

The Effect of CEO Turnover on Long-Term Shareholder Value

An Empirical Study

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ABSTRACT

Chief executive turnovers are escalating towards a new all time high. This trend motivates the investigation of the economic consequences of the turnover event. As a result, this thesis examines the effect of chief executive turnover on long-term shareholder value by utilizing the calendar-time portfolio regression approach to detect abnormal returns. The analysis was preceded by gathering a unique dataset that comprises 622 CEO changes in Sweden during 1995 and 2005. The initial analysis of the entire dataset confirms that turnover ultimately has a significant effect on shareholder value. Examining the phenomenon further, positive abnormal returns are found in the case of large companies and high turnover frequency firms. Interestingly, no statistical support could be found for CEO turnover having a positive effect on shareholder value when analyzing small companies, low turnover frequency firms and forced turnovers. Due to the discordance between the equally weighted and value weighted tests, the results from bull and bear markets as well as voluntary turnovers are considered as inconclusive.

Keywords: CEO Turnover, Abnormal Returns, Long-Term Shareholder Value, Calendar-Time Portfolio Approach

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1. Introduction

Apart from the stock market, we have no objective standard of managerial efficiency.

– Manne 1965:113

1.1 Background

During the last decade the topic of corporate governance has received notable attention by both media and academia. Becht, Bolton and Röell (2002) identify the wave of international financial scandals that has hit the Atlantic shorelines. Part of the ripple is comprised of such prominent corporations as Enron, Parmalat, Vivendi and Adecco – a contributing reason behind the rising attention. Former chief executive officers (CEOs) such as Enron's Kenneth Lay, have been accused of pursuing personal benefits at the cost of outside investors. In addition, financial information has been withheld and modified in order to boost share prices. With regard to corporate scandals such as these, Sweden has been no exception. In two of the country's largest corporations, Skandia and ABB, the CEOs were recently obliged to hand back millions worth of secretly awarded severance packages (Hall and Roberts, 2002). Due to a myriad of recent corporate scandals, being chief executive has become a daunting task while analyzing the issues of corporate governance – a fascinating one.

The academic literature has devoted considerable attention to understanding the effectiveness of various corporate governance mechanisms and their implications on CEO turnover. Due to the discretionary power embodied in the position, the CEO constitutes an important function with substantial influence over shareholder value performance. From their perch at the top of a company, CEOs are able to direct their companies in the active pursuit of opportunities (Barnard 1938), and can control the company's strategy and structure (Thompson 1967). More specifically, CEOs make strategic decisions that can critically influence a firm's performance – ultimately reflected in stock performance (Child, 1972). The quality and performance of an organization's top managers is often the single most important determinant of both the success and survival of the firms (Drucker 1954). In short, the CEO of a company is a crucial factor in a company's direction and performance. As a result, changes in CEO succession events are critical junctures for organizations (Noam Wasserman, 2003).



Figure 1.1: CEO Turnovers

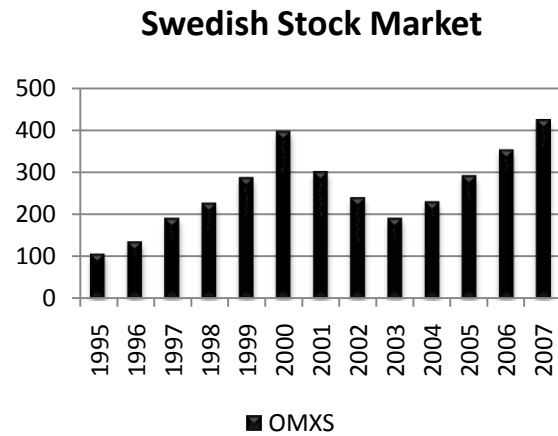


Figure 1.2: OMXS Index

Figure 1.1-2 illustrate the clear correlation between the national turnover rate and the overall state of the Swedish stock market. After a decline following the recovery of the latest capital market depression, the Swedish turnover rate is once more accelerating. According to Fristedt and Sundqvist (2008) it will continue to accelerate considerably as investors become increasingly involved in the management that governs their investments.

