to Chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the openmindedness/tolerance proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1)) shows the results of a robust simple regression of the openmindedness/tolerance proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

In short, apart from the measures that showed a significant effect on firm value in the entire sample, there is only one additional significant variable for personality traits that can be seen after the sample is split - the War Participant proxy for resilience. All others show the same effect. These findings confirm either of the explanations we have earlier provided for why personal traits are barely reflected bey the market.

Quickly recall, either the market does not have access to the information regarding personality of the executive, they do not incorporate this information although it is available (the latter contradicts EMH), the market does not consider personal traits to be relevant information for the firm as it only reflects affecting traits such as managerial traits (in line with EMH), or the previous measures from literature do not capture the intended effect accurately.

Power: Continuing with managerial traits, Table 38 provides the results on power for CEOs only. One can realize that again duality as power proxy shows a significant positive reaction (0.0473) at a 5% level. Surprisingly, this measure does not hold on the chairmen only subsample (Table 103 Appendix). Duality in this case means, that we restrict the sample in the first place to CEOs or chairmen only and then include the duality measure. Due to the fact that this measure is applied on a different sample, the results may differ.

Power OLS if CEO=1, robust CAR[-1,1]									
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Duality	?	0.0269	0.0473 (**)						
Triality	?			0.0247	0.0299				
Chair President Duality	?					0.0247	0.0299		
CEO President Duality	?							-0.0170	-0.0100
Age			0.0013 (**)		0.0018 (*)		0.0018 (*)		0.0018
ROA			0.0323		0.0252		0.0252		0.0382 (**)
Market To Book			0.0001		-0.0002		-0.0002		0.0001
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0047		0.0057 (*)		0.0057 (*)		0.0048
Outsider Ratio			-0.0426		-0.0451		-0.0451		-0.0386
Successor<3 days			-0.0200		-0.0190		-0.0190		-0.0193
Intercept		-0.0214	-0.1142 (*)	-0.0089	-0.1292 (*)	-0.0089	-0.1292 (*)	0.0072	-0.1033
Observations		129	85	129	85	129	85	129	85
Adj. R-squared		0.0164	0.231	0.0138	0.2098	0.0138	0.2098	0.0081	0.1906

Table 38: Results on Power for CEOs (1). This table shows regression analysis of power proxied by Duality,Triality, Chair Preident Duality, CEO President Duality and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the power proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the power proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Power OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(8)	(8)*	(9)	(9)*	(10)	(10)*
Ownership	?	0.0691	0.1193 (**)				
Ownership>5%	?			-0.0035	-0.0068		
Ownership>10%	?					0.0229	0.0423 (*)
Age			0.0009		0.0015		0.0010
ROA			0.0244		0.0335 (*)		0.0238
Market To Book			-0.0002		0.0001		-0.0003
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0090 (***)		0.0057		0.0088 (***)
Outsider Ratio			-0.0364		-0.0548		-0.0417
Successor<3 days			-0.0096		-0.0089		-0.0068
Intercept		-0.0081	-0.1213 (*)	0.0017	-0.1005	-0.0075	-0.1206 (*)
Observations		106	81	106	81	106	81
Adj. R-squared		0.0145	0.2223	0.0003	0.1792	0.0118	0.2181

Table 39: Results on Power for CEOs (3). This table shows regression analysis of power proxied by ownership as well as its two dummies and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the power proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (8) or (9)) shows the results of a robust simple regression of the power proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Table 39, 40 again provide the results on the ownership proxies for power and they turn out to be the same as for the whole sample, meaning a significant value destroying reaction for the continuous ownership measure for CEOs (0.1193) and chairmen (0.1397) both at a 5% level. Furthermore, the Ownership>10% proxy provides a significantly positive reaction for CEOs (0.0423) at a 10% level and for chairmen (0.0471) at a 5% level. Again, the remaining proxies for power do not show any effect (Table 104, 105 Appendix). Hence, managerial power is an issue for both

CEOs and chairmen and provides value destroying aspects and it is in line with our findings on the whole sample.

Power OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(8)	(8)*	(9)	(9)*	(10)	(10)*
Ownership	?	0.0954 (*)	0.1397 (**)				
Ownership>5%	?			0.0175	0.0150		
Ownership>10%	?					0.0353 (*)	0.0471 (**)
Age			0.0001		0.0006		0.0003
ROA			0.0267		0.0356		0.0294
Market To Book			-0.0001		-0.0004		-0.0002
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0064 (*)		0.0046		0.0056
Outsider Ratio			-0.0215		-0.0328		-0.0302
Successor<3 days			-0.0069		0.0003		-0.0008
Intercept		0.0025	-0.0562	0.0060	-0.0570	0.0020	-0.0552
Observations		130	91	130	91	130	91
Adj. R-squared		0.0349	0.1445	0.0088	0.0754	0.0339	0.1308

Table 40: Results on Power for Chairmen (3). This table shows regression analysis of power proxied by ownership as well as its two dummies and the stock price reaction to executive deaths by restricting the sample to Chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the power proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (8) or (9)) shows the results of a robust simple regression of the power proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Reputation: Tables 106, 107 in Appendix present the results of reputation on the subsamples and provide no significant reaction, for neither CEOs nor chairmen. This is obtained for whole sample as well and therefore, supports our findings.

Entrenchment: We will now discuss for the first time the topic of entrenchment.

Tables 41, 42 show significantly negative effect to shareholder value on both the Tenure as well as the Tenure over Age proxy for chairmen as well as CEOs. Simply put, entrenchment is a problem for both CEOs and chairmen. (and is not an individual problem for either). This is reasonable as entrenched executives can never be considered beneficial on any position within a firm. Tables 108, 109 (Appendix) provide further analyses on the remaining variables, however one does not obtain significant results for this. Concluding, the results on entrenchment in this subsample analysis back up Salas (2010)'s finding for entrenchment as a value killer in the whole sample.

Entrenchment OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(3)	(3)*	(4)	(4)*	(5)	(5)*
Tenure	+	0.0022 (***)	0.0018 (**)				
Tenure over Age	+			0.1142 (**)	0.1080 (**)		
Tenure over Age Dummy	+					0.0359 (**)	0.0301631
Age			0.0005		0.0010		0.0014
ROA			0.0274		0.0268		0.0257
Market To Book			0.0000 (***)		0.0000		0.0000
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0065 (*)		0.0065 (*)		0.0061 (*)
Outsider Ratio			-0.0180		-0.0220		-0.0298
Successor<3 days			-0.0151		-0.0158		-0.0202
Intercept		-0.0300 (**)	-0.0886	-0.0254 (**)	-0.1141	-0.0163	-0.1143
Observations		122	84	122	84	122	84
Adj. R-squared		0.0764	0.2254	0.0438	0.221	0.0355	0.2101

Table 41: Results on Entrenchement for CEOs (2). This table shows regression analysis of entrenchment proxied by Tenure, Tenure over Age as well as its dummy and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the entrenchment proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (3) or (4)) shows the results of a robust simple regression of the entrenchment proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Entrenchment OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(3)	(3)*	(4)	(4)*	(5)	(5)*
Tenure	+	0.0017 (***)	0.0019 (**)				
Tenure over Age	+			0.1088 (***)	0.1334 (**)		
Tenure over Age Dummy	+					0.0365 (**)	0.0331 (*)
Age			-0.0008		-0.0002		0.0004
ROA			0.0371 (*)		0.0357 (*)		0.0314
Market To Book			-0.0003		-0.0002		-0.0001
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0043		0.0043		0.0037
Outsider Ratio			-0.0158		-0.0201		-0.0270
Successor<3 days			-0.0014		-0.0019		-0.0073
Intercept		-0.0143	0.0039	-0.0125	-0.0290	-0.0033	-0.0412
Observations		146	94	94	94	146	94
Adj. R-squared		0.0653	0.136	0.0447	0.135	0.0416	0.1027

Table 42: Results on Entrenchement for Chairmen (2). This table shows regression analysis of entrenchment proxied by Tenure, Tenure over Age as well as its dummy and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the entrenchment proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (3) or (4)) shows the results of a robust simple regression of the entrenchment proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Busyness: Interestingly, the results for busyness reveal that the number of directorships as proxy are only a significant value destroying issue for chairmen (0.0402) at a 10% level as table 43 shows. Instead, for CEOs this does not seem to be an issue that destroys value as shown in table 110 (Appendix).

Moreover, Chair of Charity as proxy for busyness provides significant negative impact on firm value for both CEOs (0.0497) at a 10% level and chairmen (0.0451)

at a 5% level as tables 44 and 45 suggest. Additionally, for the chairmen subsample the Own Foundation proxy (0.0569) also hits significantly at a 5% level and also the Non-Profit Board Index (0.0164) at a 10% level.

Busyness OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
# Outside Directorships	+	0.0087	0.0091				
# Outside Directorships>2	+			0.0306 (*)	0.0402 (*)		
Outside Directorship Board Meeting	+					0.0011	-0.0001
Age			0.0010		0.0011		0.0011
ROA			0.0127		0.0110		0.0311
Market To Book			0.0004		0.0005		0.0003
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0040		0.0034		0.0088 (*)
Outsider Ratio			0.0322		0.0207		-0.0334 (*)
Successor<3 days			-0.0008		-0.0029		0.0070
Intercept		-0.0030	-0.1101 (*)	-0.0030	-0.1046 (*)	-0.0070	-0.1162 (*)
Observations		80	65	80	65	62	51
Adj. R-squared		0.0156	0.087	0.0259	0.1099	0.0099	0.1337

Table 43: Results on Busyness for Chairmen (1). This table shows regression analysis of busyness proxied by Number of Outside Directorships, its dummy, as well as the number of Board Meetings and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the busyness proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the busyness proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Busyness OLS if CEO=1, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Non-Profit Board Index	+	0.0162	0.0113						
Chair of Charity	+			0.0597 (**)	0.0497 (*)				
Own Foundation	+					0.0495 (*)	0.0342		
Voluntary Work	+							-0.0028	-0.0126
Age			0.0013		0.0012		0.0013		0.0018
ROA			0.0247		0.0115		0.0108		0.0239
Market To Book			0.0001		0.0002		0.0002		0.0001
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0053		0.0057		0.0062		0.0056
Outsider Ratio			-0.0174		-0.0125		-0.0174		-0.0255
Successor<3 days			-0.0261		-0.0188		-0.0202		-0.0288
Intercept		-0.0152	-0.1078	-0.0166	-0.1146	-0.0104	-0.1177	0.0001	-0.1250
Observations		74	61	78	65	78	65	73	61
Adj. R-squared		0.0287	0.1917	0.0562	0.233	0.0284	0.2048	0.0002	0.1812

Table 44: Results on Busyness for CEOs (2). This table shows regression analysis of busyness proxied by Non Profit Board Index, Chair of Charity, Own Foundation as well as Voluntary Work and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the busyness proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the busyness proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Busyness OLS if chairman=1, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Non-Profit Board Index	+	0.0123	0.0164 (*)						
Chair of Charity	+			0.0406 (**)	0.0451 (**)				
Own Foundation	+					0.0412 (**)	0.0569 (**)		
Voluntary Work	+							-0.0069	-0.0130
Age			0.0002		0.0006		0.0006		0.0009
ROA			0.0297		0.0281 (*)		0.0270		0.0241
Market To Book			0.0001		0.0001		0.0001		0.0001
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0013		0.0024		0.0018		0.0015
Outsider Ratio			-0.0325		-0.0060		-0.0206		-0.0417
Successor<3 days			-0.0135		-0.0116		-0.0132		-0.0152
Intercept		0.0075	0.0003	0.0061	-0.0481	0.0122	-0.0318	0.0250	-0.0211
Observations		95	73	98	76	98	76	94	73
Adj. R-squared		0.022	0.1087	0.0408	0.14	0.0275	0.1401	0.0013	0.0695

Table 45: Results on Busyness for Chairmen (2). This table shows regression analysis of busyness proxied by Non Profit Board Index, Chair of Charity, Own Foundation as well as Voluntary Work and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the busyness proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the busyness proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

In summary, busyness can be seen as a value destroying issue for both chairmen and CEOs, however it seems to play a much more important role for chairmen. This finding can be explained as follows, the daily business of a CEO requires quite of a lot of his attention already. Although he is busy outside of his company, the work in his own company and the strong dependence of other executives and employees of his daily work, makes it indispensable for him to pay attention on his job properly. On the other hand, chairmen are expected to monitor and advise executives and only depend on certain duties such as board and committee meetings, essentially they have more freedom within their arrangements. Consequently, it can be deferred that a higher degree of busyness leads to more distraction from outside, steering the attention away from their work as chairmen.

Generalist/Specialist: Our focus now turns to Generalists and Specialists presented in tables 46 and 47 and obtain the same findings as in the whole sample case, namely a significant negative reaction for the GAI proxy for CEOS (-0.0310) at a 5% level and for chairmen (-0.0214) at a 10% level. Similarly, the effect is slightly stronger for the CEO subsample which implies that a general education and experience plays a bigger role than a chairmen with these traits. Again, as for the whole sample all other proxies do not hold significantly in the model.

Generalist/ Specialist OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1) *	(2)	(2) *	(3)	(3) *
GAI	-	-0.0389 (**)	-0.0310 (**)				
General Degree	-			-0.0054	0.0034		
Special Degree	+					-0.0144	-0.0247
Age			0.0017		0.0020		0.0023
ROA			0.0187 (***)		0.0264		0.0216
Market To Book			0.0000		0.0012		0.0012
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0047		0.0039		0.0036
Outsider Ratio			-0.0267 (***)		-0.0946		-0.0899 (***)
Successor<3 days			-0.0197		0.0016		0.0029
Intercept		0.0256	-0.0936	0.0087	-0.0842	0.0122	-0.0885
Observations		98	77	50	41	50	41
Adj. R-squared		0.0582	0.2238	0.0007	0.2323	0.0012	0.2464

Table 46: Results on Generalist/Specialist for CEOs. This table shows regression analysis of generalist/specialist proxied by GAI, General Degree, Special Degree and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the generalist/specialist proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the generalist/specialist proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Generalist/ Specialist OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
GAI	-	-0.0207 (*)	-0.0214 (*)				
General Degree	-			-0.0038	0.0131		
Special Degree	+					-0.0153	-0.0177
Age			0.0009		0.0012		0.0011
ROA			0.0389 (*)		0.0100		0.0084
Market To Book			-0.0001		0.0011		0.0010
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0026		0.0039		0.0039
Outsider Ratio			-0.0208		-0.0402		-0.0387
Successor<3 days			-0.0033		0.0085		0.0086
Intercept		0.0289 (**)	-0.0409	0.0235	-0.0739	0.0261 (*)	-0.0563
Observations		124	90	68	52	68	52
Adj. R-squared		0.0183	0.0909	0.0004	0.0921	0.0062	0.0954

Table 47: Results on Generalist/Specialist for Chairmen. This table shows regression analysis of generalist/specialist proxied by GAI, General Degree, Special Degree and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the generalist/specialist proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the generalist/specialist proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Quality/Experience: For highly qualified CEOs and chairmen, we obtain the same results as in the whole sample. The First Manager Age impacts the firm value positively for CEOs (-0.0029) and chairmen (-0.0030) significantly at a 1% level. The remaining measures show no impact, that hold significantly (tables 111, 112 in Appendix).

In our analysis, we provide evidence that personal and managerial traits behave

similarly for CEOs and chairmen and there are only slight differences obtained throughout. We find single proxies of variables to hold significantly for either of the subsamples. However, both subsamples provide evidence for the same traits. Only exception is a resilience proxy which holds for CEOs only subsamples.

Quality/ Experience OLS if CEO=1, robust CAR[-1,1]					
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
First Manager Age	-	-0.0012	-0.0029 (***)		
First Manager Age Mean	-			0.0051	0.0307
Age			0.0024 (**)		0.0020
ROA			0.0151		0.0202
Market To Book			0.0001		0.0000
Market Cap			0.0000		0.0000
Board Size			0.0082 (**)		0.0058
Outsider Ratio			-0.0174		-0.0429
Successor<3 days			-0.0149		-0.0212
Intercept		0.0583	-0.0548	0.0004	-0.1423 (*)
Observations		96	78	96	78
Adj. R-squared		0.02	0.2712	0.0005	0.1954

Table 48: Results on Quality/Experience for CEOs (1). This table shows regression analysis of quality/experience proxied by First Manager Age as well as its dummy and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the quality/experience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the quality/experience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Quality/ Experience OLS if chairman=1, robust CAR[-1,1]					
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
First Manager Age	-	-0.0014	-0.0030 (***)		
First Manager Age Mean	-			0.0066	0.0228
Age			0.0010		0.0009
ROA			0.0325		0.03665 (*)
Market To Book			-0.0004		-0.0005
Market Cap			0.0000		0.0000
Board Size			0.0070 (**)		0.0043
Outsider Ratio			-0.0094		-0.0319
Successor<3 days			-0.0014		-0.0045
Intercept		0.0810 (*)	0.0345	0.0145	-0.0676
Observations		118	90	118	90
Adj. R-squared		0.031	0.2032	0.001	0.0827

Table 49: Results on Quality/Experience for Chairmen (1). This table shows regression analysis of generalist/specialist proxied by First Manager Age as well as its dummy and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the quality/experience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the quality/experience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Furthermore, a general interpretation suggests that the control variables which we choose play a significant smaller role for samples of only chairmen. When looking at the presented tables above, the explanatory power of the regressions for chairmen is much smaller and mostly around the $Adj.R^2 \approx 10\%$ level whereas for CEOs, it is mostly around $Adj.R^2 \approx 20\%$. A side effect of this is that we realize that the control

variables are stronger related to CEOs than to chairmen. Consequently, fundamental numbers of the firm seem to matter more for CEOs.

6.3 More Subsample Analyses

6.3.1 Managerial Traits as Separator and Empirical Results

As we have observed, personal traits do not really make a significant difference with few exceptions, neither on the whole sample nor on chairmen or CEOs only samples. What we did find however is that there are significant results for most managerial traits. It is now interesting to observe whether or not personality traits play a role when we use managerial traits as a separator. That is, we could e.g. investigate the subsamples with duality managers (powerful) only and check whether discipline plays any significant role now. The same question is analyzed for all personality traits.
Furthermore, we use a variety of other separating variables to observe any significant behavior of personality traits aside from managerial power, such as the GAI as generalist separator, ownership as a second power separator and founder as entrenchment separator.
It is also important to mention that we cannot subsample our subsample again into CEOs and chairmen as observation were too few, we do indicate that reactions are basically similar and so therefore a separate consideration is not urgently needed. To mention this upfront, we refrain from presenting any results that were obtained with too few observations or statistically irrelevant.

The results however show, that even managerial trait subsamples indicate the same results as the whole sample. That is, only the M&A Deal proxy for overconfidence and openmindedness proxy provide significant results on firm value. This also means that even in the case of powerful executives, shareholders do not account for their personal characteristics much. These findings back out explanations that shareholders ignore personal traits, as this kind of information is not relevant for the company, they do not reflect the information correctly or they do not have access to information to infer on the personality of their manager. The first argument supports a semi-strong form of the EMH whereas the second is highly contradictory

and the latter cannot be linked to the EMH directly. All results can be found in the Appendix on tables 113 - 131. Note that one will find few differences to the whole sample consideration. It appears, that excessive diffidence proxied by the Investment Based Measure provides value destroying results for entrenched managers. However it is also important to note, this occurs with 35 observations and therefore can be disregarded. The remainder of the results are left looking similar, with the same significance for each variable.

One might expect that every aspect of the CEO's performance and other managerial traits would impact his decisions which in turn effects the firm even more strongly when this individual is very powerful, however this is not the case. The market does not react to personal characteristics, even if the executive is powerful. This results holds true and can be argued similarly for every other separator we select. It again supports our interpretation and explanation, that shareholders do not account for personality for different reasons.

Both the results from the chairmen and CEO samples as well as the managerial traits used as distinguishing variables, back up the findings we obtain for the entire sample. That is to say, hardly any significant impact for personality traits and proposed effects for managerial attributes are observed. Hence, we infer a certain robustness of our results.

As a consequence of these findings, we must reject the second hypothesis expecting the same results as in the whole sample therefore, significance for personal traits. Again, only few exceptions such as openmindedness and M&A Deals over Tenure as proxy for overconfidence react differently.

6.3.2 Other Separators Subsample and Empirical Results

A further distinction that is interesting to observe, is to use company attributes as separator. That is for example, we investigate high and low R&D firms as well as big and small firms. One might expect a different reaction to be observed for certain traits. For example, an overconfident executive in a low industry adjusted R&D firm

might be beneficial as they take more risk than their rational peers since they perceive the actual risk to be smaller. We use market adjusted R&D expenses, two digits SIC code industry adjusted R&D expenses, firm size by assets, firm age by number of years since inception and number of competitors by the number of firms with the same two digits SIC code as separators. We have separated each variable so that if our sample is below or above the median we are able to investigate how the traits behave.[25]

Overconfidence: Table 50 indicates a significantly negative reaction for excessive diffidence (-0.0665) on R&D market adjusted expenses below median at a 10% level. These findings are not intuitive because a manager in a firm who acts in a low R&D industry should be benefiting because he takes more risk than others which in turn would mean he is overconfident.

[25]Note that we only present those tables where we observe different results for either one of the sides. All others can be provided upon request.

Overconfidence OLS, robust CAR[-1,1] Variable	Predicted Sign	rd_market> med	rd_market< med
Excessive DD (Inv based)	+	0.0310	-0.0665 (*)
Age		0.0011	0.0022 (***)
CEO		0.0369	0.0129
ROA		0.0253	-0.1053
Market To Book		-0.0002	0.0010
Market Cap		0.0000	0.0000
Board Size		0.0107 (**)	0.0007
Outsider Ratio		0.0183	-0.0986
Successor<3 days		0.0198	-0.0169
Intercept		-0.2110 (*)	-0.0891
Observations		44	84
Adj. R-squared		0.4221	0.1904

Table 50: Results on Overconfidence in Subsamples. This table shows regression analysis of overconfidence proxied by Excessive Diffidence and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

As a result, these findings also confirm one of the explanations we provided about how this may happen. One can propose, that some of the measures do not really capture what they are supposed to or in this case, the Investment Based measure does not capture overconfidence and diffidence well enough. Having said this, there might be underlying effects of the Investment Based measure, so that this result comes up. Prior studies maybe obtain significant results due to their endogeneity problems.

Openmindedness/Tolerance: Table 51 again shows that openminded managers

in companies with only few competitors is a positive contribution whereas in companies with many competitors it is not. One can argue, that firms in a highly

Openmindedness/ Tolerance OLS, robust CAR[-1,1]			
Variable	Predicted Sign	competitors> med	competitors< med
Foreign Background	-	-0.0079	-0.0351 (*)
Age		0.0012	0.0046 (**)
CEO		0.0126	0.0350
ROA		0.0263	0.1103
Market To Book		-0.0002	0.0013
Market Cap		0.0000 (*)	0.0000
Board Size		0.0065 (*)	-0.0065
Outsider Ratio		-0.0189	-0.1082
Successor<3 days		0.0012	-0.0148
Intercept		-0.1178	-0.1697
Observations		54	43
Adj. R-squared		0.2102	0.3387

Table 51: Results on Openmindedness/Tolerance in Subsamples. This table shows regression analysis of openmindedness/tolerance proxied by Foreign Background and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

competitive industry have lower search costs for a successor after the passing of their last executive. On the other hand, firms with many competitors can revert to a large pool of possible and qualified candidates with similar traits.

Sympathy: Surprisingly, our sympathy measures hold significantly in firm age and competitor subsamples as table 52 provides. What can be observed is that for older firms, sympathy of their executives and a good relation with the board are beneficial for the firm value and seems to be reflected by the market.

Sympathy OLS, robust CAR[-1,1] Variable	Predicted Sign	firmage>med	firmage<med	firmage>med	firmage<med	competitors> med	competitors< med
Direct Speech	?	-0.0889 (**)	0.0219				
Personality Described	?			-0.0588 (*)	0.0018	-0.0431 (*)	-0.0266
	?						
Age		0.0044 (***)	0.0024	0.0033 (**)	0.0023	-0.0001	0.0048 (***)
CEO		0.0327	0.0412	0.0122	0.0508	0.0256	0.0320
ROA		-0.1604	0.0192	-0.2400	0.0190	0.0273	-0.0264
Market To Book		0.0020 (**)	-0.0007	0.0020 (**)	-0.0006	-0.0001	0.0019 (*)
Market Cap		-0.0000 (**)	0.0000	-0.0000 (***)	0.0000	0.0000	0.0000
Board Size		0.0143 (**)	0.0027	0.0125 (***)	0.0036	0.0148 (***)	0.0000
Outsider Ratio		-0.0352	-0.0336	-0.0350	-0.0445	0.0078	-0.2068
Successor<3 days		-0.0051	-0.0246	0.0081	-0.0240	0.0081	-0.0558
Intercept		-0.3108 (**)	-0.1969 (**)	-0.2709 (**)	-0.1837 (*)	-0.1350	-0.1668
Observations		43	45	43	45	54	34
Adj. R-squared		0.3488	0.1574	0.3197	0.1517	0.2748	0.4648

Table 52: Results on Sympathy in Subsamples. This table shows regression analysis of sympathy proxied by Direct Speech in Obituary, Personality Described in Obituary and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

This is verified for both the Direct Speech proxy (-0.0889**) as well as the Personality Described proxy (-0.0588*). This finding also seems a good contribution for highly competitive firms where it is obtained by the Personality Described proxy as well (-0.0431) at a 10% level.
These finding stand out as being the only subset, that provide significant and different results from the whole sample consideration.

Power: Continuing on with the managerial traits, we obtained some important

results. Tables 53, 54, 55 provide results on power. The tables display for low market adjusted R&D firms stronger negative impact on firm value when firms have a powerful manager that passes away. This result holds for the duality (0.0778**,

Power OLS, robust CAR[-1,1] Variable	Predicted Sign	rd_market> med	rd_market< med	firmsize>med	firmsize<med	firmage>med	firmage<med
Ownership	?	-0.1729 (*)	0.1561 (***)	0.1820 (*)	0.0705	0.1351 (***)	0.0910
Age		0.0016	0.0009	0.0010	0.0022 (*)	0.0004	0.0020
CEO		0.0462	-0.0126	0.0077	0.0143	-0.0111	0.0467
ROA		0.0214	-0.1864	-0.1421	0.0085	0.1111 (*)	0.0166
Market To Book		-0.0001	0.0007	-0.0019	0.0000	0.0005	-0.0008
Market Cap		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Board Size		0.0071	0.0077 (**)	0.0002	0.0063	0.0081 (***)	0.0038
Outsider Ratio		0.0121	-0.0939	-0.0099	-0.0868 (*)	-0.0059	-0.0457
Successor<3 days		0.0097	-0.0062	0.0195	-0.0172	0.0204	-0.0318
Intercept		-0.2015 (**)	-0.0902	-0.0565	-0.1824 (**)	-0.0997 (*)	-0.1718 (**)
Observations		44	84	66	62	75	53
Adj. R-squared		0.4366	0.2183	0.2555	0.2686	0.2499	0.1792

Table 53: Results on Power in Subsamples (1). This table shows regression analysis of power proxied by Ownership and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

table 54), ownership (0.1561***, table 53), and Ownership>10% (0.0441**) measure (table 55). Surprisingly, the Ownership measure (table 53) and Ownership>10% (table 55) additionally provide value enhancement for high market adjusted R&D firms. So far, we only obtain power to be value destroying.

However, the latter result can clearly be argued and does not seem irrational. We claim in in an earlier chapter that power can be beneficial for firms depending on the quality of the executive, however, we obtained value destroying results. Hence, it

can be argued, that for those firms with high market adjusted R&D expenses power it is beneficial, whereas for most other firms this is not the case.

Power OLS, robust CAR[-1,1] Variable	Predicted Sign	rd_market> med	rd_market< med	competitors> med	competitors< med
Duality	?	-0.0026	0.0778 (**)	0.0631 (*)	0.0655
Age		0.0010	0.0017 (**)	-0.0001	0.0036 (***)
CEO		0.0461	-0.0516 (*)	-0.0363	-0.0278
ROA		0.0191	-0.0307	0.0198	0.1027
Market To Book		-0.0002	0.0001	-0.0002	0.0002
Market Cap		0.0000	0.0000	0.0000	0.0000
Board Size		0.0104 (**)	0.0021	0.0094 (**)	-0.0054
Outsider Ratio		0.0219	-0.1046	0.0040	-0.1050
Successor<3 days		0.0171	-0.0072	0.0010	-0.0155
Intercept		-0.2143 (*)	-0.0670	-0.0872	-0.1213
Observations		44	89	74	60
Adj. R-squared		0.3968	0.1966	0.2265	0.3617

Table 54: Results on Power in Subsamples (2). This table shows regression analysis of power proxied by Duality and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Furthermore, firms which invest more in R&D than the market can be considered innovative firms in risky industries. These industries also require quick adaptation to sudden changes within the industry as well as rapid development. Rapid changes and quick adaption are possible with powerful managers more easily, because those executives can make decisions more independently and have to refer to fewer individuals within the company. Thus, they quickly adapt their strategy and this is the reason why power is considered positively by the market.

Power OLS, robust CAR[-1,1] Variable	Predicted Sign	firmsize>med	firmsize<med	rd_market> med	rd_market< med
Ownership>10%	?	0.0431 (*)	0.0317	-0.0089 (*)	0.0441 (**)
Age		0.0009	0.0023 (**)	0.0012	0.0013
CEO		0.0142	0.0114	0.0448	-0.0081
ROA		-0.1095	0.0058	0.0197	-0.1420
Market To Book		-0.0034	0.0000	-0.0002	0.0007
Market Cap		-0.0000 (**)	0.0000	0.0000	0.0000
Board Size		-0.0008	0.0060	0.0097 (**)	0.0060
Outsider Ratio		-0.0199	-0.0905 (*)	0.0210	-0.0940
Successor<3 days		0.0212	-0.0117	0.0155	-0.0001
Intercept		-0.0357	-0.1907 (**)	-0.2143 (*)	-0.0983 (*)
Observations		66	62	44	84
Adj. R-squared		0.1945	0.2753	0.3985	0.1807

Table 55: Results on Power in Subsamples (3). This table shows regression analysis of power proxied by Ownership>10% and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

However, the tables also show that for larger, relatively older, and highly competitive firms, managerial power is a value destroying issue and provides significant results on this. On the other hand, for younger, smaller and less competitive firms, power does not seem to be an issue to be reflected by the market, as it does react significantly on either of the proxies. A possible intuition is as follows. It could be said that these firms are more prone to have a powerful executive, because smaller and less competitive companies revert to smaller pools of possible candidates for succession. The issue of power seems to be a problem for bigger firms instead.

Entrenchment: Below, table 56 shows our results on entrenchment. It appears, that entrenchment is closely tied with the stock price reaction for older as well as bigger firms. Contrary to that, entrenched managers seem to not have any significant impact on firm value for younger and smaller firms. The results hold on different measures at 1% and 5% levels respectively. Obviously, younger firms are less likely to have entrenched managers because entrenchment is associated with the tenure of an executive. Highly tenured managers are rarely to be found in younger firms, because they are young. Similarly can be argued for smaller firms. Entrenched managers are more likely to be found in larger firms.

Entrenchment OLS, robust CAR[-1,1]									
Variable	Predicted Sign	firmage>med	firmage<med	firmage>med	firmage<med	firmage>med	firmage<med	firmsize>med	firmsize<med
Tenure	+	0.0024 (***)	-0.0007						
Tenure over Age	+			0.1517 (***)	-0.0556				
Tenure over Age Dummy	+					0.0442 (**)	-0.0256	0.0342 (**)	0.0488
Age		-0.0005	0.0024	0.0004	0.0024	0.0011	0.0023	0.0007	0.0029 (**)
CEO		0.0082	0.0520	0.0076	0.0528	0.0069	0.0550	0.0154	0.0227
ROA		0.1422 (***)	0.0228	0.1393 (**)	0.0242	0.1389 (***)	0.0276	-0.1429	0.0097
Market To Book		0.0003	-0.0008	0.0004	-0.0009	0.0006	-0.0009	-0.0016 (*)	-0.0001
Market Cap		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Board Size		0.0050 (*)	0.0021	0.0050	0.0019	0.0042	0.0019	-0.0011	0.0036
Outsider Ratio		0.0154	-0.0558	0.0154	-0.0553	0.0001	-0.0543	-0.0149	-0.0937 (*)
Successor<3 days		0.0139	-0.0261	0.0131	-0.0257	0.0043	-0.0251	0.0153	-0.0155
Intercept		-0.0504	-0.1665 (*)	-0.1034 (*)	-0.1591 (*)	-0.1130 (*)	-0.1577 (*)	-0.0287	-0.2093 (**)
Observations		77	54	77	54	77	54	68	68
Adj. R-squared		0.2519	0.1645	0.2462	0.1682	0.2276	0.173	0.172	0.2857

Table 56: Results on Entrenchment in Subsamples. This table shows regression analysis of entrenchment proxied by Tenure, Tenure over Age as well as its dummy and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Busyness: For busyness, we obtain only value destroying impact on firm value in the whole sample. This also holds in the subsample consideration. What we also observe however is that busyness does not play a significant role for some subsamples (tables 57, 58, 59). It appears, that bigger firms as opposed to smaller firms show significant value destroying impact (table 57). It can be argued that workload in bigger firms is higher and that boards tend to be busier than in small firms as directors, on average, hold more outside directorships. Similarly, busyness for smaller firms may mean that executives gain better insight into processes of other firms and learn from this and therefore positive effects outweigh negative ones. Tables 58, 59 indicate that for firms

Busyness OLS, robust CAR[-1,1] Variable	Predicted Sign	rd_ind>med	rd_ind<med	rd_ind>med	rd_ind<med	firmsize>med	firmsize<med
# Outside Directorships>2	+	0.0134	0.0577 (*)				
Outside Directorship Board Meeting	+			0.0023 (***)	-0.0018	0.0019 (**)	-0.0004
Age		0.0016	0.0019	0.0021 (**)	0.0027	0.0013 (**)	0.0048 (***)
CEO		0.0134	0.0368	0.0321	0.0949	0.0204	0.0718
ROA		0.0247	-0.0441	0.0386 (**)	-0.1701	-0.1680	-0.0036
Market To Book		0.0008	0.0000	0.0009	-0.0001	0.0022	0.0003
Market Cap		0.0000	0.0000	0.0000	0.0000	-0.0000 (**)	0.0000
Board Size		0.0031	0.0002	0.0046	0.0060	0.0042	-0.0077
Outsider Ratio		0.0479	-0.0974	0.0213	-0.0824	-0.0215	-0.0920
Successor<3 days		0.0061	-0.0113	0.0106	-0.0330	0.0538 (**)	-0.0409
Intercept		-0.1494	-0.1158	-0.2055 (***)	-0.2389	-0.1375 (**)	-0.2682 (**)
Observations		42	46	35	38	40	33
Adj. R-squared		0.3867	0.1614	0.5696	0.2713	0.3374	0.4001

Table 57: Results on Busyness in Subsamples (1). This table shows regression analysis of busyness proxied by Number of Outside Directorships, its dummy as well as the Number of Board Meetings and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

with more competitors than the median, busyness is rather value destroying whereas for smaller firms, no evidence can be found. The same argument for this findings as before can be made here again in that highly competitive firms need to perform very well to stand the strong competition, therefore, it can be determined that firms do not work well with distracted managers. On the other hand, companies with less competition do not have this problem and executives can afford to focus on other non-firm related things.

Busyness OLS, robust CAR[-1,1]							
Variable	Predicted Sign	competitors> med	competitors< med	firmage>med	firmage<med	competitors> med	competitorsa med
Non-Profit Board Index	+	0.0194 (**)	0.0006				
Own Foundation	+			0.0541 (*)	-0.0112	0.0635 (***)	0.0001
Age		0.0011	0.0034 (**)	0.0010	0.0026 (*)	0.0008	0.0039 (**)
CEO		-0.0179	0.0294	-0.0123	0.0306	-0.0197	0.0272
ROA		0.0198	0.0382	0.0728	0.0145	0.0051	0.0261
Market To Book		0.0004	0.0002	0.0004	-0.0005	0.0006	0.0003
Market Cap		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Board Size		0.0108 (**)	-0.0083 (*)	0.0034	0.0010	0.0106 (**)	-0.0072
Outsider Ratio		0.0474	-0.1681	-0.0035	-0.0320	0.0262	-0.1443
Successor<3 days		-0.0019	-0.0422	0.0065	-0.0353	-0.0032	-0.0308
Intercept		-0.1879 (*)	-0.0535	-0.0851	-0.1667 (*)	-0.1442 (**)	-0.1121
Observations		56	44	57	47	59	45
Adj. R-squared		0.3486	0.3428	0.1821	0.1982	0.3367	0.3271

Table 58: Results on Busyness in Subsamples (2). This table shows regression analysis of busyness proxied by Non Profit Board Index as well as Own Foundation and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Lastly, the same tables provide value destroying results for busyness in older firms

and no significant results for younger firms. The same holds for high market adjusted R&D firms in table 59. The argument as mentioned before can also be applied here. To stand the strong and quick changes of an risky industry, an executive has to completely focus on his tasks and avoid any distraction that might arise.

Busyness OLS, robust CAR[-1,1] Variable	Predicted Sign	rd_market> med	rd_market< med	firmage>med	firmage<med	competitors> med	competitors< med
Chair of Charity	+	0.0557 (*)	0.0278	0.0454 (**)	-0.0073	0.0627 (***)	0.0067
Age		0.0009	0.0021 (**)	0.0014	0.0026	0.0005	0.0038 (**)
CEO		0.0575	-0.0045	0.0020	0.0296	-0.0097	0.0277
ROA		0.0022	-0.0089	0.0763	0.0142	0.0043	0.0229
Market To Book		-0.0002	0.0010	0.0005	-0.0004	0.0007	0.0003
Market Cap		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Board Size		0.0090 (*)	0.0012	0.0035	0.0010	0.0109 (***)	-0.0073
Outsider Ratio		0.0208	-0.0570	-0.0085	-0.0323	0.0307	-0.1430
Successor<3 days		0.0306	-0.0181	0.0065	-0.0366	0.0060	-0.0311
Intercept		-0.2288	-0.1010	-0.1202	-0.1646 (*)	-0.1515 (**)	-0.1103
Observations		35	69	57	47	59	53
Adj. R-squared		0.446	0.2006	0.1927	0.198	0.3969	0.231

Table 59: Results on Busyness in Subsamples (3). This table shows regression analysis of busyness proxied by Chair of Charity and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Generalist/Specialist: Tables 60, 61 show that generalist executives proxied by the GAI show different results on all separators that we set. That means that for some firms the generalist trait seems to be more important than for other firms. This holds significantly for low market adjusted R&D firms, high industry adjusted R&D firms, big firms, old firms and highly competitive firms. For all opposite subsamples,

no significant behavior can be observed.

Generalist/ Specialist OLS, robust CAR[-1,1]							
Variable	Predicted Sign	rd_market> med	rd_market< med	rd_ind>med	rd_ind<med	firmsize>med	firmsize<med
GAI	-	0.0160	-0.0519 (***)	-0.0311 (***)	-0.0005	-0.0318 (***)	-0.0068
Age		0.0011	0.0020 (***)	0.0015 (*)	0.0022 (*)	0.0014 (**)	0.0032 (***)
CEO		0.0452	0.0107	0.0170	0.0353	0.0173	0.0232
ROA		0.0201	-0.0450	0.0339 (**)	-0.0238	-0.0824	0.0053
Market To Book		-0.0001	0.0007	0.0002	-0.0001	-0.0028	0.0002
Market Cap		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Board Size		0.0094 (**)	0.0027	0.0046	0.0006	-0.0029	0.0020
Outsider Ratio		0.0157	-0.0766	0.0328	-0.1172	-0.0075	-0.1041 (*)
Successor<3 days		0.0053	-0.0169	0.0117	-0.0281	0.0160	-0.0296
Intercept		-0.2095 (*)	-0.0711	-0.1243 (***)	-0.1002	-0.0209	-0.1839 (**)
Observations		42	82	53	71	67	57
Adj. R-squared		0.4001	0.2168	0.4699	0.1665	0.1841	0.2907

Table 60: Results on Generalist/Specialist in Subsamples (1). This table shows regression analysis of Generalist/Specialist proxied by GAI and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Generalist/ Specialist OLS, robust CAR[-1,1]					
Variable	Predicted Sign	firmage>med	firmage<med	competitors> med	competitors< med
GAI	-	-0.0430 (*)	0.0049	-0.0249 (*)	-0.0083
Age		0.0015 (*)	0.0021	0.0006	0.0035 (***)
CEO		0.0060	0.0501	0.0157	0.0246
ROA		0.1050	0.0212	0.0173	0.0454
Market To Book		0.0005	-0.0009	-0.0002	0.0001
Market Cap		0.0000	0.0000	0.0000	0.0000
Board Size		0.0033	0.0024	0.0089 (**)	-0.0054
Outsider Ratio		-0.0256	-0.0565	0.0140	-0.1408
Successor<3 days		0.0050	-0.0264	0.0065	-0.0294
Intercept		-0.0746	-0.1602 (*)	-0.1131	-0.0928
Observations		71	53	72	53
Adj. R-squared		0.1711	0.1574	0.2112	0.3191

Table 61: Results on Generalist/Specialist in Subsamples (2). This table shows regression analysis of Generalist/Specialist proxied by GAI and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Quality: At last, we look at differences in quality and experience measures. Even though generalist proxies and the quality proxies are highly related, each show different results. Again here, on all subsamples we obtain differences. We receive significant value enhancing results for low market adjusted R&D firms (as for generalist), low industry adjusted R&D firms, smaller sized firms, older firms and less competitive firms. Especially, the latter is a reasonable result. Finding a highly qualified manager in a low competitive firm is harder than in a firm that has a lot of competitors and in turn a larger pool of possible candidates.