A recent study of CEO turnover made by Lucier et al., (2007) reveals that between the years of 1995 to 2006, annual CEO turnovers grew by 59% globally. In Sweden, however, Figure 1.1 illustrates that the annual CEO turnover has grown considerably more (>150%) during the same time-period. For this reason, examining the Swedish market is particularly interesting. Lucier et al., (2007) further reveals that in 1995, one in eight departing CEOs was forced from office while in 2006, nearly one in three CEOs was kicked out of office. In short, CEOs who merely deliver average shareholder value do not stay in office for long. On the other hand, those who manage to deliver during their first years are twice as likely to remain in position for more than seven years.

Although many CEOs leave for ordinary reasons such as retirement and succession planning, an increasing number of CEOs are being dismissed. Just as CEOs receive most of the credit when things go right, they are expected to take blame when things go wrong. An explanation of such phenomenon is that the board of directors is becoming more critical in its evaluation of the CEO's performance as they become more closely involved in setting corporate strategy – insisting that CEOs deliver acceptable shareholder returns. Indeed, boards are increasingly

prepared to replace CEOs in anticipation of disappointing future stock performance, expecting that successors will improve long-term shareholder value (Lucier *et al.*, 2007). Altogether, this explains the original statement made in the last sentence of the opening paragraph.

A result of this increase in involvement, newly appointed CEOs find themselves in a situation where the need to embrace the concerns of investors affects their daily routines. Those who ignore the new rules do so at their own peril. An eloquent example of today's managerial landscape is the case of Robert Nardelli, a previous chief executive of Home Depot, who lost his job despite achieving respectable operational results rather due to mounting criticism over the company's poor stock performance. (Mobbs, 2006)

The involved investors of today do not only include members of family controlled businesses, but also private equity buyout firms, raiders, and hedge funds. These investors take stout charge over the actual running of the companies in which they invest. These investors try to outperform the market by driving companies to change their behavior and by stimulating the removal of the CEO in expectance of soaring long-run stock value. (Hellmann and Puri, 2002)

The topography of contemporary governance policy appears ever-changing, yet the questions they try to address remain timeless. How hasty, for example, should boards in expectations of long-term stock value be to replace existing CEOs? Does CEO replacement constitute only short term stock upsurge that favors hedge funds focus on making a quick buck or also long-run investors that demand a long-term enhancement of shareholder value? Should investors and other firm stakeholders anticipate a sizeable long-run improvement of shareholder value after a CEO succession? This research paper intends to answer some of these fundamental questions by shedding light on the intricate relationship between shareholder value and CEO change.

1.2 Purpose and Focus

This study investigates a potentially significant consequence of CEO turnover: a positive change on shareholder value. Furthermore, the paper aims at providing evidence that removing inefficient managers is an act followed by substantial long-run abnormal returns. To succeed with such an endeavor the foundation of this paper relies on research papers, journals and reports from prominent authors within this field of study.

Understanding the post-replacement effects on shareholder value in Swedish companies is of high importance to a number of different parties. Firstly, the board of directors in Swedish firms may be interested in knowing whether managerial replacement dramatically alters the pattern of stock value development. Secondly, potential investors may want to know how managerial replacement alters future firm performance. Thirdly, regulators may want to examine the post-replacement performance effects to obtain a better understanding of the effectiveness of internal and external disciplinary forces at play within Swedish corporations. It is therefore of particular interest to study the topic, especially since, to our knowledge, it has received no attention among academics in Sweden.

CEO substitution is perhaps one the most essential decisions made by the board of directors (Huson *et al.*, 2001). Indirectly, this study touches upon the effectiveness of the board of the directors. In essence, improved stock performance following CEO dismissals may be interpreted as the efficacy of the board in appointing a suitable successor. On the other hand, this dissertation does not aim at perform an exhaustive analysis of all the mechanisms concerning CEO turnover.

1.3 Contribution

This paper employs conventional methods of econometrics in order to test nine hypotheses related to CEO turnover and long-term stock performance. This thesis adds to previous research and increases the robustness and generality of earlier results by analyzing a unique sample of 622 CEO changes covering over a period of 11 years. Diverging from contemporary papers within same field of research, the paper takes a different approach with regard to time period, the turnover-performance link measure used and the regional origin of the data.

Although there have been a number of studies on the short-term effect of CEO turnover on stock value, there are no studies addressing the long-run effect. Previous Swedish studies have focused either on the reasons behind CEO change or on the short term stock price reactions to CEO turnover announcement (See Holmberg, 1982, Berman and Franzén 2001, Bryding and af Trampe 2002, Karlsson and Kullberg 2003, Jendelius and Lindström 2005). Since this is not a previously studied area the research paper entails a significant contribution to understanding the effect of CEO replacement on shareholder value.