Quality/ Experience OLS, robust CAR[-1,1] Variable	Predicted Sign	rd_market> med	rd_market< med	rd_ind>med	rd_ind<med	firmsize>med	firmsize<med
First Manager Age	-	0.0002	-0.0036 (***)	-0.0003	-0.0034 (***)	-0.0014	-0.0027 (**)
Age		0.0012	0.0024 (***)	0.0016 (*)	0.0027 (**)	0.0016 (*)	0.0038 (***)
CEO		0.0441	0.0096	0.0215	0.0363	0.0220	0.0423
ROA		0.0151	-0.0562	0.0391 (**)	-0.0723	-0.1656	-0.0036
Market To Book		-0.0006	0.0005	0.0005	0.0000	-0.0020	0.0000
Market Cap		0.0000 (**)	0.0000	0.0000	0.0000	0.0000	0.0000
Board Size		0.0088	0.0064 (*)	0.0040	0.0053	-0.0013	0.0031
Outsider Ratio		0.0280	-0.0619	0.0388	-0.0776	-0.0192	-0.0933 (*)
Successor<3 days		0.0115	-0.0086	0.0132	-0.0229	0.0138	-0.0247
Intercept		-0.2212 (*)	-0.0075	-0.1438 (**)	-0.0431	-0.0015	-0.1424 (*)
Observations		41	80	51	70	66	55
Adj. R-squared		0.3863	0.2681	0.388	0.279	0.1629	0.393

Table 62: Results on Quality/Experience in Subsamples (1). This table shows regression analysis of Quality/Experience proxied by First Manager Age and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Quality/ Experience OLS, robust CAR[-1,1] Variable	Predicted Sign	firmage>med	firmage<med	competitors> med	competitors< med
First Manager Age	-	-0.0028 (***)	-0.0022	-0.0017	-0.0022 (**)
Age		0.0012	0.0031 (*)	0.0008	0.0039 (***)
CEO		0.0046	0.0519	0.0131	0.0363
ROA		0.0487	0.0131	0.0148	0.0666
Market To Book		-0.0002	-0.0009	0.0002	0.0002
Market Cap		0.0000	0.0000	0.0000	0.0000
Board Size		0.0055	0.0051	0.0116 (**)	-0.0036
Outsider Ratio		-0.0145	-0.0446	0.0046	-0.1031
Successor<3 days		0.0078	-0.0188	0.0067	-0.0295
Intercept		0.0225	-0.1493	-0.0872	-0.0605
Observations		68	53	72	50
Adj. R-squared		0.2025	0.2012	0.291	0.4071

Table 63: Results on Quality/Experience in Subsamples (2). This table shows regression analysis of Quality/Experience proxied by First Manager Age and the stock price reaction to executive deaths. We subsample in different dimensions considering running the analysis for the sample above and below sample median. These dimensions are Market Adjusted R&D, Industry Adjusted R&D, Number of Competitors, Firm Age, Firm Size in Assets. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs of a dimension. The first of two columns are regressions of the dimension above median and the second below median. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

We find some very interesting differences throughout the subsamples and also obtain information in regards to which attributes have a beneficial or negative impact on the firm. Similar to before, we find barely any evidence for personality traits, supporting once more our explanations we have provided.

6.4 Robustness Checks

We have to check not only that results are robust, but also that measures and results are not driven by multicollinearity. Multicollinearity means that variance of a control

variable can be driven by the correlation of two or more other control variables in our model. For instance, indicators of multicollinearity are for instance if none of the independent variables hold significantly in the model, but the model as a whole does (F-value < 0.1). Furthermore, strong pairwise correlation or tremendous changes in the coefficient among the models indicate multicollinearity. However, only analyzing the pairwise correlation is not sufficient as a pairwise correlation can be small when yet a dependence between more than just two variables exists. A way to test for multicollinearity are variance inflation factors (VIF). Those represent an indicator on how much variance is inflated due to multicollinearity.[26]

For this purpose, we compute all VIFs on every single model to check for multicollinearity. Table 64 shows that only Market to Book and Market Cap suffer multicollinearity.

Variables	VIF	1/VIF
Market to Book	8.27	0.1209
Market Cap	7.9	0.1266
Age	1.37	0.7299
Board Size	1.25	0.8000
CEO	1.24	0.8065
Outsider Ratio	1.14	0.8772
ROA	1.14	0.8772
Successor<3 days	1.11	0.9009
Foreign Background	1.1	0.9091
Mean	2.72	0.68

Table 64: Results on Variance Inflation Factors for Openmindedness. This table shows all used control variables and its Variance Inflation Factors in the second column. VIFs above = 4 indicate multicollinearity and values exceeding $VIF >= 10$ are evidential for serious multicollinearity.

This, however, is obvious as the enumerator of Market to Book is Market Cap. Hence, those two controls are highly correlated but remaining variables are not. This table also stands for all other results that we obtain on the VIFs. None of the variables are greater than 2.5 in any of the other tables except Market to Book and Market Cap

[26] We refrain from presenting every single VIF table, as results are similar and do not bring up new or different results. However, they can be provided upon request.

which are always higher. Hence, in our models our variables of interest, in general, do not suffer multicollinearity.

Next, we mentioned that existing measures may be driven by multicollinearity as well as omitted variables, that is endogeneity. We apply a method to check whether our results are driven by another control variable. We run a logit regression in which the variable of interest - the personal or managerial traits (discrete proxies only)- serves as our dependent variable and all controls as independent variable. The logit regression on discrete variables predicts the probability of a certain outcome of a variable.

We use this test to check whether we have chosen the right control variables and also to confirm that they do not drive the results too much. It simply serves as an additional control for the accuracy of our model. Thus, if we obtain that the model is not significant ($Prob > chi2) < 0.1$, it means that the probability is not driven significantly by the predictor variables and also that the dependent variable, the traits, are not either.

Our results provide significance for the Investment Based proxies of overconfidence as well as for the M&A based measure. This makes sense, as these measures strongly correlate with other financials of the firm and depend on the firm and not on the executive solely. Table 65 presents a selection of results where the model holds significantly, meaning the traits explains the results of the model.
In case of the resilience proxy Age>67 the model even fully explains the data. But of course, all our resilience measures are related to the executive's age and therefore correlate with it. This variable in particular correlates with Age strongly. The Kids proxy is also related to a CEO's age and therefore, this may drive the results. Furthermore, we find significance for entrenchment proxies (Tenure and Tenure Over Age) and power proxy (Ownership>10%) but when looking closer at those variables, we identify that they all (except the ownership measure) are somehow related with age. The power proxy is again strongly correlated to the board size.

Logit Variable	Overconfidence Excessive OC (inv. Based)	M&A Deals > Mean	Generosity #Kids Dummy	Resilience Age>67
Age	-0.0405	-0.0574	0.0484 (*)	age>67 predicts data perfectly
CEO	-1.2355 (*)	-0.7382	-0.5968	
ROA	-0.8322	4.1807 (*)	1.6373 (**)	
Market To Book	0.0888 (***)	-0.0078	0.04953 (**)	
Market Cap	-0.0002 (***)	0.0000	-0.0001 (**)	
Board Size	-0.0461	0.3949 (**)	0.0609	
Outsider Ratio	-2.0150	2.4753	2.9241	
Successor<3 days	0.7595	1.2035	0.9441	
Intercept	1.8796	-2.2068	-1.1005	
Observations	130	67	90	
Prob > chi2	0.0101	0.0188	0.0007	0

Table 65: Logit Regression Results on a selection of non-significant trait proxies. This table shows Logit Regression result. On top of each column, a several personal traits are presented and serve as dependent variable. The control variables are provided in the first column. *,**,*** denote significance at 10% , 5%, 1% level.

Hence, to solve this and to prove the robustness of our model, we ran all OLS regressions with significant Logit Regression results again without the drivers that they are related with and of course obtain strong results if for example age is not included in such analysis.

We refrain from presenting every regression in detail.[27] However, to summarize our results, it can be said that they are quite robust, do not suffer severe multi-collinearity and the trait variables significantly can be held in our model.

6.5 Conclusion on Results of Sudden Death Analysis

In this chapter, we investigate how the different personal and managerial traits impact the firm value by investigating the stock price reaction to the sudden death of a CEO, chairman or president. Recall that personal characteristics are those which are directly associated with the personality of a manager whereas managerial traits are those that are associated with the company in any way. In our analysis we include

[27] All results can be provided upon request.

for personal traits: Overconfidence, Narcissism, Generosity, Resilience, Openmindedness, Discipline and Sympathy. To the group of managerial traits belong: Power, Reputation, Entrenchment, Busyness, Generalist/Specialist, Quality/Experience.[28] In the first part of this chapter, we test for the effects of all traits, both personal and managerial, on firm value. In the second part, we apply the same tests for subsamples restricting the sample to only CEOs or chairmen. Thereafter, we use managerial traits as sample separator and finally we run the same regressions with company attributes as subsample separators. We provide a detailed description of our findings below.

Firstly for the whole sample analysis, we find that in particular personal traits barely impact the firm value directly. We do not find any significant effect of narcissism, generosity, resilience, discipline or sympathy. Only openmindedness/tolerance proxied by Foreign Background shows a significantly negative reaction as well as one of the overconfidence proxies, M&A Deals over Tenure, shows a positive reaction.[29] Opposingly, for managerial traits we observe quite significant effects. More precisely, we find value destroying effects for managerial power and busyness whereas we obtain value enhancing effects for managerial quality and generalists. These results are all in line with our expectations as well as literature implications. However, reputation does not show any significant effects.

Secondly, we did the same analysis separately for chairmen and CEOs only subsamples and basically get the same results with few exceptions as we did for the whole sample. In other words, the same proxies hit significantly both for chairmen and CEOs. Slight differences between the chairmen and CEO reaction are observable. For example, resilience proxied by War Participant holds for the CEOs only subsample and provides value enhancing effects. These findings are also in line with our predictions and the literature implications. All other traits behave similarly and show the same behavior for both chairmen and CEOs subsamples. Furthermore, we analyzed entrenchment at this point and also confirm what Salas (2010) indicated in

[28] Note that a variable and their proxies can be found in chapter 5 and also in the Appendix.

[29] Recall that a positive reaction means value destroying impact, whereas a negative reaction means, that the deceased executive enhanced the firm value.

the whole sample consideration, that is that there are mere positive (value destroying) reactions to entrenched managers.

Thereafter, we divide our sample into some more subsamples and used managerial traits as separators. We might argue that if an executive exposes certain managerial traits, shareholders also start accounting for his personality. Hence, we used managerial power, entrenchment, busyness as well as generalist as subsample separators and investigated how personal attributes react. Note, we obtain the same results as before and do not encounter differences. In other words, the personality only holds significantly for the same proxies as before.

At last, we run the regressions for all attributes, both managerial and personal, along company trait separators and investigate how traits react in subsamples, dividing the sample along the median of R&D expenses, firm size, firm age and competitors. In this case, we obtained a great insight on where traits really matter. We sum up some of the results into where for instance, openmindedness only seems to play role in low and not high competitive firms. Power is an important issue only in larger, older or highly competitive firms. Entrenchment on the other hand plays a role in older and bigger firms.

Generally, we obtain marginal significant impact for personal traits and highly significant impact for managerial attributes. As underlying theory, we assumed the semi-strong form of the EMH. Significant results for certain proxies and their traits are a strong support for the correctness of it. Furthermore, we provide exclusive explanations for why some of the proxies do not hold significantly in our analysis even though all data was obtained from public sources. First of all, the market may not be aware of personal traits of their executives as they do not have enough information to judge on this. We obtain all information from public sources but it seems that some information was released along with an obituary for the deceased and hence, not available beforehand. Shareholders are able to observe corporate decisions made by their managers but may not be able to infer on the personality precisely enough to account for it. This is not necessarily contradicting the EMH but definitely no argument in favor of it.It can alternatively be argued that public information was

simply not incorporated by the market. The latter is a basic assumption of the EMH requiring all available information to be incorporated quickly and correctly once they become known.
Furthermore, the market might recognize a personal attribute, but ignores the facts as it only accounts for direct impact on firm value which is not given for personal traits. Those traits are directly connected to the person, but do not have any connection to the company in any way. Hence, this information is available but ignored by the market since the market only observes the executive's corporate decisions and not his personality directly. M&A Deals over Tenure as overconfidence proxy provide a significant reaction, however this is a ratio directly associated to the company. To put this into the language of the efficient market theory it means that investors only react to information they consider to be relevant and in turn do not react to non-information which again is an assumption of the EMH.
Basically, prior studies find evidence of personal attributes on corporate decisions. We, however, find that the market does not adjust its perception of these personal attributes.

Regardless, some of the used proxies for both, managerial and personal traits, do not provide any significant impact on firm value and this may be caused by a another reason why shareholders may not react significantly. Even though prior studies showed significant behavior of some traits, we claim that those chosen proxies eventually do not capture the intended effect well enough. Previous research, however, obtains significant results because their measures might suffer endogeneity and omitted variables driving their results. In other words, these studies might not be able to fully rule out endogeneity as a potential driver of their results and therefore they obtain what is expected.

In a nutshell, one can conclude that due to our results which find personal traits to barely impact the stock price reaction and therefore the firm value in consequence of the executive's sudden death, one of our provided explanations holds. In particular, the results are obtained in all subsample analyses and therefore are quite robust and it strongly amplifies our provided explanations. Furthermore, we obtain rather significant results for managerial traits. They even show effects as one would expect

and prior research implies. Overall, we are not able to fully support the EMH in our analysis, neither are we able to rule it out. In the case of significant reactions we tend accept the hypothesis. However, in case there is no significant reaction to certain attributes both contradicting and supporting evidence might hold true.

7 Impact of Personal and Managerial Traits of Successors on Firm Value

7.1 Arising Problems and Lack in Literature

When investigating sudden death events existing literature usually ignores the announcement of a successor or it ignores the search costs for the successors. Some of the existing literature such as Salas (2010) who uses a control variable for quick replacements and whether the substitute of the deceased is an insider, and Nguyen and Nielsen (2010a) as well as Hayes and Schaefer (1999), who consider the search costs in their model but they refrain from investigating the replacement or from integrating any control variable in their model. They mention and partially integrate the successors into their investigations, but do not go into details and do not analyze the election of the successor. Only Borokhovich et al. (2006) run a thorough investigation and examine replacement decisions after sudden death controlling for ownership and various board characteristics.
In other words, existing sudden death literature widely disregards the fact that the stock price reaction to sudden death might not be entirely accountable to the deceased. However, there might also be an inherent valuation of the successor the shareholders expect or do not expect.

By ignoring this, literature may not solve all endogeneity problems along with sudden death. Hitherto, most of the literature accounts the entire effect to the manager who dies suddenly but not to the successor who possesses an inherent value. We already included a dummy for the successors as control variable into all our regression models for the sudden death analysis. It appears that it never holds significantly at any point. The dummy has the value = 1 if the successor was

announced within two days after the sudden death announcement. One might expect a different stock price reaction, as shareholders perceive the situation differently once a new executive has been named. However, this does not seem to be the case and we further investigate the choice of the successor.
We do not base our investigations on the sudden death solely, but also consider traits of the successor to solve endogeneity. When a manager dies, the shareholders have certain expectations who should come next. In case of a succession plan, the reaction to the death is clean and can completely be accounted to the deceased as the successor is known prior to the corporate shock. If no plan exists and the successor cannot be anticipated entirely, shareholders will price in the uncertainty and inherent expectations. Since shareholders hold a certain expectation towards managerial traits, they expect the board and management to choose a successor who inherits certain characteristics of the deceased. As some attributes develop over the time and hence, are not observable from the beginning and while some others are simply not replaceable, the shareholders will account for this uncertainty. Moreover, if a company announces a successor, who was not previously known, shareholders will reflect their perception of the new successor, his traits and ability into the stock price.

Within the scope of our theoretical framework, the EMH assumes the market always to react correctly and quickly to new information. The uncertainty and also the valuation of possible replacement candidates contributes to the market's perception and in turn to the correct valuation of the sudden death event and also of himself. The value or the perception of the successor seems to be a crucial issue for the efficient market hypothesis to hold and therefore tremendously important for us to investigate.

We conclude that with the implementation of our model we have to take those traits into account that are going to be replaced by the successor and those that are not. We want to know, is there a different shareholder reaction to the sudden death? Does the reaction differ from the successor's announcement if both have the same characteristics? E.g. is there a different shareholder reaction when the deceased was excessively overconfident and the successor is not? There might also be an underlying explanation to the stock price reaction. If an overconfident managers is replaced by another overconfident manager, shareholders might not price in the

deceased's degree of overconfidence. Lastly, how do boards replace the deceased when the shareholder reaction was positive (bad manager)?
All the above questions and problems arise when investigating the problems and issues around sudden death and need to be answered to understand the psychology of the market's reaction to sudden death events.

7.2 Hypotheses

Existing sudden death literature widely ignores the choice of the succession. To the best of our knowledge, we are one of the first to investigate the choice of successors thoroughly.[30] As shown in the beginning of this chapter, investigating the successors is essential for a full understanding of the shareholders' reaction. Their reaction to the sudden death is partially driven by their inherent expectation of a replacement. If shareholders consider him a good fit as successor of an approved manager, their reaction will be less negative or even positive. If the deceased was a value destroying manager and his replacement is a high quality manager, his succession will enhance the positive reaction of the shareholders to the sudden death. The remaining reactions work analogously.

Taking all these thoughts into consideration, one recognizes the importance to investigate the choice of the successors when employing sudden death events.
Lacking prior studies we make assumptions and implications from our results on the whole sudden death sample. In that sample we obtained no significance for most of the personal traits. Because the information is either not available or not of further interest to the shareholders, we propose that if the information is insignificant for the sudden death reaction, it is going to be so for the successor as well.

Hypothesis 6. *Personal traits of successors do not play any role for the announcement effect of the successor. In other words, the character of the successor does not matter.*

Now, when considering managerial traits, results on sudden death events look quite different. We find strong evidence on many traits and relevant impact on firm value.

[30] Borokhovich et al. (2006) properly analyze the choice of the replacement.

Information on these traits is widely available for the market, even information on the replacement. We argue that, first, shareholders react to the announcement of the replacement and his managerial traits and second, that they react differently if certain traits are (not) replaced. E.g. if managerial power, which turned out to be a value destroying trait, is replaced by a manager with small power, it should cause a positive reaction and vice versa.

Hypothesis 7. *Managerial traits impact the shareholders' reaction to the successor announcement. It further strongly depends on which traits are replaced and which are not.*

Furthermore, since we could neither reject nor accept the the semi-strong form of market efficiency to be true for the whole sample consideration, we refrain from putting this into a hypothesis. However, we expect important and relevant information to cause a significant reaction when being released. Previously, we still find strong evidence in favor of it but also potential evidence against it.

7.3 Data, Descriptive Statistics and Empirical Analysis

We collect as many successors as possible and collected as much information as there is available at the time of the study. Bear in mind, that our sample dates events back to 1972. Information on those managers that died is hardly available and even more difficult to find data on the successor. The most reliable data comes from data collected by the SEC starting in 1994, but we find singular points before this. For a total of 140 companies we identify the successor's announcement day but could not collect details on him. Information is available for 143 successors belonging to 86 companies in regards to personality and managerial traits.

We identify more than one successor per company, since some companies with powerful executives replace the deceased with more than one new person and split duality or triality. Furthermore, a few companies establish an interim executive to search for an appropriate successor. Table 66 gives an overview of the transition

Control	% of Successors
Succ<3 days	47.12
Powersplit	45.64
Insider	45.64
Director before	64.33
Last Position Low	56.39
Position Add	56.39
Interim	29.32

Table 66: Overview on Successors

between deceased and his successor. It shows that 47.12% of all successors are announced within 2 days after the announcement of the sudden death. At the same time 29.32% of all companies announce an interim executive first before searching for a proper replacement and of course all interims are announced in less than 3 days after the sudden death announcement. Most of the the replacements, used to act as directors in the company before and 56.39% hold a position lower than the new one.