1.4 Structure

The remainder of the paper is organized as follows. The second chapter shall impart an outline and discussion of the theoretical underpinning of this thesis. Based on this foundation and on the authors' observation, a number of hypotheses are posed in section three. The subsequent section shall describe the methodology used to test and evaluate the hypothesis while section five explains the data sample used. The empirical results of the tests are reported and analyzed in section six. Finally, the main findings are summarized in a conclusive discussion and additional research areas of interest are recommended.

2. Theoretical Foundation

2.1 Corporate Governance

As defined by Berle and Means (1932), corporate governance aims at overcoming the “alienation of owners from their capital”. Through institutional arrangements, which define the rights of these agents and organize their interactions, corporate governance aims at minimising the costs resulting from the clash of their diverging interests. The diversity of practices, however, precludes a more subtle definition. Corporate governance is defined as a set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. The concept deals primarily with how suppliers of finance such as shareholders control top managers – CEO being one of them – in order to retain returns on invested capital (Shleifer and Vishny 1997).

2.1.1 The Agency Issue

The separation of ownership and control gives rise to a problem when owners and managers have conflicting interests (Hart *et al.*, 1995). This inherent principal-agent conflict holds that it is in the interest of owners to establish institutional arrangements within corporations by which they may best control their managerial *agents*. Extensive literature (Berle and Means, 1932, Modigliani and Miller 1958, Jensen and Meckling 1976, Harris and Raviv 1991, Shleifer and Vishny 1997, Hart 2001) is concerned with the allocation of decision-making rights between levels of management. With concern to the allocation of authority, the CEO plays a key role.

Shareholders trust the CEO to effectively administer their investment, believing that the CEO is better skilled at making value enhancing decisions (Elson, 1995). Regardless of the chief's competence, there is a plethora of ways in which the CEO destroy shareholder value. Lack of effort, perks, underinvestment, empire building, entrenching investments are a few examples of such value destructing measures. Different actions are taken to align the interest of the CEO with those of the shareholders – turnover is one of these measures. According to Holmström (1979), threat of dismissal effectively alters how the CEO decides to run the firm.

2.1.2 Swedish Evidence

When Berle and Means (1932) defined the concept of the agency problem, their model rested upon the presence of dispersed ownership and strong management control. Contrary, many Swedish firms are characterized by large and influential owners. Agnblad *et al* (2006) asserts that over 60 percent of the listed firms on the SSE are controlled by families or private investors. Furthermore, Sweden allows both pyramidal ownership and dual-class shares which is a combination that constitutes an effective control-system. As a result, the principal-agent problem is considerably reduced. Bergström and Samuelsson (2001) assert that the presence of a controlling owner can be beneficial since it might lead to a less pronounced agency conflict between the capital owners and management. This is because large and sophisticated shareholders have stronger monitoring incentives. Accordingly, the Swedish structure is expected to reduce the separation between ownership and control, hence diminishing the concern related to the inherent principal-agency problem. (*ibid*)

2.2 Shareholder Value

Regardless of the properties of the local market, the agency-problem will always remain a concern for investors worldwide. While the distribution of authority is a timeless concern, other subjects within corporate governance sway dramatically with time. Specifically, one heated debate concerns the following: *What should comprise the underlying objective of privately financed corporations? I.e. What is the outmost objective of the chief executive officer?* Since the 1980's, there has been a gradual tendency for firms to emphasize the creation of shareholder wealth as their main objective. In short, as capital markets gained international ground, so did the shareholder perspective (Gompers and Lerner, 2001).

In the case of corporate control, financial economists have provided theoretical rationales as to why a shareholder perspective is superior to the alternative (Lazonick and Sullivan, 2000). In the groundbreaking paper “Creating Shareholder Value”, Alfred Rappaport (1986) links the principal-agent theory to economic performance acclaiming that a company’s supply of capital is the critical factor for long-term economic success. In essence, Rappaport justifies why the satisfaction of shareholder-interests should be the CEO’s main goal by alleging that it ensures going-concern. Similar justifications are still being made today. (O’Sullivan 2002)

Swedish market regulations clearly reflect the shareholder-oriented philosophy in favors of market transparency. The focus on shareholder value as the principal measure of a company’s performance has been seen as a powerful force to motivate Swedish managers to increase their businesses efficiency and profitability (Singh *et al*, 2005). In essence, this section introduces the idea that firm performance may rightfully be measured by examining equity returns. The following section examines how Swedish shareholders can ensure that the CEO prioritizes shareholder value while *Section 2.4* targets to what extent the succeeding CEO may influence this measure of performance.

2.3 The CEO and Shareholder Value

2.3.1 The Swedish CEO

In Sweden, the CEO of the firm is elected and replaced by the board of directors. An ambassadorial function of shareholder interest, there are a number of ways in which the board may insinuate that the CEO maximizes shareholder wealth. The following two paragraphs describe the pros and cons of how Swedish boards, unlike their international counterparties, may govern their respective chief executive.

As mentioned in *Section 2.2.1.*, dismissal is an effective tool that the board employs to put pressure on the executive officer. As always, the efficiency of such a bargaining tool is dependent on the alternatives available to the counterparty. In the case of CEO dismissal, the CEO’s reputation is at risk and hence the chief’s opportunity of obtaining a new position (Bergström and Samuelsson, 2001). Due to the high visibility that accompanies a smaller business environment, the Swedish boards’ ability to monitor CEO performance is arguably

enhanced by the limited size of the CEO labor market. Along the same line and as mentioned in *Section 2.2.2.*, ownership in Sweden is rather concentrated. Worth repeating, the presence of large and controlling shareholders often has a restraining effect on management (Bergström and Samuelsson, 2001). In contrast to the Anglo-Saxon system the CEO can neither chair nor hold a place on the board due to the inflated risk that the CEO dominance leads to aggravated agency conflict (Sjöstrand and Petrelius, 2002).

On the downside, there are some restraints related to the governance function of Swedish boards inherited in the market structure. Due to its small size, the Swedish market instigates relatively intimate liaisons that, according to Eliasson et al (1990), hinder directors to be openly critical about the work of their CEOs. This might result in underperforming CEOs staying in power for longer periods than they otherwise would. On a similar note, board sizes are generally much smaller in Sweden. This increases the risk of the CEOs controlling the board which – in the long run – results in the reduction of company performance (Jensen, 1993).

2.3.2 Shareholder Value, the Ultimate Goal for CEOs

CEOs under pressure to raise equity returns engage in downsizing, improvements of production processes, structural reorganization, mergers and heavy investment in information technology (Jørgensen, 2003). Along the line of Alfred Rappaport, Hansmann and Kraakman (2001) argue that the shareholder value model is triumphant. According to the authors, the shareholder model represents the end of history for corporate law. Other scholars are less lyrical yet contend that the efficiency of capital markets is related to a high-quality institutional environment and a legal framework that acknowledges the primacy of shareholders (O'Sullivan 2002). According to this school of thought, originally touched upon in *Section 2.2*, CEOs are perceived as successful if, and only if, they perform against this measure. In fact, successful CEOs have to deliver shareholder value regardless of any sub-objectives. As mentioned above, there has been a clear correlation between the development of international financial systems and the homogenized appliance of the shareholder based perspective. In essence, stock markets have provided corporations with good tools for managerial incentives. Furthermore, the escalated phenomenon of financial analysis as a standardized measure of evaluating corporate performance has led CEOs to focus on stock returns.

2.3.3 Shareholder Value Drawbacks

The problem with a rosy view on shareholder value is the failure to recognize stock market myopia. Scholars argue that as agency problems between stock holders and managers intensify, increased focus is put on immediate actions (Bogle, 2005). Reducing CEO stays, clearly visible within the dataset that bolsters this thesis, is an indicator of short-term thinking fuelled by the impatience for results by boards and markets. Furthermore, a reducing stays in office is a driver behind even more short-termism because CEOs, fearing quick dismissal, need to show dramatic short-term improvements (Drucker, 1986). This market short-termism, although not as pronounced in Sweden as in the US, is largely explained by the market's constant pressure on CEOs to maximize the stock prices. Increased pressure induces CEOs to make short term value-enhancing decisions that destroy long-run value (Jensen, 2004). The economic implications of such decisions are countless. Ironically, in attempting to satisfy the shareholders, CEOs often undermine future returns which eventually make them lose their jobs. The paper returns to the topic of short-termism in *Section 6.7* which incorporates an extended analysis of the findings.