As our next step, we analyze how managerial and personal traits affect the shareholder reaction to the announcement of the successor. We see in the main sample analysis that the company announcing the successor within 2 days after the sudden death does not play a significant role for the shareholders' reaction. One can observe the Successor<3 days variable to verify this [31]. Hence, it is now important to differentiate in the personality and managerial traits of the new executive. First we prepare our sample as follows. If a company splits the power of the deceased among two or more persons, they always separate the CEO from the chairman position. As mentioned above we collected as many variables as possible to obtain the same traits for successors as we did for the deceased. Obviously, some variables could not be reconstructed as some data is not available. This includes e.g. the Investment Based overconfidence measures, the sympathy measures and others. Again, for some other proxies the information was simply not available in any source, such as Lexis Nexis, Google or SEC. It also includes details that are often mentioned in obituaries such as the number of kids or others.

[31] When one looks at the results which we obtained throughout the previous chapter it can be verified that there is no significance for this control variable

This also backs up an explanation that we provided before. The market is simply not aware of certain circumstances in an executive's life and therefore does not account for it. Much data is revealed in obituaries and in consequence of a manager's death and not beforehand. Hence, shareholders might not know before. Thus, a proper application of EMH for this argumentation is not possible. However, it might mean that the market does not react because it does not incorporate the information correctly which is a basic assumption of the EMH and thus contradictory. Lastly, one might argue in favor of the theory that this kind of information was not relevant and therefore causes no significant reaction which is also an assumption of the EMH.

We execute this analysis in three ways for the data which is available. Firstly, we consider all relevant successors with the same control variables as before and also include the *LastPosition* variable which is 1 if the last position is low and the new is higher and 0 otherwise. Then, we observe how the market reflects the traits in the regression.

In a second analysis, we practically do the same but exclude all those announcements that happened within 2 days after the sudden death announcement. This guarantees us that the announcement effect of successor is not driven by the announcement of the sudden death and can be separated entirely from this effect. Note further, that those announcements may also suffer endogeneity as announcements do not necessarily appear unexpectedly. The market anticipates certain candidates and the longer it takes the higher the expectation in such an announcement. Due to the rather exogenous and unexpected nature of the announcements we argue that the possibility of endogeneity is small.

In the third analysis, we construct transition variables. One is not only interested in how managerial traits affect the firm value but also whether there is an effect on how companies replace certain traits and if companies replace those traits knowingly. In other words, for example we investigate the impact of replacing an (non-)overconfident manager with a (non-)overconfident on the firm's value. For this purpose, we compare all dummy variables that we constructed for successor as well as deceased. Then, we compare those values and construct transition variables. If

the dummy value for the deceased is the same as for the successor, which means a certain trait was inherited, the transition variable receives the value = 0. If the deceased dummy value is = 0 (= 1 respectively) and the successors value is = 1 (= 0 respectively), we assign = 1 (= −1 respectively) to the transition variable. This way, we make sure to test whether the market accounts for differences in personal or managerial traits.
We thus seek to find a system on how companies replace certain traits. One expects to replace value enhancing traits and to not replace value destroying traits. If companies do not follow this, one may argue that either hiring mechanisms fail to work effectively, companies are not aware of value destroying traits or they simply ignore it.
Note, we mentioned before that often managers hold the position of CEO and chairman at the time of their death and they are replaced by more than one successor while one is assigned to the position of CEO and another manager is assigned to be chairman. In those cases, we only consider the announcement return to the CEO position so that for each company we only consider one announcement effect, or two announcement effects if they establish an interim executive.

Before diving into the regression analysis, note that companies match prior existing traits in 61% of all cases independently whether traits are value destroying or enhancing. Also, they match them even then if the reaction to the sudden death was positive (value destroying). In particular, the latter should be a warning for the company to look for a different executive. Nevertheless, companies seem to ignore this fact. This again backs up our provided explanations why the market ignores personal traits. They are either not aware of this or corporate governance mechanisms do not work effectively.

Overconfidence OLS CAR[-1,1] Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition
Press Portrayal	-	0.0069		0.0053
Age		0.0011		-0.0009
ROA		-0.0328 (**)		-0.0308 (***)
Market To Book		0.0000		-0.0002
Market Cap		0.0003 (*)		-0.0000 (*)
Board Size		0.0088(**)		0.0119 (**)
Last Position		0.0198		
Intercept		-0.1259 (**)		-0.0285
Observations		34		35
Adj. R-squared		0.3547		0.3708

Table 67: Results on Overconfidence for Successors. This table shows regression analysis of Overconfidence proxied by Press Portrayal and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Now, after presenting the analysis methods, we dedicate to it. We simply omit all variables that were not constructible as information was not available or when we obtain too few observations. Table 67 provides the results on the one overconfidence variable that we constructed for the successors. It shows that the market does not account for the replacement's overconfidence and also ignores if the trait was replaced.

We could also construct the openmindedness proxy for successors as well. For all other personal traits information was not available. Therefore, table 68 provides the results on this trait and we obtain the same outcome as for overconfidence.

Openmindedness/ Tolerance OLS CAR[-1,1]				
Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition
Foreign Background	+	-0.0072		0.0049
Age		0.0012		0.0011
ROA		-0.0324		-0.0523
Market To Book		0.0000		0.0016 (*)
Market Cap		0.0004		0.0000
Board Size		0.0126 (**)		0.0157 (***)
Last Position		-0.0298		
Intercept		-0.1376		-0.2092 (**)
Observations		46		49
Adj. R-squared		0.2122		0.3066

Table 68: Results on Openmindedness/Tolerance for Successors. This table shows regression analysis of openmindedness/tolerance proxied by Foreign Background and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Surprisingly, the situation for managerial traits looks similar. Table 132-139 (Appendix) indicate that not even managerial traits play any significant role for the valuation of the successor. Only the new manager's quality react significantly in the transition at a 5% level as we see in table 69. The isolated variable does not have an impact, but the variable compared to the preceding manager does which makes sense. Shareholders reflect the successor's quality compared to his predecessor into the stock price. If the new executive is better, they react positively.[32]

[32]A positive reaction for successors means value enhancement unlike for sudden death events.

Quality/ Experience OLS CAR[-1,1]							
Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition	incl. Succ<3	excl. Succ<3	Transition
First Manager Age	+	-0.0004	-0.0011	no dummy			
First Manager Age Mean	+				0.0144	0.0073	0.0192 (**)
Age		0.0006	-0.0012		0.0005	-0.0019	0.0001
ROA		-0.0319	-0.0325		-0.0319	-0.0296	-0.0358
Market To Book		0.0000	0.0000		0.0000	0.0000	0.0005
Market Cap		-0.0004 (*)	-0.0005		-0.0004 (*)	-0.0003 (*)	-0.0000 (***)
Board Size		0.0117 (***)	0.0026		0.0119 (***)	0.0027	0.0119 (***)
Last Position		-0.0158	-0.0181		-0.0148	-0.0148	
Intercept		-0.0958 (**)	0.0774		-0.1164 (**)	0.0557	-0.1187 (**)
Observations		93	49		93	49	112
Adj. R-squared		0.4871	0.7819		0.4888	0.7753	0.4952

Table 69: Results on Quality/Experience for Successors (1). This table shows regression analysis of Quality/Experience proxied by First Manager Age as well as its dummy and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

We also provide results on how shareholders react to power splits, interim executives and insiders. One can verify that not even this is being accounted for by the shareholders as one can verify with table 70

Others OLS CAR[-1,1] Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	incl. Succ<3	excl. Succ<3	incl. Succ<3	excl. Succ<3
Powersplit	?	-0.0119	-0.0085				
Interim	?			-0.0057	-0.0101		
Insider	?					-0.0112	-0.0026
Age		0.0003	-0.0018 (*)	0.0003	-0.0019 (*)	0.0002	-0.0020 (*)
ROA		-0.0296	-0.0304	-0.0317	-0.0301	-0.0288	-0.0294
Market To Book		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Market Cap		-0.0004 (*)	-0.0003 (*)	-0.0004 (**)	-0.0003 (*)	-0.0005 (*)	-0.0003 (*)
Board Size		0.0117 (***)	0.0026	0.0114 (***)	0.0025	0.0118 (***)	0.0028
Last Position		-0.0160	-0.0169	-0.0133	-0.0145	-0.0108	-0.0145
Intercept		-0.1004 (**)	0.0601	-0.1013 (**)	0.0635	-0.0923 (**)	0.0656
Observations		93	49	93	49	93	49
Adj. R-squared		0.4895	0.7767	0.4861	0.7753	0.4889	0.7749

Table 70: Results on Successors. This table shows regression analysis of other variables proxied by Powersplit, Interim as well as Insider and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided in pairs. The first of two columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

The question arises why none of the managerial or personal traits (except managerial quality) impact the shareholder reaction to the announcement of the replacement significantly and why at the same time the average reaction to this event is 2.12%. There are various reasons that might explain this.

First of all, the result is driven endogenously. We already mentioned,that the successor announcement is not entirely unexpected. The exact date can be considered unexpected but after the death - the more time goes by after the death- shareholders expect an announcement with every passing day. Rumors on the exact candidate leads the market to evaluate the candidate before the actual announcement. Furthermore, we can assume that a firm with a vacancy is considered worse by the market. Therefore, the market reacts to the announcement as it "wants" any executive filling

the vacancy instead of having none.
Lastly, the market reacts to the quality of the manager as this is the only aspect they are able to evaluate or the only one they evaluate. They simply do not assess traits separately but react to the manager as a whole since they are not able to differentiate.

This means that we can confirm the sixth hypothesis but have to reject the seventh.[33] Furthermore, similar to the whole sample consideration we can neither reject nor can we accept the EMH in all its facets. We apply the same arguments against and in favor of it. We recall that since we do not obtain any significant effects it might mean that the market does not react because all information on the successors is not relevant. This follows the EMH. Strongly evidential against the EMH, one might argue that market participant do not react correctly to the new information of a successor announcement or simply the information was not available to the market. Obviously, taking the different explanations into account one cannot clear rule for either rejection of acceptance.

7.4 Quick Replacements

Lastly, we look on the replacement time, i.e. the time a company needs to replace their deceased. We do not only check for firm characteristics but also for certain traits. One expects a highly qualified manager to be replaced quickly as a lack of good performance is not affordable. For this purpose, the Successor<3days dummy serves as our independent variable and the characteristics as dependent variable in a simple regression.
We will not present the results in great detail but discuss some important results. Firms do not replace executives with specific personal traits quickly. In other words, none of the personal trait variables have positive impact on the replacement time. This is not surprising since the same argumentation as before can be applied here. Not even the company itself accounts for the manager's personality and consequently, does not choose their executives because of certain personality patterns. Note that

[33] Recall that we claimed in the first hypothesis that the stock price reaction to the successor's announcement does not account for his personality. In the second hypothesis, we proposed significant valuation of managerial traits.

all resilience proxies indicate significantly quicker replacement. Recall that all measures are strongly related to the executive's age. This makes perfect sense as older managers have a higher likelihood to suffer death and therefore, companies are better prepared to replace him.

Continuing on managerial traits, it results that firms with busy managers, generalists and highly qualified and experienced executives show no significance. Neither does reputation. Powerful managers are replaced quickly. This is completely in line with our prior argumentation. A vacancy in the position is always considered bad by the market. Therefore, the more powerful an executive, the quicker he is replaced. Also, entrenched managers are replaced slowly. This is a logical result from the nature of entrenchment and also makes sense.

Lastly, we take a closer look on firm characteristics. We find that firms with larger boards tend to take more time to replace the deceased. It can be argued that larger boards suffer from trouble in finding an agreeable successor and hence, need more time.
Also bigger companies need significantly more time on replacing their deceased. Note that this result is likely to be driven by interims. Even though we exclude interim consideration from the regressions, we have in mind that big companies in particular establish interim executives to have sufficiently much time to search for a new one. Hence, on average, in will take those firms longer.
Innovative firms with high R&D expenses show no particular replacement time effect. At last, highly competitive firms replace quickly. This is, firstly, because firms in a competitive environment choose from a larger pool of possible successors as well as there is a necessity for the firm in such a industry to replace quickly as the performance should never suffer.

7.5 Conclusion on Results of Successor Analysis

To find the value of successors that come to power in consequence of an executive's sudden death we investigate the stock price reaction to the announcement of them in three different ways. First, by simply analyzing all available traits on the reaction,

second, by excluding those successors who are announced within two days after the sudden death of the predecessor to make sure the announcement effect is not driven by the sudden death, and lastly, by comparing certain traits with each other and implementing transition variables to identify whether the market reacts to a change in traits.

To summarize our findings, we obtain partially similar results to the sudden death sample. It appears as if personal attributes are not reflected by the market. None of the personal trait proxies holds significantly in our analysis. Interestingly, we were only able to construct two of our variables. Most are not constructible since information was not sufficiently available. This backs up our explanations saying that the market is not informed enough to account for an executive's personality but only considers a manager's corporate decisions due to a lack of information availability on the personality. Alternatively, it can be stated that the market does not incorporate the new information correctly. Lastly, one might argue that information on the personality is not relevant and therefore causes no reaction. As before we put these possible explanations into the context of the underlying theory and claim, that the second argument contradicts the EMH in its semi-strong form as it requires information to be correctly incorporated into the stock price. The latter argument supports the EMH assuming that no relevant information causes no significant reaction.
For managerial trait we do not find any evidence for a significant effect either. Only managerial quality provides a positive effect on firm value since shareholders react positively to an increase in managerial quality. All other traits have no significant effect. The same arguments regarding the EMH can be applied again which makes a unique ruling puzzling.
Due to the fact that neither personal nor managerial attributes impact the shareholder reaction to the successor announcement significantly, we can infer that results for the sudden death sample are not driven by the inherent valuation of the successor. Furthermore, companies replace personal and managerial attributes in 60% of all cases, no matter if those traits are value enhancing or destroying. Consequently, a certain replacing pattern of companies cannot be identified.
We keep in mind that results may be driven by endogeneity due to a lack of suddenness of the successor's announcement. Certainly, a quick replacement of the

deceased lowers potential endogeneity. However, it can still be a driver of the results as consequence of the sudden death' inherent expectations and assumptions made by the market. Hence, the announcement of a successor does not entirely appear unexpectedly and exogenously.

8 Impact of Personal and Managerial Traits of Outside Directors on Firm Value

8.1 Open Questions and Literature Review

In Boston Business Journal, Hadzima deals with the questions whether outside directors matter and why companies might need them and names different reasons. He claims the necessity of outside directors because insiders, especially in young start-ups, are busy with the day to day business and do not provide any outside perspective.
Companies often wonder what an outside director's contribution looks like. Not only them, but a large body of literature deals with this issue.
Boards usually hold two roles within a company. They first serve as advisor of the management and secondly as its monitor. However, independent boards are more likely to be stronger and also tougher monitors which might lead the CEO to not reveal his information. Therefore, boards being friendly with the management should be ideal. Adams and Almeida (2007) develop a model and analyze theoretically the role of the board with a CEO also acting as chairman of the board. They find when the CEO/chairman discloses his information to the board, he in turn will get better advice and more intensive advice. The authors further derive implications for company policies.

This is consistent with the findings of de Andrés and Rodríguez (2011). They use a sample of European firms in high-tech industries to provide evidence on the board's effect on performance and corporate governance by investigating the two

roles of boards, advisory and monitoring. Their findings indicate stronger effect of the advisory role of the board than of the monitoring role. They further find better governance and performance for bigger and less independent boards. Independent boards are those that consist in majority of independent directors.

Analyzing corporate spin-offs, Denis et al. (2012) find major differences in the board structure of the new unit and the parent company. They state that the two boards do not show any connection and that directors of either one of the boards are specifically suitable for their board due to their expertise. It is in line that both units can compose their boards independently according to their needs. They also provide evidence that the CEO has a strong effect on both boards and their composition.

Boards of directors play an important role for the firm, as advisor of the management and also as its monitor. Furthermore, companies should be interested on how the board might be structured to work more efficiently along with the management. The latter should align their director nominations and rather focus on choosing new directors accurately.

As already presented, Nguyen and Nielsen (2010b) investigate the the sudden death of inside and outside directors and observe a significant positive valuation of outside directors whereas inside directors absorb this effect. Falato et al. (2013) also use sudden death events to also investigate the value of independent directors and relate such an exogenous shock to the busyness of the remaining board.
To the best of our knowledge, these two latter studies are the only to investigate the value of directors employing sudden death.

Hence, the question on the value of a director arises. It is interesting to know when directors have a positive effect on firm value and when they have a negative effect. Thus, we ask the questions, which we already asked and examined for managers in the role of CEO, president or chairman. That means we want to know how personal and managerial characteristics impact the firm and whether they show any effect at all.

The role and value of outside directors has been investigated thoroughly and many

aspects were analyzed. However, like the value of executive traits have hardly been analyzed, neither have traits of outside directors.

8.2 Hypotheses

Obviously, taking the last results from the sender firms regarding sudden executive deaths into account and since there is a lack of prior research, we base the hypotheses on our prior findings of the whole sample consideration. So we do not expect any significant impact of personal traits on the firm value. This is again the case for the same reasons. Either the information is not available, not for the market, not incorporated or not important. The latter seems to be even more compelling as personal traits of an individual in a leading position seems to be rather significant than the traits of a director.

Hypothesis 8. *Personal traits do not play a significant role for the announcement effect of an outside director's sudden death. In other words, the character of outside directors does not play any role.*

Considering managerial traits of outside directors the situation looks a little different. As governance structures impact the value of busy directors, we instead examine whether managerial traits of the deceased within the sender firm have impact on the shareholder reaction. We investigate the impact of measures, that are closely connected to the sender firm, such as the duality variable as proxy for power. Hence, does power in the sender firm impacts the shareholder reaction in the firm where the manager holds an outside directorship? One may argue that a powerful manager can provide better advisory, since due to his various positions he gains better experience. But not only this, but also measures, that are less depending on the sender firm such as the existence of a wikipedia article as proxy for reputation, will be examined by us.

One can simply assume any significant shareholder reaction to the death of an outside director on managerial traits, but giving any precise predictions seems too puzzling.

Hypothesis 9. *Managerial traits play a significant (but not predicable) role for the announcement effect of an outside director's sudden death.*

As before, a clear prediction that rules in favor of the EMH cannot be made. Neither can a ruling against it. Hence, we refrain from putting the EMH into a hypothesis of this thesis but simply keep in mind to apply the EMH as underlying theory.

8.3 Empirical Analysis and Conclusion

Identifying outside directorships, can be puzzling. Some firms provide extensive description on their managers' career path and also current employments in the 10-K annual report filings on SEC. But describing the outside directorships in this detail is rare. Therefore, to obtain information on this can be a large effort on finding this by hand on the internet or Lexis Nexis. However, we identify 88 outside directorships of 56 executives ranging from 1993 to 2012. Directors are usually replaced at the next annual meeting. Thus, in opposite to CEOs, presidents and chairmen replacing them takes much more time. Also, companies with larger boards (more than 10 directors) tend to not replace their directors at all. This also indicates the lower importance of an outside director to the firm. On the one hand the company appreciates and uses his advisory and monitoring but on the other hand it does not rely on one individual and his advisory and monitoring expertise.
Therefore, a director does have a certain value for the board and company from a company's perception but he seems to be not essential.[34] Certainly, this result also holds for the market perception.

To obtain evidence on the same questions as the ones for the sender firm, we now run the same analysis for the firm where the executive holds an outside directorship.[35] Hence, all our control variables now describe the new company and not the sender anymore. We run the same OLS regression again and as we already

[34] Nguyen and Nielsen (2010a) investigated the value of directors, and in particular the value of outside directors. For a thorough analysis of the value and the difference between inside and outside directorships and their value effects, we highly recommend this study

[35] Note that we do not provide any empirical evidence here or in the appendix, but it can be provided upon request. As we simply do not obtain any significant results, it does not seem necessary.

collected relevant data, we have all the personal and managerial trait information available. However, when investigating the results on the sender company, expecting a significant impact of personal traits on the reaction for outside directors would be cocky. The positions of an executive such as president, CEO or chairman have more influence on the performance of firm than a standard outside director. Obtaining almost no significant results on personal traits in the whole sample regression will most likely provide no evidence on outside directors.
In the regression analysis, none of our existing personal trait variables show any significant effect on the shareholders' reaction to the sudden death of the outside director. Our provided explanations hold even stronger. Either the market completely ignores personal traits as this information is not relevant or it is not aware and therefore does not incorporate relevant information correctly. In particular, an outside director is one of many and hence, his value is smaller and so is the interest in this person. Furthermore, as the value is smaller, also is his impact on the firm and therefore his personality even less valuable. In terms of efficient markets, the non-reaction to non-information is clearly in line with the assumptions of the EMH that we introduced whereas the other explanation contradicts.

Next, when regressing the CAR on the managerial traits and control variables, we do not even obtain any significant impact of any managerial trait. In fact, we check for power, which the deceased holds within the sender company and check for power in the receiver firm by investigating the ownership as power proxy.[36] We use the common reputation proxies, as well as entrenchment of sender and receiver, generalist and quality. And neither of the traits show any significant reaction.