2.4 Turnover and Shareholder Value

In summary, previous studies examine various financial measures surrounding CEO change. A large number of the studies examining effects on share-price focus on adverse stock-price performance preceding the turnover (Coughlan and Schmidt, 1985), alternatively on the short-term effects of CEO change. Other studies analyze the turnover's effect on income, changes in accounting methods and the write-off of unwanted operations and unprofitable divisions. Repeatedly, these studies find that incoming CEOs implicitly blame their predecessors for past "mistakes" (Strong and Meyer, 1987; Elliott and Shaw, 1988; Weisbach, 1992)). Moreover, the decline in R&D is attributed to outgoing CEO's attempts to boost profits in their final years to the cost of long-term shareholder value (Dechow and Sloan, 1991). While scholars have provided reasons as to why CEO turnover might catalyse a change in long-run stock value performance, no study could be found that performs a thorough analysis of these effects. In view of previous research, authors have provided three main reasons why turnover is likely to have an effect on long-run shareholder value. Firstly, outgoing CEOs approaching a known retirement or departure date make investment decisions to increase earnings and earnings-based compensation

in their final years, at the expense of future earnings (*horizon problem*). Secondly, outgoing CEOs in poorly performing firms threatened by termination make accounting or investment decisions in an attempt to cover up the firm's deteriorating economic health (*cover-up*). Thirdly, incoming CEOs boost future earnings at the expense of transition-year earnings by writing off unwanted operations and unprofitable divisions (*big bath*) (Murphy and Zimmerman, 1993). The last two classes of discretionary behaviour are likely to be more pronounced in firms with deteriorating economic health (Khorana, 2001).

3. Hypothesis

Based on the chiefs unique ability to influence operations as previously discussed, appointing a new CEO suggests an inimitable opportunity for scantily performing firms to improve performance. The concept of appointing the most appropriate individual considering the explicit circumstances faced by the firms suggests a unique opportunity to improve performance. According to Khurana and Nohria, researchers at Harvard University and MIT respectively, "executive succession is an occasion to replace decision makers with others who are better equipped to deal with the organization's critical contingencies" (Khurana and Nohria, 2000:3). While the markets initial reaction to the newly appointed CEO reflect speculation regarding the individual's reputation or lack thereof, the long-term effect on equity returns is predominantly determined by the tactical decisions taken during the CEO's stay in office. Since these strategic decisions determine what effect the new CEO will have on future returns, it is impossible for immediate stock price fluctuations to justify the ultimate effect of turnover. Instead, the effect of CEO turnover is likely to be reflected through long-term abnormal returns. The following sections formalize the concept of CEO turnover having an effect on shareholder value. Furthermore, it introduces a number of different characteristics in order to initiate an analysis of whether the effect of turnover is different depending on the rationale behind turnover, firm size, market conditions and turnover frequency.

3.1 The Consequence of Turnover on Shareholder Value

In an earlier study Pfeffer and Salancik (1978) argued that executive succession is a critical mechanism of organizational adaptation. This may be explained by the fact that the new CEO is

unattached to the previous policies and strategies established by their predecessors (Jensen & Meckling, 1976). As a result, CEOs are more likely to execute intricate strategic changes such as streamlining a poorly performing firm, reducing over-investment to minimize capital expenditures, and reallocating risk from principals to agents through increased leverage (Romanelli & Tushman, 1994). A reflection of these intricate strategic changes surrounding CEO turnover, studies indicate greater frequency of asset writeoffs (Strong and Meyer, 1987; Elliott and Shaw, 1988), income-reducing accounting method changes (Moore, 1973), income-reducing accounting accruals (Pourciau, 1991), and divestitures of previous acquisitions (Weisbach, 1992). Many of these events are commonly referred to as incoming CEOs taking a “bath” i.e., they boost future earnings at the expense of transition-year earnings by writing off unwanted operations and unprofitable divisions. While these strategic undertakings might reduce short term accounting-based earnings results, they undoubtedly improve the discounted assessment of shareholder value reflected in rising stock prices.

Despite the degree of organizational disruption created by the predecessor’s departure, the potential for organizational change that the successor brings about is an important factor affecting firm performance (Khurana and Nohria, 2000). Moreover, an organizational disruption is thought to be necessary to create conditions for positive organizational change (Tushman & Romanelli, 1985).

Deriving from the discussion above, one might expect to witness notable change on equity returns during the years following the CEO turnover. Based on the idea of the new CEO contributing with the relevant abilities which motivate their appointment, the initial hypothesis is postulated as follows:

H1: *CEO turnover ultimately has positive effect on long-term shareholder value.*

3.2 Dismissals and Voluntary Turnover

As mentioned, Khurana and Nohria (2000) contend that turnover presents an opportunity to appoint a more appropriate chief. This would suggest that CEO turnover offers an opportunity to improve shareholder value, an idea originally introduced by Grusky in 1961. Following this line

of argument, voluntary turnover is, on average, expected to have a positive effect on shareholder value. Thus, the sub-hypothesis is formulated as follows;

H2(a): *Voluntary turnover is followed by a positive effect on shareholder value.*

In their paper *The performance consequences of CEO turnover* Khurana and Nohria suggest that forced departures are associated with a higher increase in long-term stock returns. As Weber (1947) once noted, foreseeable leadership changeovers are a fundamental attribute of stable organizations. Correspondingly, these foreseeable events are less likely to lead to organizational changes (Khurana and Nohria, 2000). Forced turnover on the other hand is usually a response to poor organizational performance (Gamson & Scotch, 1964; Ocasio, 1994) which creates great organizational disruption since it interrupts the innate process of succession. As a result, forced turnovers generate a mandate for organizational change. Furthermore, it also involves an opportunity to realize this mandated change by the appointment of an appropriate chief (Khurana and Nohria, 2000). Along the same line, Denis and Denis (1995) argue that forced turnovers, although rare, are followed by large improvements in performance. These suggestions made by previous research underpin the construction of the second hypothesis that may be summarized as follows;

H2(b): *Relative to customary resignation, forced turnover is associated with significant improvement of firm performance.*

3.3 CEO change in Small and Large Firms

In 1985, M. R. Reinganum published *The effect of executive succession on stockholder wealth* in which support was granted towards succession having a positive impact on the performance of small companies (Reinganum 1985). By the time Reinganum published his work, preceding research had already shown that smaller organizations experience CEO turnovers less frequently than larger firms (Grusky 1961). Jensen (2004) contends that smaller boards in small companies are more efficient suggesting that such boards are more effective in finding an ultimate successor capable of having a notable impact on shareholder value. Moreover, CEOs of smaller companies are less impeded by bureaucracies inherent with larger companies and can therefore more flawlessly exert the discretionary power embodied in the position to implement the necessary

changes that influence shareholder value performance. This motivates a hypothesis in line with the early findings of Reinganum:

H3(a): *The effect of CEO turnover on abnormal equity returns is significantly positive within smaller corporations.*

The CEOs of large corporations are more likely to experience turnover than their smaller counterparts (Farrell and Whidbee, 2003). Higher threat of dismissal puts greater pressure on CEOs of larger corporations. This is particularly true within smaller spheres characterizing Swedish business environment. Furthermore, CEOs of large corporations are often exposed to a higher degree of visibility since the performance of the corporations they manage are monitored by a larger number of analysts. As mentioned in *Section 2.4.1*, being dismissed from the position of CEO affects personal reputation and hence the ex-chief's prospect of reassuming a similar position (Bergström and Samuelsson, 2001). This provides strong incentives for chief executives of large corporations to maximize shareholder value. While this argument holds for both departing and succeeding officers, it strongly induces disembarking managers to impose strategic change. Although old CEOs might find it difficult to gain support for radical change, the market often condones large changes made by new managers since it recognizes the relationship between changing top management and engaging in strategic change of the firm's business strategy in favor of shareholder value. Hence, the second sub-hypothesis holds;

H3(b): *The change of CEO within large companies is also followed by positive abnormal returns.*

3.4 Turnover Effect during Bull and Bear Markets

As illustrated in *Figure 1.1-2*, the peaking of turnover events during bear markets shows an apparent correlation between the absolute level of CEO turnover and the development of the Swedish Stock Market. This paper attempts to shed light on the dynamics of impetus underpinning this relationship. The *scapegoat hypothesis* is based on the agency models of Holmstrom (1979), Shavell (1979), and Mirrlees (1976). These models predict that a credible dismissal threat is necessary to ensure optimal exertion of effort by the incumbent CEO. In these models, all CEOs possess equal capability and differences in firm performance are merely

explained by a level of effort exerted by individual CEOs plus a stochastic variable of external influence. Based on the idea of efficient market mechanisms, the board of directors commits to a policy of manager dismissal after poor firm performance. This policy induces all managers to exert the optimal level of effort. As a result, dismissal occurs due to the stochastic influence of external events. Ultimately, this theory projects that all replacements result in an equal apt candidate being selected. In short, the departing CEO takes on the role of a corporate “scapegoat.” Here, this set of predictions is referred as the *scapegoat hypothesis*.