It can analogously be argued with the two explanations above. But how come there is a reaction after all? The market is sensitive to any kind of information and simply accounts for the death of an outside director in general. It does not make up a detailed estimation of the deceased's personality and managerial traits but simply reacts to an overall perception of him. Therefore, we can conclude that

[36]Recall that the sender firm is the company where the deceased holds an executive position. Respectively, the receiver firm is the one where he holds the outside directorship, that is the target firm in this analysis.

shareholders evaluate the outside director as a whole and his advisory but do not evaluate his personality and managerial traits. Hence, the market reacts to the death announcement. However, it goes against our expectations for the hypotheses we set. Even though, we confirm the first one, again as for successors, managerial traits barely play role.

9 Conclusion

9.1 Summary

Prior research provides evidence that an executive's personality and his managerial attributes can influence corporate decisions such as firm policies, innovations, cash-flow investment sensitivity and many others.

We, instead, focus on how the market perceives managers and their personality and if the market realize (sub-)optimal attributes and accounts for them into stock price. In other words, we analyze an approach to evaluate personal and managerial attributes. To examine the value of personal and managerial traits and to further circumvent potential endogeneity issues we analyze the stock price reaction of 216 sudden deaths of CEOs, chairmen and presidents of public companies between 1972 and 2012.

To gain a full understanding of the shareholders' perception of a manager, we, firstly, analyze how a manager's personality and his managerial traits affect the shareholder's reaction to his death. Secondly, we run various subsample analyses answering the same questions on firms and managers with certain attributes. Thereafter, we investigate how successors play a role for the market's reaction and what the results mean for our analysis. Finally, we focus on the value of personal and managerial attributes for outside directors. We discuss our results briefly below.

Our findings suggest that the personality of an executive plays a rather small role. In particular, we find that personal traits barely have a significant effect on shareholder value. It leads to the assumption that the market does not reflect the personality into the stock price. However, few exceptions are obtained, such as

significant value enhancing results for openminded and tolerant executives proxied by Foreign Background and value destroying effects for overconfidence proxied by M&A Deals over Tenure.
We further analyze the same questions around the value of an executive's personality for some subsamples and thus, instead of investigating the entire sample and to eventually obtain different results we restrict it to CEOs and chairmen death events only. We further examine subsamples restricted to managerial traits. In other words, we run the same analysis on personal attributes for companies with powerful, entrenched, busy or generalist executives separately. For all of these personal attributes and subsamples we obtain similar results compared to the entire sample with marginal impact on firm value.

Opposingly, the same analyses on managerial traits for the whole sample as well as for the CEOs and chairmen only subsamples indicate that managerial attributes have a significant impact on firm value. Traits react always as expected and prior literature implies. That is in detail that power, entrenchment and busyness are value destroying whereas quality and generalist are value enhancing attributes.

Thereafter, we run the same regressions on subsamples restricting the sample to companies with certain attributes: large/small by assets, old/young by firm age, many/few competitors, high/low market adjusted R&D expenses, and high/low industry adjusted R&D expenses. This grants us proper insight and provides an indication in which companies certain traits are beneficial and where they do not play an important role. For instance, we obtain that openmindedness is only significant in firms with few competitors or entrenchment only in large firms. Overall, we thoroughly summarize those subsamples which let us better understand when shareholders adjust their different perceptions.

From all these results, one can infer that the market only adapts its valuation of an executive for traits that directly have an observable impact on the firm as a whole. Even though personal attributes may impact corporate decisions, this does not necessarily mean that shareholders realize it. Hence, we argue that information on an executive's personality is barely accessible to the market. We also argue

that shareholders observe corporate decisions of their executives but do not infer on their personality. Alternatively, it can be stated that shareholders simply ignore their executives' personality as they do not associate it with the company directly. Lastly, we provide an explanation arguing that some of the proxies might have shown significant results in previous studies because those suffer endogeneity and the results are driven by omitted variables in their regression models.

As theoretical underpinning of our investigations, we introduced the efficient market theory, in particular its semi-strong form after Fama (1970). With the help of the hypothesis we explain our empirical results and either claim that our results rule out efficient markets as potential theory or that we provide supportive evidence. In case of the proxies where we obtain significant reactions, we clearly rule in favor of the EMH applying the the assumption that new (relevant) information is reflected. In those cases where proxies for traits do not reveal a significant reaction we provide several explanations. A relevant information which is not identified by market participants as such is an argument against the EMH assuming that all new information is incorporated quickly and correctly into the stock price. The second line of argumentation, we introduce states that the market ignores certain information, in particular on an executive's personality as it considers this information irrelevant. Opposingly, this is strongly supportive for the EMH claiming that the market should never react to non-information.
In summary, we find explanation for both against and in favor of efficient markets and therefore, cannot clearly rule for either of the sides.

In the next step, to fully rule out endogeneity as a potential driver of our findings, we examine the announcements of successors in consequence of the sudden death. In detail, within the scope of the whole sample sudden death analysis, we constantly include a dummy for successors, indicating whether a replacement has been announced within two days after sudden death, to check if our results are affected by this. It turns out, the dummy does not hold significantly at any time. We further analyze successors separately and check whether certain traits show any effect on the shareholder's announcement and also if there is an impact when attributes, both personal and managerial are inherited. Interestingly, the market

does not react at all to any traits, neither personal nor managerial, in consequence of the announcement. Only an increase of quality compared to the predecessor leads to a significant positive announcement reaction.

Hence, it backs up our indication that our results on sudden death events are not driven by endogeneity as we see that the reaction to the various traits of the deceased is not driven by the successor in any way. Endogeneity predominantly appears as traits are related to the likelihood of an executive's termination. However, this issue is solved by employing sudden death events because we get around to measure the likelihood of termination. In addition, the shareholder reaction to sudden deaths may be also driven by the choice of a successor. Our analysis shows that this is most likely not the case either. Consequently, we can probably rule out endogeneity as potential driver of the results.

Finally we focus on the same questions around the value of personal and managerial attributes as before by examining the stock price reaction to the sudden death of those firms where an executive held an outside directorship. We find that neither personal nor managerial characteristics show any significant impact on the shareholders reaction to his sudden death. This strongly supports our argument that the market perceives the personality of a manager or director as not important either because of a lack of information or because of simple indifference.

9.2 Implications for Corporate Governance

All of our results provide an extensive contribution to corporate governance and behavioral finance research. We, now, fully understand questions that arose throughout a large body of literature and employ a method to circumvent and solve important statistical problems prior studies had to deal with. We also gain a better understanding of shareholder's reaction to sudden death events.

Our findings might give some better insights into corporate governance, too. We provide evidence on the general market perception of certain traits and also show which attributes are particularly important for different companies. Additionally, we

show that firms tend to fail in detecting what can be beneficial for them and what can be destructive. It can be inferred that corporate governance mechanisms fail in firing inefficient executives and hiring value enhancing managers and more importantly to only assign them with value enhancing traits. In other words, companies do not realize and detect the value destroying aspects of managerial attributes, and also do not change their perception. They also accept the same traits, value enhancing or destroying, for the successor.

These findings along with prior research should be reason for boards and management to reconsider their selection processes and also their monitoring. Moreover, they imply that companies should spend stronger focus on whom they choose into certain positions (e.g. highly qualified and generalist managers) and how to assign the executives with certain managerial attributes (e.g. power) and in which companies they do so. Our results can be helpful to optimize the selection process. Moreover, the understanding of the market and its perception of executives can be improved and in turn adaptions be made.

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Appendix

Variable	Definition
Investment Rate	is measured as capital expenditures (CAPX) divided by beginning of the year property, plant and equipment (PPENT) $\frac{CAPX}{PPENT}$ over two years preceding to death.
Inv. Based Execessive Overconfidence (Overconfidence)	A CEO or chairman is classified excessively overconfident if their firm is in the top quintile of firms on industry adjusted (same 2 digit SIC code) investment rates over two years preceding to death.
Inv. Based Execessive Diffidence (Overconfidence)	A CEO or chairman is classified excessively overconfident if their firm is in the bottom quintile of firms on industry adjusted (same 2 digit SIC code) investment rates over two years preceding to death.
Inv. Based Moderate Overconfidence (Overconfidence)	A CEO or chairman is classified moderately overconfident if they are in neither excessively overconfident nor diffident.
Q	Q=$\frac{MarketValueOfAssets}{BookValueOfAssets} = \frac{TotalAssets+MarketEquity-BookEquity}{BookValueofAssets}$ $= \frac{AT+CSHO*PRCC-(SEQ-PSTKL+TXDITC)}{AT}$ whereas SEQ is the stockholder equity, PSTKL is the preferred stock liquidating value and TXDITC is the balance sheet preferred taxes and investment credit.

Table 71: Variable Definition (1). This table provides an overview of all variables. Most are defined thoroughly in prior sections.

Variable	Definition
Inv. Based over Q Execessive Overconfidence (Overconfidence)	A CEO or chairman is classified excessively overconfident if their firm is in the top quintile of firms on industry adjusted (same 2 digit SIC code) investment rates (over Q) over two years preceding to death.
Inv. Based over Q Execessive Diffidence (Overconfidence)	A CEO or chairman is classified excessively overconfident if their firm is in the bottom quintile of firms on industry adjusted (same 2 digit SIC code) investment rates (over Q) over two years preceding to death.
Inv. Based over Q Moderate Overconfidence (Overconfidence)	A CEO or chairman is classified moderately overconfident if they are in neither excessively overconfident nor diffident.
Press Portrayal (Overconfidence)	A manager is classified overconfident if in press portrayal more words classify him overconfident than conservative (a detailed description can be found in chapter 5.2).
Manager Hobbies (Overconfidence)	A manager is classified overconfident if he exercises any known hobby which in turn may be a threat for his life.
Private Pictures Online (Narcissism)	A manager is classified narcissistic if there exist non-business pictures of him online.
Firm Name=Founder Name (Narcissism)	A founder in the sample is classified narcissistic if he names the company after himself.
#Marriages (Narcissism)	The number of marriages serves as proxy for narcissism.
#Marriages Dummy (Narcissism)	A manager is classified egotistical/narcissistic if he was married more than once.
Age Difference to Wife (Narcissism)	The age difference between manager and his last wife serves as proxy for narcissism.

Table 72: Variable Definition (2). This table provides an overview of all variables. Most are defined thoroughly in prior sections.

Variable	Definition
Age Difference to Wife Dummy (Narcissism)	A manager is classified egotistical/narcissistic if the age difference to his last wife is more than 10 years.
# of Kids (Generosity)	The number of a manager's kids serves as proxy for generosity.
# of Kids Dummy (Generosity)	A manager is classified non-generous if he is parent to more than two kids.
Depression Baby (Resilience)	A manager is classified resilient if he was born before 1921.
War Baby (Resilience)	A manager is classified resilient if he was born before 1939.
War Participant (Resilience)	A manager is classified resilient if participated in a war as non-civilian.
Age>67 (Resilience)	A manager is classified resilient if is older than 67 years.
Foreign Background (Openmindedness)	A manager is classified openminded if he or his parents are non-U.S. citizens.
Military Manager (Discipline/Authority)	A manager is classified disciplined if he gained any military experience besides compulsory military service.
Direct Speech (Sympathy)	A manager is classified sympathetic if there is direct speech on the obituary released by the firm.
Personality Described (Sympathy)	A manager is classified sympathetic if his personality is described in the obituary.
First Name Mentioned (Sympathy)	A manager is classified sympathetic if his first name is mentioned in the obituary.
Duality (Power)	A manager is classified powerful, if he holds the position of CEO and chairman.
Triality (Power)	A manager is classified powerful, if he holds the position of CEO, chairman and president.
Chair President Duality (Power)	A manager is classified powerful, if he holds the position of chairman and president.

Table 73: Variable Definition (3). This table provides an overview of all variables. Most are defined thoroughly in prior sections.

Variable	Definition
CEO President Duality (Power)	A manager is classified powerful, if he holds the position of CEO and president.
Additional Executive (Power)	A manager is classified powerful, if he holds another executive position aside from his usual. Those can be CFO,COO or CIO.
Ownership (Power)	Ratio of ownership of outstanding shares held by the deceased serves as proxy for power.
Ownership>5% (Power)	A manager is classified powerful, if owns more than 5% of the outstanding firm stock.
Ownership>10% (Power)	A manager is classified powerful, if owns more than 10% of the outstanding firm stock.
Nominating Committee (Power)	A manager is classified powerful, if he is member of the nominating committee.
Committee Presence (Power)	The number of all committee memberships serves as power proxy.
Wikipedia Article Exists (Reputation)	A manager is classified highly reputable, if there exists a Wikipedia article on him.
Mentioned in Wikipedia Article of Firm (Reputation)	A manager is classified highly reputable, if he is mentioned on the firm's Wikipedia article.
Pictures Exist Without Mentioning Firm (Reputation)	A manager is classified highly reputable, if there exist pictures without mentioning the firm name.
No Pictures Exist (Reputation)	A manager is classified highly reputable, if there do not exist any pictures.
Founder (Entrenchment)	A manager is classified entrenched, if he is a (co-)founder of the company.
Tenure (Entrenchment)	Tenure serves as proxy for entrenchment
Tenure over Age (Entrenchment)	Tenure over Age serves as proxy for entrenchment.

Table 74: Variable Definition (4). This table provides an overview of all variables. Most are defined thoroughly in prior sections.

Variable	Definition
Tenure over Age Dummy (Entrenchment)	A manager is classified entrenched, if the ratio of tenure over age is greater than 0.25.
Takeover Target (Entrenchment)	A manager is classified entrenched, if the firm has been takeover target during his tenure.
# Outside Directorships (Busyness)	The number of outside directorships an executive holds serves as busyness proxy.
# Outside Directorships$\geq$2 (Busyness)	A manager is classified entrenched, if he holds two or more outside directorships
Outside Director Board Meetings (Busyness)	The number of board meetings in all companies, where the executive holds directorships serves as proxy for busyness.
Non-Profit Board Index (Busyness)	The Non-Profit Board Index serves as proxy for busyness. It is defined as the sum of all extra corporate activity consisting of Own Foundation, the sum of all Voluntary positions as well as Chair of Charity.
Chair of Charity (Busyness)	A manager is classified busy, if he holds the chair of a charity organization.
Own Foundation (Busyness)	A manager is classified busy, if he has his own foundation.
Voluntary Work (Busyness)	A manager is classified busy, if he does any kind of voluntary work aside from a Chair of Charity.
GAI (Generalist/Specialist)	The General Ability Index is defined as follows: $GAI_i, t = 0.268X1_{i,t} + 0.312X2_{i,t} + 0.309X3_{i,t} + 0.218X4_{i,t} + 0.153X5_{i,t}$ where $X1$ represents the number of different management positions the manager held throughout his career, $X2$ the number of different firms, $X3$ the number of different industries based on a 4-digit SIC code, $X4$ whether the manager held the same position before and $X5$ is a dummy whether firm is a multi-division company. It serves as proxy for Generalists.

Table 75: Variable Definition (5). This table provides an overview of all variables. Most are defined thoroughly in prior sections.

Variable	Definition
General Degree (Generalist/Specialist)	A manager is classified to be a generalist, if he graduated in any major related to business, economics or law.
Special Degree (Generalist/Specialist)	A manager is classified to be a specialist, if he graduated in any other major than business, economic or law related.
First Manager Age (Experience/Quality)	The age, at which an executive gets into the position, where he dies, serves as proxy for his quality/experience.
First Manager Age Mean (Experience/Quality)	A manager is classified to be a qualified/experienced, if his First Manager Age is below the mean, which is 40 years.
Elite Uni (Experience/Quality)	A manager is classified to be qualified/experienced if he has a degree from any elite university. Those are all members of the Ivy League and additionally Stanford University, NYU, MIT, UC Berkeley and University of Chicago.
MBA (Experience/Quality)	A manager is classified to be qualified/experienced, if he has an MBA degree.
Compensation 2nd Highest (Experience/Quality)	A manager is classified to be a qualified/experienced, if he earns 50% more in the year prior to death than the second highest salary in case he is CEO, if he earns more than 90% salary in case he is president and not CEO and if he earns 100% more of the CEO's than all other directors if he is chairman and not CEO.
CEO	A Chief Executive Officer (CEO) is defined as the highest ranking executive in a company whose main responsibilities include developing and implementing high-level strategies, making major corporate decisions, managing the overall operations and resources of a company, and acting as the main point of communication between the board of directors and the corporate operations (http://www.investopedia.com /terms/c/ceo.asp).

Table 76: Variable Definition (6). This table provides an overview of all variables. Most are defined thoroughly in prior sections.

Variable	Definition
Chairman	A Chairman is defined as an executive elected by a company's board of directors that is responsible for presiding over board or committee meetings (http://www.investopedia.com/terms/c/chairman.asp). Amongst the most important tasks of chairmen are hiring and firing the CEO as well as monitoring and advisory of his activities (Florou (2005)).
President	A President is often considered to be the leader of a company but subordinated to the CEO position and overseeing the various Vice Presidents.
Industry Adjusted ROA	is defined as $\frac{NI}{AT}$ whereas NI is the net income and AT the total assets. We use ROA industry and adjusted by firms with the same 2-digit SIC code average it over the last three years preceding to death.
Market Cap	is defined as the product of stock close price at the end of the year preceding to death (PRCC) and the common shares outstanding (CSHO). We compute the market gap for the end of the year preceding to death.
Market To Book Ratio	is defined as $\frac{PRCC*CSHO}{AT-LT}$ whereas LT are the total liabilities. We compute the market gap for the end of the year preceding to death.
Boardsize	is defined as the number of member on the board of directors at the time of the death.
Outsider Ratio	is the ratio of directors, who are not employed by the firm in any other capacity over the number of all directors at the time of death.
Firmsize	is defined as AT, total assets, in the year preceding to sudden death

Table 77: Variable Definition (7). This table provides an overview of all variables. Most are defined thoroughly in prior sections.

Variable	Definition
Firmage	is defined as the number of years since foundation until the year of death
Competitors	the number of competitors is the number of firms with the same 2-digit SIC code.
Market Adjusted R&D	are defined as the research and development expenses of the firm adjusted by the market's average R&D expenses averaged over three years preceding to death.
Industry Adjusted R&D	are defined as the research and development expenses of the firm adjusted by by firms with the same 2-digit SIC code average it over the last three years preceding to death.

Table 78: Variable Definition (8). This table provides an overview of all variables. Most are defined thoroughly in prior sections.

Overconfidence OLS, robust CAR[-1,1]							
Variable	Predicted Sign	(4)	(4)*	(5)	(5)*	(6)	(6)*
Excessive OC (Inv based over Q)	+	0.0015	0.0033				
Moderate OC (Inv based over Q)	-			0.0106	0.0058		
Excessive DD (Inv based over Q)	+					-0.0128	-0.0093
Age			0.0021 (***)		0.0022 (***)		0.0021 (***)
CEO			0.0201		0.0204		0.0202
ROA			0.0350 (**)		0.0337 (**)		0.0328 (*)
Market To Book			0.0001		0.0001		0.0001
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0036		0.0035		0.0036
Outsider Ratio			-0.0519		-0.0521		-0.0500
Successor<3 days			-0.0058		-0.0057		-0.0067
Intercept		-0.0057	-0.1470 (***)	-0.0092	-0.1509 (***)	-0.0011	-0.1448 (***)
Observations		143	128	143	128	143	128
Adj. R-squared		0.0001	0.1736	0.0034	0.1742	0.0001	0.1756

Table 79: Results on Overconfidence (2). This table shows regression analysis of overconfidence proxied by the Investment Rate over Q Quintiles and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Narcissism/ Egoism OLS, robust CAR[-1,1] Variable	Predicted Sign	(4)	(4)*	(5)	(5)*	(6)	(6)*
Private Pictures Online	+	0.0207	-0.0022				
#Marriages	+			0.0132	-0.0063		
#Marriages Dummy	+					0.0244	0.0022
Age			0.0018(*)		0.0020 (*)		0.0019 (*)
CEO			0.0395		0.0282		0.0266
ROA			0.0054		0.0428 (***)		0.0413 (***)
Market To Book			0.0006		0.0000		0.0000
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0131 (***)		0.0023		0.0024
Outsider Ratio			-0.0740		-0.0782		-0.0801
Successor<3 days			0.0198		-0.0054		-0.0049
Intercept		-0.0225 (*)	-0.2199 (***)	-0.0078	-0.1141	0.0043	-0.1143
Observations		70	63	102	77	102	77
Adj. R-squared		0.0075	0.2473	0.0058	0.2091	0.0081	0.2073

Table 80: Results on Narcissism (2). This table shows regression analysis of narcissism proxied by the Private Pictures Online, Number of Marriages as well as its dummy and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the narcissism proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the narcissism proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Generosity OLS, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
# Kids	?	-0.0036	-0.0049		
# Kids Dummy	?			-0.0052	-0.0189
Age			0.0018 (**)		0.0018 (**)
CEO			0.0033		0.0042
ROA			0.0436 (**)		0.0439 (**)
Market To Book			0.0002		0.0001
Market Cap			0.0000		0.0000
Board Size			0.0019		0.0021
Outsider Ratio			-0.0258		-0.0274
Successor<3 days			0.0023		0.0023
Intercept		0.0216	-0.0980	0.0139	-0.0994
Observations		114	88	114	88
Adj. R-squared		0.0042	0.152	0.0008	0.1541

Table 81: Results on Generosity. This table shows regression analysis of generosity proxied by the Number of Kids as well as its dummy and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the Generosity proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the generosity proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Resilience, Capability of bearing sacrifices OLS, robust CAR[-1,1]									
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Depression Baby	-	0.0345 (***)	-0.0068						
War Baby	-			0.0510 (***)	0.0085				
War Participant	-					0.0066	-0.0232		
Age>67	-							0.0423 (***)	-0.0235
Age			0.0023 (***)		0.0019 (**)		0.0028 (**)		0.0029 (**)
CEO			0.0217		0.0215		0.0361		0.0205
ROA			0.0374 (**)		0.0359 (**)		0.0377 (*)		0.0367 (**)
Market To Book			0.0001		0.0001		0.0006		0.0001
Market Cap			0.0000		0.0000 (***)		0.0000		0.0000
Board Size			0.0039		0.0036		0.0005		0.0031
Outsider Ratio			-0.0483		-0.0387		-0.0782		-0.0471
Successor<3 days			-0.0056		-0.0058		-0.0181		-0.0049
Intercept		-0.0147 (*)	-0.1569 (***)	-0.0326 (***)	-0.1415 (**)	0.0125	-0.1318	-0.0082	-0.1833 (***)
Observations		213		212	133	103	83	212	133
Adj. R-squared		0.0389		0.0744	0.1729	0.0008	0.1998	0.042	0.1769

Table 82: Results on Resilience. This table shows regression analysis of resilience proxied by the Depression Baby, War Baby, War Participant as well as Age>67 and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the resilience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the resilience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Sympathy OLS, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Direct Speech	?	-0.0175	-0.0175				
Personality Described	?			-0.0257	-0.0193		
First Name Mentioned	?					-0.0266	-0.0175
Age			0.0025 (***)		0.0024 (***)		0.0025 (***)
CEO			0.0401		0.0344		0.0392
ROA			0.0199		0.0244		0.0216
Market To Book			0.0006		0.0006		0.0007
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0086 (**)		0.0087 (**)		0.0086 (**)
Outsider Ratio			-0.0549		-0.0488		-0.0493
Successor<3 days			-0.0116		-0.0108		-0.0101
Intercept		0.0143	-0.2040 (**)	0.0075	-0.2043377 (*	0.0130	-0.2028 (***)
Observations		105	88	105	88	104	88
Adj. R-squared		0.0042	0.1918	0.0127	0.1957	0.018	0.194

Table 83: Results on Sympathy. This table shows regression analysis of sympathy proxied by the Direct Speech in Obituary, Personality Described as well as First Name Mentioned and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the sympathy proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the sympathy proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Discipline OLS, robust CAR[-1,1]			
Variable	Predicted Sign	(1)	(1)*
Military Background	-	0.0141	-0.0093
Age			0.0025 (**)
CEO			0.0347
ROA			0.0515 (***)
Market To Book			0.0003
Market Cap			0.0000
Board Size			0.0005
Outsider Ratio			-0.0938
Successor<3 days			-0.0177
Intercept		0.0083	-0.1109
Observations		100	81
Adj. R-squared		0.0043	0.2192

Table 84: Results on Discipline. This table shows regression analysis of discipline proxied by the Military Background and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the discipline proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1)) shows the results of a robust simple regression of the discipline proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Power OLS, robust CAR[-1,1] Variable	Predicted Sign	(5)	(5)*	(6)	(6)*	(7)	(7)*
Additional Executiv	?	-0.0240	0.0062				
Nominating Commi	?			-0.0117	-0.0221		
Committee Presen	?					0.0002	-0.0189
Age			0.0026 (***)		0.0027 (***)		0.0031 (***)
CEO			0.0305		0.0401 (*)		0.0386
ROA			0.0309 (*)		0.0106		0.0123
Market To Book			0.0003		0.0005		0.0006
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0029		0.0062 (*)		0.0056
Outsider Ratio			-0.0484		-0.0330		-0.0357
Successor<3 days			-0.0146		-0.0029		-0.0038
Intercept		0.0076	-0.1685 (***)	-0.0041	-0.2178 (***)	-0.0114	-0.2281 (***)
Observations		142	113	89	75	90	75
Adj. R-squared		0.0078	0.1829	0.0048	0.2523	0	0.2523

Table 85: Results on Power (2). This table shows regression analysis of power proxied by Additional Executive, Nominating Committee, Committee Presence and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the power proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (5) or (6)) shows the results of a robust simple regression of the power proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Reputation OLS, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Wikipedia Article Exists	-	0.0146 (**)	0.0041						
Mentioned in Firm's Wiki Article	-			0.0220	-0.0047				
Pictures Exist w/o Mentioning Firm	-					0.0190	-0.0007		
No Pictures Exist	-							0.0030	0.0102
Age			0.0021 (***)		0.0025 (**)		0.0022 (**)		0.0022 (**)
CEO			0.0224		0.0409		0.0336		0.0331
ROA			0.0363 (**)		0.0745		0.0124		0.0142
Market To Book			0.0001		-0.0003		0.0006		0.0006
Market Cap			0.0000		0.0000 (***)		0.0000		0.0000
Board Size			0.0035		0.0010		0.0069 (*)		0.0073 (*)
Outsider Ratio			-0.0481		-0.1192		-0.0300		-0.0219
Successor<3 days			-0.0053		-0.0011		-0.0051		-0.0042
Intercept		-0.0104	-0.1470 (***)	0.0064	-0.1224	-0.0156	-0.1998 (***)	-0.0135	-0.2082 (***)
Observations		190	133	92	71	98	81	98	81
Adj. R-squared		0.0288	0.1737	0.0127	0.1897	0.0085	0.1981	0.0003	0.2008

Table 86: Results on Reputation. This table shows regression analysis of power proxied by Wikipedia Article Exists, Mentioned in Firm's Wikipedia Article, Picture Exists without Mentioning Firm, Not Pictures Exist and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the reputation proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the reputation proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Quality/ Experience CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Elite Uni	-	0.0079	0.0006				
MBA	-			-0.0288	0.0017		
Compensation o							
2nd Highest Comp	-					-0.0017	-0.0021
Age			0.0023 (**)		0.0028 (***)		0.0027 (***)
CEO			0.0240		0.0290		0.0418
ROA			0.0281 (*)		0.0312 (***)		0.0167
Market To Book			0.0003		0.0004		0.0006
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0009		-0.0006		0.0061
Outsider Ratio			-0.0544		-0.0712		-0.0135
Successor<3 days			-0.0162		-0.0122		-0.0045
Intercept		-0.0009	-0.1221	0.0116	-0.1341	-0.0056	-0.2284 (***)
Observations		112	91	104	85	86	74
Adj. R-squared		0.0067	0.185	0.0185	0.2178	0.0026	0.2413

Table 87: Results on Quality/Experience (2). This table shows regression analysis of generalist/specialist proxied by Elite Uni, MBA, Compensation over 2nd Highest Compensation and the stock price reaction to executive deaths. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the generalist/specialist proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the quality/experience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Excessive OC (Inv based)	+	-0.0671 (**)	-0.0159				
Moderate OC (Inv based)	-			0.0337	0.0175		
Excessive DD (Inv based)	+					-0.0023	-0.0095
Age			0.0018 (*)		0.0017		0.0018
ROA			0.0310		0.0260		0.0317 (*)
Market To Book			0.0001		0.0002		0.0001
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0049		0.0048		0.0049
Outsider Ratio			-0.0557		-0.0549		-0.0503
Successor<3 days			-0.0173		-0.0176		-0.0191
Intercept		0.0010	-0.1081	-0.0294	-0.1170 (*)	-0.0066	-0.1076
Observations		116	81	116	81	116	81
Adj. R-squared		0.0465	0.1924	0.0278	0.1955	0.0001	0.1914

Table 88: Results on Overconfidence for CEOs (1). This table shows regression analysis of overconfidence proxied by the Investment Rate Quintiles and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1) *	(2)	(2) *	(3)	(3) *
Excessive OC (Inv based)	+	-0.0234	0.0002				
Moderate OC (Inv based)	-			0.0114	0.0159		
Excessive DD (Inv based)	+					-0.0005	-0.0196
Age			0.0010		0.0010		0.0010
ROA			0.0382 (*)		0.0303		0.0315
Market To Book			-0.0003		-0.0002		-0.0002
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0027		0.0023		0.0023
Outsider Ratio			-0.0417		-0.0397		-0.0363
Successor<3 days			-0.0044		-0.0049		-0.0048
Intercept		0.0145	-0.0523	0.0039	-0.0601	0.0121	-0.0440
Observations		139		139	91	139	91
Adj. R-squared		0.0067	91	0.0033	0.0792	0	0.0803

Table 89: Results on Overconfidence for Chairmen (1). This table shows regression analysis of overconfidence proxied by the Investment Rate Quintiles and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(4)	(4)*	(5)	(5)*	(6)	(6)*
Excessive OC (Inv based over Q)	+	-0.0082	-0.0128				
Moderate OC (Inv based over Q)	-			-0.0053	-0.0119		
Excessive DD (Inv based over Q)	+					0.0138	0.0256
Age			0.0019 (*)		0.0017		0.0018 (*)
ROA			0.0349 (*)		0.0379 (**)		0.0435 (**)
Market To Book			0.0001		0.0000		-0.0001
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0049		0.0050		0.0050
Outsider Ratio			-0.0563		-0.0497		-0.0586
Successor<3 days			-0.0165		-0.0196		-0.0153
Intercept		-0.0039	-0.1123	-0.0044	-0.1033	-0.0108	-0.1195 (*)
Observations		89	81	89	81	89	81
Adj. R-squared		0.0018	0.1935	0.0018	0.1935	0.0051	0.2051

Table 90: Results on Overconfidence for CEOs (2). This table shows regression analysis of overconfidence proxied by the Investment Rate over Q Quintiles and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(4)	(4) *	(5)	(5) *	(6)	(6) *
Excessive OC (Inv based over Q)	+	-0.0027	0.0011				
Moderate OC (Inv based over Q)	-			0.0138	0.0050		
Excessive DD (Inv based over Q)	+					-0.0116	-0.0058
Age			0.0010		0.0010		0.0010
ROA			0.0384		0.0363 (*)		0.0368 (*)
Market To Book			-0.0003		-0.0003		-0.0003
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0027		0.0027		0.0027
Outsider Ratio			-0.0416		-0.0409		-0.0398
Successor<3 days			-0.0046		-0.0042		-0.0053
Intercept		0.0122	-0.0523	0.0063	-0.0562	0.0153	-0.0508
Observations		102	91	102	91	102	91
Adj. R-squared		0.0002	0.0747	0.0063	0.0754	0.0044	0.0756

Table 91: Results on Overconfidence for Chairmen (2). This table shows regression analysis of overconfidence proxied by the Investment Rate over Q Quintiles and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Narcissism/ Egoism OLS if CEO=1, robust CAR[-1,1]					
Variable	Predicted Sign	(1)	(1) *	(2)	(2) *
Age Difference to Wife	+	0.0025	0.0002		
Age Difference to Wife Dummy	+			0.0258	0.0016
Age			-0.0006		-0.0006
ROA			0.0379 (**)		0.0380 (**)
Market To Book			-0.0002		-0.0002
Market Cap			0.0000		0.0000
Board Size			0.0018		0.0018 (***)
Outsider Ratio			-0.1364		-0.1367
Successor<3 days			-0.0098		-0.0102
Intercept		-0.0064	0.1033	0.0057	0.1035
Observations		45	38	45	38
Adj. R-squared		0.0101	0.2751	0.0059	0.275

Table 92: Results on Narcissism for CEOs (1). This table shows regression analysis of narcissism proxied by Age Difference to Wife as well as its dummy and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the narcissism proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the narcissism proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Narcissism/ Egoism OLS if chairman=1, robust CAR[-1,1]					
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
Age Difference to Wife	+	0.0015	0.0018		
Age Difference to Wife Dummy	+			0.0225	0.0218
Age			0.0008		0.0009
ROA			0.0336 (***)		0.0346 (***)
Market To Book			0.0008		0.0007
Market Cap			0.0000		0.0000
Board Size			-0.0037		-0.0042
Outsider Ratio			-0.0873		-0.0855
Successor<3 days			-0.0082		-0.0114
Intercept		0.0115	0.0302	0.0186	0.0397
Observations		65	50	65	50
Adj. R-squared		0.0081	0.1523	0.0065	0.1439

Table 93: Results on Narcissism for Chairmen (1). This table shows regression analysis of narcissism proxied by Age Difference to Wife as well as its dummy and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the narcissism proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the narcissism proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Narcissism/ Egoism OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(4)	(4) *	(5)	(5) *	(6)	(6) *
Private Pictures Online	+	0.0193	0.0054				
#Marriages	+			0.0037	-0.0129		
#Marriages Dummy	+					-0.0006	-0.0248
Age			0.0002		-0.0002		-0.0002
ROA			0.0053		0.0358 (**)		0.0357 (**)
Market To Book			0.0015		-0.0002		-0.0002
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0160 (***)		0.0064		0.0061
Outsider Ratio			-0.0582		-0.1483		-0.1481
Successor<3 days			0.0245		0.0035		0.0055
Intercept		-0.0201	-0.1241	0.0042	0.0512	0.0088	0.0410
Observations		47	45	56	44	56	44
Adj. R-squared		0.0066		0.0002	0.2848	0	0.2842

Table 94: Results on Narcissism for CEOs (2). This table shows regression analysis of narcissism proxied by Private Pictures Online, Number of Marriages as well as its dummy and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the narcissism proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the narcissism proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Narcissism/ Egoism OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(4)	(4) *	(5)	(5) *	(6)	(6) *
Private Pictures Online	+	0.0022	-0.0018				
#Marriages	+			-0.0012	-0.0047		
#Marriages Dummy	+					0.0026	-0.0011
Age			-0.0001		0.0008		0.0008
ROA			0.0002		0.0340 (***)		0.0331 (***)
Market To Book			0.0008		0.0000		0.0000
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0165 (**)		0.0015		0.0015
Outsider Ratio			-0.0812		-0.0901		-0.0915
Successor<3 days			0.0377		0.0070		0.0070
Intercept		-0.0037	-0.0963	0.0217	-0.0064	0.0198	-0.0087
Observations		48	42	79	59	79	59
Adj. R-squared		0.0001	0.2354	0.0001	0.1132	0.0001	0.1117

Table 95: Results on Narcissism for Chairmen (2). This table shows regression analysis of narcissism proxied by Private Pictures Online, Number of Marriages as well as its dummy and the stock price reaction to executive deaths by restricting the sample to Chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the narcissism proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the narcissism proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Generosity OLS if CEO=1, robust CAR[-1,1]					
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
# Kids	?	-0.0082	-0.0176		
# Kids Dummy	?			-0.0015	-0.0461
Age			0.0013		0.0015
ROA			0.0485 (*)		0.0457 (*)
Market To Book			0.0004		0.0003
Market Cap			0.0000		0.0000
Board Size			0.0076		0.0068
Outsider Ratio			-0.0469		-0.0489
Successor<3 days			-0.0069		-0.0101
Intercept		0.0281		0.0063	-0.0916
Observations		65	52	65	52
Adj. R-squared		0.0131	0.2439	0	0.2281

Table 96: Results on Generosity for CEOs. This table shows regression analysis of generosity proxied by the Number of Kids as well as its dummy and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the generosity proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the generosity proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Generosity OLS if chairman=1, robust CAR[-1,1]					
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
# Kids	?	-0.0017	-0.0030		
# Kids Dummy	?			-0.0002	-0.0194
Age			0.0012		0.0012
ROA			0.0274		0.0304
Market To Book			0.0002		0.0000
Market Cap			0.0000		0.0000
Board Size			0.0012		0.0013
Outsider Ratio			-0.0345		-0.0371
Successor<3 days			0.0003		0.0022
Intercept		0.0262	-0.0478	0.0214	-0.0462
Observations		87	66	87	66
Adj. R-squared		0.0009	0.0596	0	0.0673

Table 97: Results on Generosity for Chairmen. This table shows regression analysis of generosity proxied by the Number of Kids as well as its dummy and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the generosity proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the generosity proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Resilience, Capability of bearing sacrifices OLS if chairman=1, robust CAR[-1,1]									
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Depression Baby	-	0.0173	-0.0134						
War Baby	-			0.0377 (**)	0.0087				
War Participant	-					-0.0156	-0.0267		
Age>67	-							0.0289 (*)	-0.0168
Age			0.0012		0.0007		0.0009		0.0015
ROA			0.0423 (*)		0.0393 (*)		0.0229		0.0404 (**)
Market To Book			-0.0004		-0.0004		0.0007		-0.0003
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0034		0.0028		-0.0015		0.0025
Outsider Ratio			-0.0446		-0.0307		-0.0842		-0.0388
Successor<3 days			-0.0055		-0.0055		-0.0079		-0.0049
Intercept		0.0054	-0.0600	-0.0138	-0.0378	0.0336 (**)	0.0334	0.0052	-0.0734
Observations		151	94	151	94	80	63	150	94
Adj. R-squared		0.0096	0.074	0.0331	0.0723	0.0053	0.0946	0.0238	0.0743

Table 98: Results on Resilience for Chairmen. This table shows regression analysis of resilience proxied by the Depression Baby, War Baby, War Participant as well as Age>67 and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the resilience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the resilience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Discipline OLS if CEO=1, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1)*
Military Background	-	-0.0039	-0.0311
Age			0.0016
ROA			0.0490 (***)
Market To Book			0.0003
Market Cap			0.0000
Board Size			0.0019
Outsider Ratio			-0.1492
Successor<3 days			-0.0166
Intercept		0.0125	-0.0029
Observations		56	46
Adj. R-squared		0.0002	0.2796

Table 99: Results on Discipline for CEOs. This table shows regression analysis of discipline proxied by the Military Background and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the discipline proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1)) shows the results of a robust simple regression of the discipline proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Discipline OLS if chairman=1, robust CAR[-1,1]			
Variable	Predicted Sign	(1)	(1)*
Military Background	-	-0.0090	-0.0106
Age			0.0007
ROA			0.0426 (***)
Market To Book			0.0002
Market Cap			-0.0000 (***)
Board Size			-0.0013
Outsider Ratio			-0.1072
Successor<3 days			-0.0049
Intercept		0.0315 (*)	0.0529 (***)
Observations		77	61
Adj. R-squared		0.0019	0.1218

Table 100: Results on Discipline for CEOs. This table shows regression analysis of discipline proxied by the Military Background and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the discipline proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1)) shows the results of a robust simple regression of the discipline proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Sympathy OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Direct Speech	?	-0.0904	-0.0602				
Personality Described	?			-0.0436	-0.0391		
First Name Mentioned	?					-0.0444	-0.0374
Age			0.0028 (**)		0.0024 (*)		0.0024 (*)
ROA			0.0208		0.0341		0.0274
Market To Book			0.0006		0.0006		0.0007
Market Cap			0.0000		-0.0000 (***)		0.0000
Board Size			0.0074		0.0078		0.0074
Outsider Ratio			-0.0533		-0.0442		-0.0411
Successor<3 days			-0.0259		-0.0231		-0.0210
Intercept		0.0797	-0.1255	0.0132	-0.1496 (*)	0.0266	-0.1319
Observations		65	57	65	57	64	57
Adj. R-squared		0.0691	0.2155	0.0308	0.2125	0.0383	0.2076

Table 101: Results on Sympathy for Chairmen. This table shows regression analysis of sympathy proxied by the Direct Speech in Obituary, Personality Described as well as First Name Mentioned and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the sympathy proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the sympathy proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Sympathy OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Direct Speech	?	-0.0146	0.0084				
Personality Described	?			-0.0348	-0.0177		
First Name Mentioned	?					-0.0048	0.0080
Age			0.0004		0.0003		0.0004
ROA			0.0338		0.0354		0.0326
Market To Book			0.0003		0.0003		0.0002
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0087 (*)		0.0094 (*)		0.0087
Outsider Ratio			-0.0409		-0.0402		-0.0443
Successor<3 days			-0.0066		-0.0065		-0.0074
Intercept		0.0277	-0.0593	0.0260	-0.0513	0.0128	-0.0578
Observations		75	62	75	62	75	62
Adj. R-squared		0.0029	0.0891	0.0222	0.0954	0.0006	0.0895

Table 102: Results on Sympathy for Chairmen. This table shows regression analysis of sympathy proxied by the Direct Speech in Obituary, Personality Described as well as First Name Mentioned and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the sympathy proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the sympathy proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Power OLS if chairman=1, robust CAR[-1,1]									
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Duality	?	-0.0242	0.0304						
Triality	?			0.0013	0.0175				
Chair President Duality	?					0.0040	0.0213		
CEO President Duality	?							0.0013	0.0175
Age			0.0015		0.0011		0.0010		0.0011
ROA			0.0461 (**)		0.0350		0.0338		0.0350 (*)
Market To Book			-0.0004		-0.0004		-0.0004		-0.0004
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0023		0.0032		0.0032		0.0032
Outsider Ratio			-0.0465		-0.0402		-0.0405		-0.0402
Successor<3 days			-0.0107		-0.0064		-0.0073		-0.0064
Intercept		0.0297 (**)	-0.0938	0.0145	-0.0640	0.0136	-0.0620	0.0145 (*)	-0.0640
Observations		151	94	151	94	151	94	151	94
Adj. R-squared		0.0178	0.0887	0	0.0783	0.0004	0.0833	0	0.0783

Table 103: Results on Power for Chairmen (1). This table shows regression analysis of power proxied by Duality,Triality, Chair Preident Duality, CEO President Duality and the stock price reaction to executive deaths by restricting the sample to Chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the power proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the power proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Power OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(5)	(5)*	(6)	(6)*	(7)	(7)*
Additional Executiv	?	0.0030	0.0175				
Nominating Commi	?			-0.0013	-0.0122		
Committee Presen	?					0.0100	-0.0065
Age			0.0025 (**)		0.0021		0.0022
ROA			0.0277		0.0160		0.0173
Market To Book			0.0007		0.0007		0.0007
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0041		0.0088		0.0084 (*)
Outsider Ratio			-0.0448		-0.0164		-0.0141
Successor<3 days			-0.0346		-0.0020		-0.0025
Intercept		0.0011	-0.1370 (*)	-0.0077	-0.1694 (**)	-0.0148	-0.1769 (**)
Observations		87	71	63	53	63	53
Adj. R-squared		0.0001	0.2242	0.0001	0.275	0.0048	0.2714

Table 104: Results on Power for CEOs (2). This table shows regression analysis of power proxied by Additional Executive, Nominating Committee, Committee Presence and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the power proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (5) or (6)) shows the results of a robust simple regression of the power proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Power OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(5)	(5)*	(6)	(6)*	(7)	(7)*
Additional Executiv	?	0.0196	0.0362				
Nominating Commi	?			-0.0085	-0.0199		
Committee Presen	?					-0.0055	-0.0203
Age			0.0012		0.0011		0.0016
ROA			0.0380 (*)		0.0105		0.0108
Market To Book			0.0001		0.0004		0.0006
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0024		0.0093 (*)		0.0085
Outsider Ratio			-0.0482		-0.0203		-0.0284 (*)
Successor<3 days			-0.0130		0.0024		0.0010
Intercept		0.0175	-0.0494	0.0054	-0.1134	0.0050	-0.1247 (*)
Observations		102	79	64	53	64	53
Adj. R-squared		0.0027	0.0916	0.0025	0.1298	0.0018	0.1377

Table 105: Results on Power for Chairmen (2). This table shows regression analysis of power proxied by Additional Executive, Nominating Committee, Committee Presence and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the power proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (5) or (6)) shows the results of a robust simple regression of the power proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Reputation OLS if CEO=1, robust CAR[-1,1]									
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Wikipedia Article Exists	-	0.0168 (*)	0.0090						
Mentioned in Firm's Wiki Article	-			0.0300	0.0137				
Pictures Exist w/o Mentioning Firm	-					0.0164	-0.0096		
No Pictures Exist	-							-0.0013	0.0213
Age			0.0019 (*)		0.0021		0.0015		0.0013
ROA			0.0332 (*)		0.0486		0.0167 (*)		0.0192
Market To Book			0.0004 (***)		-0.0017		0.0008 (***)		0.0008
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0043		-0.0021		0.0099 (*)		0.0108 (**)
Outsider Ratio			-0.0489		-0.1077		-0.0174		-0.0060
Successor<3 days			-0.0177		-0.0243		-0.0015		-0.0027
Intercept		-0.0148 (*)	-0.1161 (*)	0.0052	-0.0259	-0.0143	-0.1477	-0.0097	-0.1642 (**)
Observations		116	85	50	38	67	56	67	56
Adj. R-squared		0.031	0.1956	0.0223	0.202	0.0066	0.2225	0.0001	0.2324

Table 106: Results on Reputation for CEOs. This table shows regression analysis of reputation proxied by Wikipedia Article Exists, Mentioned in Firm's Wikipedia Article, Picture Exists without Mentioning Firm, Not Pictures Exist and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the reputation proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the reputation proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Reputation OLS if chairman=1, robust CAR[-1,1]									
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Wikipedia Article Exists	-	0.0126 (*)	0.0103						
Mentioned in Firm's Wiki Article	-			0.0314	0.0256				
Pictures Exist w/o Mentioning Firm	-					0.0091	-0.0057		
No Pictures Exist	-							-0.0029	0.0102
Age			0.0008		0.0009		0.0006		0.0005
ROA			0.0374 (*)		0.0173		0.0161		0.0180
Market To Book			-0.0002		-0.0003		0.0004		0.0004
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0029		0.0011		0.0090 (*)		0.0092 (*)
Outsider Ratio			-0.0448		-0.1126		-0.0160		-0.0122
Successor<3 days			-0.0033		0.0003		0.0041		0.0041
Intercept		0.0030	-0.0450	0.0108	-0.0071	0.0003	-0.0876	0.0043	-0.0943
Observations		137	94	73	55	68	56	68	56
Adj. R-squared		0.0229	0.0849	0.026	0.1075	0.0022	0.1012	0.0003	0.1034

Table 107: Results on Reputation for Chairmen. This table shows regression analysis of power proxied by Wikipedia Article Exists, Mentioned in Firm's Wikipedia Article, Picture Exists without Mentioning Firm, Not Pictures Exist and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the reputation proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the reputation proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Entrenchment OLS if CEO=1, robust CAR[-1,1]					
Variable	Predicted Sign	(1)	(1) *	(2)	(2) *
Founder	+	0.0023	0.0204		
Takeover Target	+			0.0256	0.0491
Age			0.0017		0.0010
ROA			0.0395 (*)		0.0320 (*)
Market To Book			0.0000		-0.0000 (***)
Market Cap			0.0000		0.0000
Board Size			0.0058 (*)		0.0055
Outsider Ratio			-0.0369		-0.0360
Successor<3 days			-0.0188		-0.0234
Intercept		-0.0008	-0.1192 (*)	-0.0067	-0.0777
Observations		127	85	125	82
Adj. R-squared		0.0001	0.1972	0.0085	0.2133

Table 108: Results on Entrenchement for CEOs (1). This table shows regression analysis of entrenchment proxied by Founder as well as Takeover Target and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the entrenchment proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the entrenchment proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Entrenchment OLS if chairman=1, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
Founder	+	0.0065	0.0116		
Takeover Target	+			0.0138	0.0313
Age			0.0008		0.0006
ROA			0.0448 (**)		0.0382 (*)
Market To Book			-0.0003		-0.0001
Market Cap			0.0000		0.0000
Board Size			0.0035		0.0032
Outsider Ratio			-0.0326		-0.0368
Successor<3 days			-0.0048		-0.0094
Intercept		0.0129 (*)	-0.0485	0.0124 (*)	-0.0343
Observations		150	94	147	91
Adj. R-squared		0.0012	0.0744	0.0027	0.0844

Table 109: Results on Entrenchement for Chairmen (1). This table shows regression analysis of entrenchment proxied by Founder as well as Takeover Target and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the entrenchment proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the entrenchment proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Busyness OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
# Outside Directorships	+	0.0082	-0.0038				
# Outside Directorships>2	+			0.0295 (*)	0.0052		
Outside Directorship Board Meeting	+					0.0012	0.0010
Age			0.0006		0.0007		0.0022
ROA			0.0214		0.0194		0.0320 (*)
Market To Book			0.0008		0.0008		0.0004
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0067		0.0060		0.0075
Outsider Ratio			0.0209		0.0161		-0.0341
Successor<3 days			-0.0013		-0.0006		0.0039
Intercept		-0.0128	-0.0929	-0.0131	-0.0964	-0.0148	-0.1723 (**)
Observations		68	56	68	56	57	
Adj. R-squared		0.0144	0.1907	0.026	0.1883	0.0113	

Table 110: Results on Busyness for CEOs (1). This table shows regression analysis of busyness proxied by Number of Outside Directorships, its dummy as well as Number of Board Meetings and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the busyness proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the busyness proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Quality/ Experience OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Elite Uni	-	0.0152	0.0013				
MBA	-			-0.0366	-0.0124		
Compensation o 2nd Highest Comp	-					-0.0037	-0.0029
Age			0.0012		0.0021 (***)		0.0012 (***)
ROA			0.0252		0.0318		0.0208
Market To Book			0.0004		0.0006		0.0007
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0033		0.0004		0.0082 (*)
Outsider Ratio			-0.0752		-0.1022 (***)		-0.0067
Successor<3 days			-0.0197		-0.0104		-0.0009
Intercept		-0.0068	-0.0447	0.0114	-0.0539	0.0012	-0.1659 (**)
Observations		61	52	56	47	61	53
Adj. R-squared		0.0182	0.1837	0.0272	0.2198	0.012	0.2771

Table 111: Results on Quality/Experience for CEOs (2). This table shows regression analysis of quality/experience proxied by Elite Uni, MBA, Compensation over 2nd Highest Compensation and the stock price reaction to executive deaths by restricting the sample to CEOs only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the quality/experience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the quality/experience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Quality/ Experience OLS if chairman=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Elite Uni	-	0.0088	0.0047				
MBA	-			-0.0418	-0.0047		
Compensation o 2nd Highest Comp	-					-0.0029	-0.0029
Age			0.0010		0.0015		0.0010
ROA			0.0185		0.0179		0.0172
Market To Book			0.0008		0.0009		0.0006
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0006		0.0000		0.0091
Outsider Ratio			-0.0436		-0.0518		0.0001 (*)
Successor<3 days			-0.0102		-0.0051		-0.0004
Intercept		0.0115	-0.0275	0.0280 (**)	-0.0471	0.0077	-0.1145
Observations		83	65	77	61	63	53
Adj. R-squared		0.0087	0.0735	0.0341	0.0846	0.0098	0.1268

Table 112: Results on Quality/Experience for Chairmen (2). This table shows regression analysis of quality/experience proxied by Elite Uni, MBA, Compensation over 2nd Highest Compensation and the stock price reaction to executive deaths by restricting the sample to chairmen only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the quality/experience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the quality/experience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if Duality=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Excessive OC (Inv based)	+	-0.0581	-0.0823				
Moderate OC (Inv based)	-			0.0434 (*)	0.0188		
Excessive DD (Inv based)	+					-0.0271	-0.0015
Age			0.0009		0.0009		0.0009
ROA			0.0527 (**)		0.0549 (**)		0.0549 (**)
Market To Book			-0.0021 (*)		-0.0021 (*)		-0.0021 (*)
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0048		0.0051		0.0051
Outsider Ratio			-0.0626		-0.0513		-0.0551
Successor<3 days			-0.0256		-0.0267		-0.0258
Intercept		0.0060	-0.0330	-0.0309	-0.0430	0.0060	-0.0393
Observations		85	61	85	61	85	61
Adj. R-squared		0.0358	0.1746	0.0508	0.1635	0.015	0.1609

Table 113: Results on Overconfidence for Powerful (Duality) Managers (1). This table shows regression analysis of overconfidence proxied by the Investment Rate Quintiles and the stock price reaction to executive deaths by restricting the sample to executives, that held the position CEO and chairman at the time of death only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if Duality=1, robust CAR[-1,1]							
Variable	Predicted Sign	(4)	(4)*	(5)	(5)*	(6)	(6)*
Excessive OC (Inv based over Q)	+	-0.0125	-0.0076				
Moderate OC (Inv based over Q)	-			0.0001	-0.0175		
Excessive DD (Inv based over Q)	+					0.0120	-0.0181
Age			0.0009		0.0010		0.0008
ROA			0.0556 (**)		0.0524 (**)		0.0602 (**)
Market To Book			-0.0022 (*)		-0.0021 (*)		-0.0023 (**)
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0052		0.0050		0.0053
Outsider Ratio			-0.0581		-0.0623		-0.0550
Successor<3 days			-0.0250		-0.0211		-0.0283
Intercept		0.0146	-0.0394	0.0108	-0.0404	0.0071	-0.0255
Observations		67		67	61	67	61
Adj. R-squared		0.0045	0.166	0	0.1683	0.0043	0.1696

Table 114: Results on Overconfidence for Powerful (Duality) Managers (2). This table shows regression analysis of overconfidence proxied by the Investment Rate over Q Quintiles and the stock price reaction to executive deaths by restricting the sample to executives, that held the position CEO and chairman at the time of death only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if Duality=1, robust CAR[-1,1]									
Variable	Predicted Sign	(7)	(7)*	(8)	(8)*	(9)	(9)*	(10)	(10)*
Press Portrayal	+	-0.0053	0.0052						
Hobby	+			-0.0053	-0.0156				
M&A Deals over Tenure	+					0.0131 (***)	0.0067		
M&A Deals over TenureDummy	+							0.0714 (**)	0.0481 (**)
Age			0.0003		-0.0002		-0.0002		0.0002
ROA			0.0624 (***)		0.0530 (***)		0.0481 (**)		0.0428 (**)
Market To Book			-0.0029		-0.0023		-0.0018		-0.0018
Market Cap			0.0000		0.0000		-0.0000 (*)		-0.0000 (***)
Board Size			0.0158 (**)		0.0092		0.0201 (***)		0.0177 (***)
Outsider Ratio			-0.0501		-0.0076		-0.0837		-0.0864
Successor<3 days			0.0000		-0.0020		0.0109		0.0055
Intercept		0.0188	-0.1034	-0.0060	-0.0475	-0.0180	-0.1015	-0.0274 (*)	-0.1074
Observations		46	40	50	44	39	35	39	35
Adj. R-squared		0.001	0.34	0.0008	0.1954	0.0494	0.4448	0.1302	0.4925

Table 115: Results on Overconfidence for Powerful (Duality) Managers (3). This table shows regression analysis of overconfidence proxied by the Press Portrayal, Manager Hobbies, M&A Deals over Tenure as well as its dummy and the stock price reaction to executive deaths by restricting the sample to executives, that held the position CEO and chairman at the time of death only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (7) or (8)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Generosity OLS if Duality=1, robust CAR[-1,1]					
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
# Kids	?	-0.0081	-0.0168		
# Kids Dummy	?			-0.0156	-0.0471
Age			0.0003		0.0006
ROA			0.0469		0.0447
Market To Book			-0.0005		-0.0009
Market Cap			0.0000		0.0000
Board Size			0.0085		0.0077
Outsider Ratio			-0.0590		-0.0694
Successor<3 days			-0.0069		-0.0079
Intercept		0.0266	0.0037	0.0117	-0.0229
Observations		53	44	53	44
Adj. R-squared		0.0149	0.1797	0.0067	0.1732

Table 116: Results on Generosity for Powerful (Duality) Managers. This table shows regression analysis of generosity proxied by the Number of Kids as well as its dummy and the stock price reaction to executive deaths by restricting the sample to executives, that held the position CEO and chairman at the time of death only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the generosity proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the generosity proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Resilience, Capability of bearing sacrifices OLS if Duality=1, robust CAR[-1,1]									
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Depression Baby	-	-0.0041	-0.0330						
War Baby	-			0.0204	-0.0210				
War Participant	-					-0.0168	-0.0622		
Age>67	-							0.0016	-0.0168
Age			0.0015		0.0014		0.0007		0.0014
ROA			0.0591 (**)		0.0599 (**)		0.0210		0.0552 (**)
Market To Book			-0.0020 (**)		-0.0021 (**)		0.0019		-0.0020
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0062		0.0060		0.0038		0.0047
Outsider Ratio			-0.0716		-0.0610		-0.1563		-0.0519
Successor<3 days			-0.0260		-0.0248		-0.0141		-0.0254
Intercept		0.0071	-0.0634	-0.0083	-0.0573	0.0191	0.0506	0.0051	-0.0597
Observations		93	64	92	64	47	39	92	64
Adj. R-squared		0.0006		0.0127	0.1707	0.005	0.2356	0.0001	0.1657

Table 117: Results on resilience for Powerful (Duality) Managers. This table shows regression analysis of resilience proxied by the Depression Baby, War Baby, War Participant as well as Age>67 as well as its dummy and the stock price reaction to executive deaths by restricting the sample to executives, that held the position CEO and chairman at the time of death only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the resilience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the resilience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Openmindedness/ Tolerance OLS if Duality=1, robust CAR[-1,1]			
Variable	Predicted Sign	(1)	(1) *
Foreign Background	-	-0.0161	-0.0294
Age			0.0017
ROA			0.0229
Market To Book			0.0013
Market Cap			0.0000
Board Size			0.0020
Outsider Ratio			-0.1057
Successor<3 days			-0.0045
Intercept		0.0135	-0.0396
Observations		55	45
Adj. R-squared		0.0107	0.1639

Table 118: Results on Openmindedness/Tolerance for Powerful (Duality) Managers. This table shows regression analysis of openmindedness/tolerance proxied by Foreign Background and the stock price reaction to executive deaths by restricting the sample to executives, that held the position CEO and chairman at the time of death only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the openmindedness/tolerance proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1)) shows the results of a robust simple regression of the openmindedness/tolerance proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Discipline OLS if Duality=1, robust CAR[-1,1] Variable	Predicted Sign	(1)	(1)*
Military Background	-	-0.0002	-0.0177
Age			-0.0003
ROA			0.0713 (*)
Market To Book			-0.0016
Market Cap			0.0000
Board Size			0.0035
Outsider Ratio			-0.1944
Successor<3 days			-0.0118
Intercept		0.0129	0.1278
Observations		44	37
Adj. R-squared		0	0.2762

Table 119: Results on Discipline for Powerful (Duality) Managers. This table shows regression analysis of discipline proxied by the Direct Speech in Obituary, Personality Described as well as First Name Mentioned and the stock price reaction to executive deaths by restricting the sample to executives, that held the position CEO and chairman at the time of death only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the discipline proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the discipline proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if Ownership>10%=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Excessive OC (Inv based)	+	-0.0664	-0.1816				
Moderate OC (Inv based)	-			0.0212	-0.0093		
Excessive DD (Inv based)	+					0.0337	0.0038
Age			0.0015		0.0017		0.0017
CEO			0.0485		0.0437		0.0441
ROA			0.0476		0.0663		0.0702
Market To Book			-0.0003		-0.0001		-0.0001
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0074		0.0076		0.0074
Outsider Ratio			-0.2156 (**)		-0.2219 (*)		-0.2198 (**)
Successor<3 days			-0.0180		-0.0223		-0.0233
Intercept		0.0367 (**)	-0.0648	0.0111	-0.0707	0.0182	-0.0741
Observations		54	39	54	39	54	39
Adj. R-squared		0.0441	0.3978	0.0069	0.3455	0.0113	0.3451

Table 120: Results on Overconfidence for Powerful (Ownership) Managers (1). This table shows regression analysis of overconfidence proxied by the Investment Rate Quintiles and the stock price reaction to executive deaths by restricting the sample to executives, that own more than 10% of the outstanding company shares at the time of death. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if Ownership>10%=1, robust CAR[-1,1]							
Variable	Predicted Sign	(4)	(4)*	(5)	(5)*	(6)	(6)*
Excessive OC (Inv based over Q)	+	0.0192	0.0137				
Moderate OC (Inv based over Q)	-			-0.0017	0.0091		
Excessive DD (Inv based over Q)	+					-0.0152	-0.0237
Age			0.0018		0.0017		0.0019
CEO			0.0459		0.0454		0.0496
ROA			0.0758		0.0703		0.0737
Market To Book			-0.0001		-0.0001		0.0001
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0074		0.0076		0.0074
Outsider Ratio			-0.2162 (**)		-0.2213 (**)		-0.2200 (**)
Successor<3 days			-0.0251		-0.0247		-0.0278
Intercept		0.0155	-0.0842	0.0216	-0.0800	0.0262	-0.0825
Observations		43	39	43		43	
Adj. R-squared		0.0068	0.348	0.0001		0.0048	

Table 121: Results on Overconfidence for Powerful (Ownership) Managers (2). This table shows regression analysis of overconfidence proxied by the Investment Rate Quintiles and the stock price reaction to executive deaths by restricting the sample to executives, that own more than 10% of the outstanding company shares at the time of death. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Resilience, Capability of bearing sacrifices OLS if Duality=1, robust CAR[-1,1]									
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*	(4)	(4)*
Depression Baby	-	-0.0041	-0.0330						
War Baby	-			0.0204	-0.0210				
War Participant	-					-0.0168	-0.0622		
Age>67	-							0.0016	-0.0168
Age			0.0015		0.0014		0.0007		0.0014
ROA			0.0591 (**)		0.0599 (**)		0.0210		0.0552 (**)
Market To Book			-0.0020 (**)		-0.0021 (**)		0.0019		-0.0020
Market Cap			0.0000		0.0000		0.0000		0.0000
Board Size			0.0062		0.0060		0.0038		0.0047
Outsider Ratio			-0.0716		-0.0610		-0.1563		-0.0519
Successor<3 days			-0.0260		-0.0248		-0.0141		-0.0254
Intercept		0.0071	-0.0634	-0.0083	-0.0573	0.0191	0.0506	0.0051	-0.0597
Observations		93	64	92	64	47	39	92	64
Adj. R-squared		0.0006		0.0127	0.1707	0.005	0.2356	0.0001	0.1657

Table 122: Results on resilience for Powerful (Ownership) Managers. This table shows regression analysis of resilience proxied by the Depression Baby, War Baby, War Participant as well as Age>67 as well as its dummy and the stock price reaction to executive deaths by restricting the sample to executives, that own more than 10% of the outstanding company shares at the time of death. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the resilience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the resilience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if Founder=1 robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Excessive OC (Inv based)	+	-0.0618	-0.0497				
Moderate OC (Inv based)	-			0.0023	-0.0392		
Excessive DD (Inv based)	+					0.0583	0.0943 (*)
Age			0.0032 (**)		0.0030 (**)		0.0035 (***)
CEO			0.0982 (**)		0.1046 (**)		0.1071 (**)
ROA			0.0448 (*)		0.0691 (**)		0.0818 (***)
Market To Book			0.0007		0.0006		0.0007
Market Cap			0.0000		0.0000 (**)		0.0000 (***)
Board Size			0.0094		0.0119		0.0130
Outsider Ratio			-0.1483		-0.1239		-0.1347
Successor<3 days			-0.0592		-0.0721 (*)		-0.0632
Intercept		0.0189	-0.2356 (**)	0.0060	-0.2215 (**)	-0.0034	-0.3059 (**)
Observations		54	35	54	35	54	35
Adj. R-squared		0.0369	0.4968	0.0001	0.496	0.0328	0.547

Table 123: Results on Overconfidence for Entrenched Managers (1). This table shows regression analysis of overconfidence proxied by the Investment Rate Quintiles and the stock price reaction to executive deaths by restricting the sample to founders only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if Founder=1 robust CAR[-1,1]							
Variable	Predicted Sign	(4)	(4)*	(5)	(5)*	(6)	(6)*
Excessive OC (Inv based over Q)	+	0.0159	-0.0120				
Moderate OC (Inv based over Q)	-			0.0496	0.0461		
Excessive DD (Inv based over Q)	+					-0.0702 (*)	-0.0341
Age			0.0031 (*)		0.0033 (**)		0.0027 (**)
CEO			0.1020 (**)		0.0962 (**)		0.0920 (**)
ROA			0.0510 (**)		0.0331		0.0386
Market To Book			0.0007		0.0011		0.0008
Market Cap			0.0000		0.0000		0.0000 (*)
Board Size			0.0096		0.0091		0.0109
Outsider Ratio			-0.1423		-0.1488		-0.1234
Successor<3 days			-0.0653		-0.0610		-0.0686
Intercept		-0.0059	-0.2360 (*)	-0.0184	-0.2616 (**)	0.0210	-0.210 (*)
Observations		39	35	39	35	39	35
Adj. R-squared		0.0047	0.4829	0.0471	0.5067	0.0873	0.4947

Table 124: Results on Overconfidence for Entrenched Managers (2). This table shows regression analysis of overconfidence proxied by the Investment Rate over Q Quintiles and the stock price reaction to executive deaths by restricting the sample to founders only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Resilience, Capability of bearing sacrifices OLS if Founder=1 robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Depression Baby	-	0.0600	-0.0712				
War Baby	-			0.1056 (***)	-0.0248		
Age>67	-					0.0610 (*)	-0.0352
Age			0.0041 (**)		0.0036		0.0040
CEO			0.0917 (**)		0.0996 (**)		0.0958 (**)
ROA			0.0672 (**)		0.0548 (**)		0.0515
Market To Book			0.0005		0.0007		0.0008 (**)
Market Cap			0.0000		0.0000 (**)		0.0000 (*)
Board Size			0.0115		0.0101		0.0097
Outsider Ratio			-0.1754		-0.1426		-0.1367
Successor<3 days			-0.0762 (*)		-0.0663		-0.0620
Intercept		-0.0233	-0.2535 (**)	-0.0712 (*)	-0.2570	-0.0189	-0.2801 (*)
Observations		56	35	55	35	55	35
Adj. R-squared		0.0591	0.5269	0.143	0.4844	0.0577	0.4891

Table 125: Results on Resilience for Entrenched Managers. This table shows regression analysis of resilience proxied by the Depression Baby, War Baby as well as Age>67 as well as its dummy and the stock price reaction to executive deaths by restricting the sample to founders only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the resilience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the resilience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if GAI>Mean=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Excessive OC (Inv based)	+	-0.0541 (*)	-0.0257				
Moderate OC (Inv based)	-			0.0316	0.0222		
Excessive DD (Inv based)	+					-0.0035	-0.0095
Age			0.0022 (**)		0.0023 (**)		0.0022 (**)
CEO			-0.0148		-0.0086		-0.0089
ROA			-0.0201		-0.0207		-0.0109
Market To Book			-0.0001		0.0000		-0.0001
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0016		0.0006		0.0010
Outsider Ratio			0.0597		0.0614		0.0630 (*)
Successor<3 days			-0.0012		-0.0081		-0.0071
Intercept		-0.0134	-0.1829 (***)	-0.0414 (*)	-0.2011 (**)	-0.0205 (*)	-0.1803 (***)
Observations		69	57	69	57	69	57
Adj. R-squared		0.054	0.2234	0.0344	0.2261	0.0003	0.2175

Table 126: Results on Overconfidence for Generalist Managers (1). This table shows regression analysis of overconfidence proxied by the Investment Rate Quintiles and the stock price reaction to executive deaths by restricting the sample to managers with a GAI above mean only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1) or (2)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if GAI>Mean=1, robust CAR[-1,1]							
Variable	Predicted Sign	(4)	(4)*	(5)	(5)*	(6)	(6)*
Excessive OC (Inv based over Q)	+	0.0090	0.0093				
Moderate OC (Inv based over Q)	-			-0.0164	-0.0105		
Excessive DD (Inv based over Q)	+					0.0086	0.0038
Age			0.0022 (**)		0.0021 (**)		0.0021 (**)
CEO			-0.0087		-0.0108		-0.0122
ROA			-0.0089		-0.0063		-0.0091
Market To Book			-0.0001		-0.0001		-0.0002
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0014		0.0016		0.0015
Outsider Ratio			0.0622		0.0619 (*)		0.0623 (*)
Successor<3 days			-0.0056		-0.0023		-0.0031
Intercept		-0.0222 (*)	-0.1848 (***)	-0.0139	-0.1761 (***)	-0.0230 (*)	-0.1825 (***)
Observations		64	57	64	57	64	57
Adj. R-squared		0.0028	0.2181	0.0108	0.2197	0.003	0.2164

Table 127: Results on Overconfidence for Generalist Managers (2). This table shows regression analysis of overconfidence proxied by the Investment Rate over Q Quintiles and the stock price reaction to executive deaths by restricting the sample to managers with a GAI above mean only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Overconfidence OLS if GAI>Mean=1, robust CAR[-1,1]					
Variable	Predicted Sign	(7)	(7)*	(8)	(8)*
M&A Deals over Tenure	+	0.0019	0.0083		
M&A Deals over TenureDummy	+			0.0350	0.0309 (*)
Age			0.0014 (*)		0.0018 (**)
CEO			0.0035		0.0068
ROA			-0.0008		-0.0056
Market To Book			-0.0002		-0.0002
Market Cap			0.0000		0.0000
Board Size			0.0021		0.0010
Outsider Ratio			0.0131		0.0015
Successor<3 days			0.0109		0.0084
Intercept		-0.0285 (*)	-0.1446 (**)	-0.0376 (**)	-0.1583 (**)
Observations		45	38	45	38
Adj. R-squared		0.0007	0.193	0.0412	0.2136

Table 128: Results on Overconfidence for Generalist Managers (3). This table shows regression analysis of overconfidence proxied by M&A Deals over Tenure as well as its dummy and the stock price reaction to executive deaths by restricting the sample to managers with a GAI above mean only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the overconfidence proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (7) or (8)) shows the results of a robust simple regression of the overconfidence proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Generosity OLS if GAI>Mean=1, robust CAR[-1,1]					
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*
# Kids	?	-0.0005	0.0064		
# Kids Dummy	?			-0.0142	0.0024
Age			0.0016 (**)		0.0018 (**)
CEO			-0.0238		-0.0249
ROA			0.0263		0.0315
Market To Book			0.0003		0.0003
Market Cap			0.0000		0.0000
Board Size			0.0013		-0.0002
Outsider Ratio			0.1159 (**)		0.1030 (**)
Successor<3 days			-0.0072		-0.0077
Intercept		0.0015	-0.1741 (**)	0.0075	-0.1469 (**)
Observations		55	44	55	44
Adj. R-squared		0.0001	0.3463	0.008	0.3202

Table 129: Results on Generosity for Generalist Managers. This table shows regression analysis of generosity proxied by the Number of Kids as well as its dummy and the stock price reaction to executive deaths by restricting the sample to managers with a GAI above mean only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the generosity proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the generosity proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Resilience, Capability of bearing sacrifices OLS if GAI>Mean=1, robust CAR[-1,1]							
Variable	Predicted Sign	(1)	(1)*	(2)	(2)*	(3)	(3)*
Depression Baby	-	0.0550 (**)	0.0399				
War Baby	-			0.0692 (***)	0.0458		
Age>67	-					0.0602 (***)	-0.0139
	-						
Age			0.0014		0.0008		0.0026
CEO			-0.0032		-0.0106		-0.0095
ROA			-0.0090		-0.0134		-0.0097
Market To Book			-0.0001		-0.0004		-0.0001
Market Cap			0.0000		0.0000		0.0000
Board Size			0.0004		0.0008		0.0012
Outsider Ratio			0.0767 (*)		0.0650 (**)		0.0550
Successor<3 days			-0.0092		-0.0111		-0.0063
Intercept		-0.0290 (**)	-0.1449 (**)	-0.0509 (***)	-0.1125 (*)	-0.0307 (**)	-0.1985 (***)
Observations		73	59	73	59	73	59
Adj. R-squared		0.0737	0.2378	0.1636	0.2638	0.0918	0.2182

Table 130: Results on Resilience for Generalist/Specialist Managers. This table shows regression analysis of resilience proxied by the Depression Baby, War Baby as well as Age>67 as well as its dummy and the stock price reaction to executive deaths by restricting the sample to managers with a GAI above mean only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the resilience proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (4) or (5)) shows the results of a robust simple regression of the resilience proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. The other columns respectively show the regression results for the remaining proxies. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Openmindedness/ Tolerance OLS if GAI>Mean=1, robust CAR[-1,1]			
Variable	Predicted Sign	(1)	(1)*
Foreign Background	-	0.0061	0.0029
Age			0.0024 (***)
CEO			-0.0098
ROA			0.0121
Market To Book			0.0001
Market Cap			0.0000
Board Size			-0.0042
Outsider Ratio			0.0553
Successor<3 days			-0.0170
Intercept		-0.0050	-0.1284 (*)
Observations		55	46
Adj. R-squared		0.0021	0.3473

Table 131: Results on Openmindedness/Tolerance for Generalist Managers. This table shows regression analysis of openmindedness/tolerance proxied by Foreign Background and the stock price reaction to executive deaths by restricting the sample to managers with a GAI above mean only. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the executive passed away. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The upper part of the first column shows our variables of interest, that is the openmindedness/tolerance proxies. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, regressions are provided in a simple and in a multivariate robust regression model. The first of two columns denoted with the same number (e.g. (1)) shows the results of a robust simple regression of the openmindedness/tolerance proxy. The second column assigned with * always represents the robust multivariate regression results including all control variables. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Power OLS CAR[-1,1] Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition
Nominating Committee	?	-0.0002	0.0217	-0.0003
Age		0.0003	-0.0018	-0.0001
ROA		-0.0308	-0.0253	-0.0427 (*)
Market To Book		0.0000	0.0000	0.0003
Market Cap		-0.0004 (**)	-0.0003 (*)	-0.0000 (***)
Board Size		0.0115 (***)	0.0027	0.0130 (***)
Last Position		-0.0130	-0.0141	
Intercept		-0.1039 (**)	0.0428	-0.1194 (**)
Observations		91	48	110
Adj. R-squared		0.4871	0.7878	0.4811

Table 132: Results on Power for Successors (1). This table shows regression analysis of power proxied by Nominating Committee and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Power OLS CAR[-1,1]							
Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition	incl. Succ<3	excl. Succ<3	Transition
Ownership	?	-0.0112	0.0450	no dummy			
Ownership>10%	?				-0.0251	-0.0080	-0.0108
Age		0.0006	-0.0014		0.0004	-0.0012	-0.0001
ROA		-0.0289	-0.0347		-0.0261	-0.0320	-0.0431 (*)
Market To Book		0.0000	0.0000		0.0000	0.0000	0.0003
Market Cap		-0.0003 (**)	-0.0004		-0.0003 (**)	-0.0003 (**)	-0.0000 (***)
Board Size		0.0112 (***)	0.0033		0.0111 (***)	0.0025	0.0135 (***)
Last Position		-0.0157	-0.0208		-0.0123	-0.0198	
Intercept		-0.1104 (**)	0.0326		-0.0804 (**)	0.0390	-0.1140 (**)
Observations		92			92	48	107
Adj. R-squared		0.497			0.5119	0.785	0.4909

Table 133: Results on Power for Successors (2). This table shows regression analysis of power proxied by Ownership as well as Ownership>10% and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Reputation OLS if CEO=1, robust CAR[-1,1]				
Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition
Wikipedia Article Exists	+	0.0033	0.0010	-0.0006
Age		0.0004	-0.0019 (*)	-0.0002
ROA		-0.0302	-0.0302	-0.0429 (*)
Market To Book		0.0000	0.0000	0.0003
Market Cap		-0.0003 (**)	-0.0003 (*)	-0.0000 (***)
Board Size		0.0112 (***)	0.0025	0.0130 (***)
Last Position		-0.0142	-0.0156	
Intercept		-0.1061 (**)	0.0638	-0.1164 (**)
Observations		93	49	112
Adj. R-squared		0.4867	0.7749	0.4793

Table 134: Results on Reputation for Successors. This table shows regression analysis of reputation proxied by Wikipedia Article Exists and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Entrenchment OLS if CEO=1, robust CAR[-1,1]				
Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition
Tenure	-	0.0014	0.0014	no dummy
Age		-0.0003	-0.0025 (**)	
ROA		-0.0335	-0.0320	
Market To Book		0.0000	0.0000	
Market Cap		-0.0006	-0.0005	
Board Size		0.0122 (***)	0.0027	
Last Position		-0.0140	-0.0145	
Intercept		-0.0862 (**)	0.0843	
Observations		93	49.0000	
Adj. R-squared		0.4949	0.7816	

Table 135: Results on Entrenchment for Successors (1). This table shows regression analysis of entrenchment proxied by Tenure and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Entrenchment OLS CAR[-1,1] Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition	incl. Succ<3	excl. Succ<3	Transition
Tenure over Age	-	0.0783	0.0828	no dummy			
Tenure over Age Dummy	-				0.0425	0.0168	0.0045
Age		-0.0001	-0.0023 (**)		-0.0003	-0.0021 (*)	-0.0002
ROA		-0.0335	-0.0328		-0.0336 (*)	-0.0298	-0.0409
Market To Book		0.0000	0.0000		0.0000	0.0000	0.0003 (***)
Market Cap		-0.0006 (*)	-0.0005		-0.0006 (***)	-0.0004 (*)	0.0000
Board Size		0.0122 (***)	0.0027		0.0123	0.0026	0.0128 (***)
Last Position		-0.0142	-0.0148		-0.0119	-0.0140	
Intercept		-0.0962 (**)	0.0757		-0.0814 (*)	0.0712	-0.1108 (**)
Observations		93	49		93	49	112
Adj. R-squared		0.4932	0.7805		0.5051	0.7903	0.4803

Table 136: Results on Entrenchment for Successors (2). This table shows regression analysis of entrenchment proxied by Tenure over Age as well as its dummy and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Busyness OLS if CEO=1, robust CAR[-1,1]							
Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition	incl. Succ<3	excl. Succ<3	Transition
# Outside Directorships	-	0.0010	0.0000	no dummy			
# Outside Directorships>2	-				-0.0010	0.0017	0.0129
Age		0.0006	-.0012687		0.0006	-0.0013	0.0000
ROA		-0.0286	-0.0328		-0.0292	-0.0326	-0.0380
Market To Book		0.0000	0.0000		0.0000	0.0000	0.0004
Market Cap		-0.0003 (**)	-0.0003 (**)		-0.0003 (**)	-0.0003 (**)	-0.0000 (***)
Board Size		0.0119 (***)	0.0027		0.0121 (***)	-0.0205	0.0135 (***)
Last Position		-0.0175	-0.0204		-0.0167	0.0345	
Intercept		-0.1176 (***)	0.0334		-0.1182 (***)	0.0345	-0.1246 (**)
Observations		91	48		91	48	105
Adj. R-squared		0.508	0.7837		0.5078	0.7838	0.501

Table 137: Results on Busyness for Successors (1). This table shows regression analysis of Busyness proxied by Number of Outside Directorships as well as its dummy and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Busyness OLS CAR[-1,1] Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition	incl. Succ<3	excl. Succ<3	Transition
Chair of Charity	-	-0.0098	-0.0104	-0.0057			
Voluntary Work	-				0.0085	0.0007	0.0090
Age		0.0002	-0.0018	0.0005	0.0002	-0.0019	0.0003
ROA		-0.0311	-0.0349	-0.0575 (*)	-0.0354	-0.0360	-0.1016 (*)
Market To Book		0.0000	0.0000	0.0002	0.0000	0.0000	0.0000
Market Cap		-0.0004 (**)	-0.0004 (**)	-0.0000 (**)	-0.0004 (**)	-0.0004 (**)	-0.0000 (***)
Board Size		0.0135 (**)	0.0055 (**)	0.0160 (***)	0.0132 (**)	0.0055 (**)	0.0156 (***)
Last Position		-0.0094	-0.0249		-0.0104	-0.0253	
Intercept		-0.1075	0.0291	-0.1704 (**)	-0.1113	0.0326	-0.1430 (*)
Observations		68	38	76	68	38	71
Adj. R-squared		0.5727	0.842	0.539	0.5731	0.8401	0.548

Table 138: Results on Busyness for Successors (2). This table shows regression analysis of Busyness proxied by Chair of Charity and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.

Quality/ Experience OLS CAR[-1,1]							
Variable	Predicted Sign	incl. Succ<3	excl. Succ<3	Transition	incl. Succ<3	excl. Succ<3	Transition
Compensation o							
2nd Highest Comp	+	-0.0042 (*)	0.0010				
Elite Uni	+				0.0163		
Age		-0.0001	-0.0020 (*)		0.0012		
ROA		-0.0276	-0.0304		0.0261		
Market To Book		0.0000	0.0000		0.0000		
Market Cap		-0.0005 (**)	-0.0003 (*)		0.0009		
Board Size		0.0103 (***)	0.0027		0.0043 (***)		
Last Position		-0.0158	-0.0154		0.0344		
Intercept		-0.0636	0.0618		0.0691		
Observations		93	49		53		
Adj. R-squared		0.4973	0.7751		0.2705		

Table 139: Results on Quality/Experience for Successors (2). This table shows regression analysis of Quality/Experience proxied by Compensation over 2nd Highest Compensation as well as Elite Uni and the stock price reaction to the successor announcement. The dependent variable for all regressions is the cumulative abnormal return (not in percentage terms) for days t-1 and t + 1, where t represents the day, the successor is announced. The first column shows all control variables including the intercept (constant) of the regression. All control variables are defined in prior sections. The second provides the predicted sign, which we expect from the regression model. From the third column onwards, multivariate regressions are provided three ways if data is sufficiently available. The first of three columns are regressions include all successors. The second exclude those, that are announced within two days after the sudden death of the predecessor. The third column provides employs transition variables, which defined before. *,**,*** behind the coefficients denote a 10%, 5%, 1% level significance for each variable. All predictor variables, which are not assigned with this, do not show any significance.