In line with the scapegoat hypothesis, Jenter and Kanaan (2006) provide evidence for the futilities of standard economic theory by examining whether CEOs are fired after bad firm performance caused by factors beyond their control. By employing a comparable methodology to the one underlying this paper the authors hand-collected a sample, unrestricted by the size of the Swedish market, roughly twice the size for an eight year period. Their results indicate that CEOs are significantly more likely to be dismissed from their jobs after bad market performance. The result may arguably be interpreted as the board premeditatedly assigning the CEO the role of the scapegoat for decaying firm performance outside the former’s hands. Under these conditions, sizeable improvement of the already putrefying firm performance would also be outside the successor’s hands. This intuition leads to the following Hypothesis:

H4(a): *Turnovers occurring during a bear market do not results in significant abnormal returns.*

Intuitively, since the bull market stretches over eight of the eleven years studied and the expectations about the bear market are for no significant performance, the anticipations for the bull market are in line with the ones stated in the first hypothesis (**H1**) above:

H4(b): *CEO change taking place during a bull market results in positive abnormal return.*

3.5 Turnover Frequency

As mentioned, many studies have documented that CEO turnover is preceded by poor share-price and earnings performance (Warner, *et al.*, 1988). Although turnovers happen in many companies Daily and Dalton (1995) find that firms facing continuous poor stock performance or

even bankruptcy have higher turnover rates. Consequently, high turnover frequency may be a sign of continuous firm underperformance rooted in fundamental problems outside the CEOs hands. This line of arguments suggests that the scapegoat theory mentioned in the previous subsection is applicable even here. In other words, CEO is exploited as a scapegoat for putrefying firm performance. Given the preceding argument the hypothesis is formulated as follows:

H5(a): *Firms with high turnover frequency on average attain no abnormal returns succeeding CEO changes.*

Conversely, companies with low turnover frequency signal sustainable progression. Thus, the hypothesis is in line with the general hypothesis (**H1**):

H5(b): *Firms with low turnover frequency conquer positive abnormal returns following CEO turnovers.*

4. Methodology

4.1 Stock Value as Performance Indicator

Lausten (2002) contend that although there is no general agreement among academics on what measures of performance should be used when studying turnover performance relationship, stock return is a potential measure since the information about CEO's performance is reflected in stock returns (Warner *et al.*, 1988). Supporting this view, McWilliams and Siegel (1997) recommend the use of share price as it mirrors the true value of listed firms reflecting the discounted value of future cash flows and incorporating all relevant value influencing information. As previously mentioned, the job of CEOs is to maximise shareholder value and that chief executives are perceived as successful only if they succeed against this measure. Investors, analysts, and practitioners alike attribute corporate direction and ultimate responsibility to CEOs. Thus, investors' perception of the CEO ultimately affects the price of a company's common stock. Accordingly, the used investor return metric in this paper is derived from end-of-the-month closing stock prices for the two year period after the turnover event. Supporting this, academics

argue that metrics based on end-of-month common stock prices adequately address the effects of executive succession on shareholders (Branch & Gale, 1983; Rappaport, 1983a, 1983b).

4.2 Succession or Departure

Detailed field research on departure and succession of chief executives illustrates that these two processes are fundamentally intertwined and interact together in affecting subsequent long-term firm performance (Vancil, 1987). Indeed, Gephart (1978:554) recognized the theoretical importance of this linkage in his ethnography on leadership succession when he wrote: “Succession in organizations may be defined as the process whereby the particular incumbent of such a position changes. Succession therefore involves changes in the status of two or more persons, the predecessor and the successor.” Thus, given the long-run nature of this study the analysis of turnover is shifted from the departure event or the successor event to the complete turnover event starting with the announcement date of the CEO succession.

4.3 Reasons for CEO Turnover

There are three major categories that encompass the reason for CEO turnover in this paper; namely *voluntary*, *forced*, and *other*.

The first reason, “*voluntary*”, includes retirement, leaving for a new position, becoming the chairman of the board, health reasons, death or personal issues. Academia puts less weight on studying the effects that such turnover reasons may provoke claiming that such changes usually instigate comparably negligible signals. The second reason, “*forced*” turnover, often has its roots on the shareholder pressure and is carried out by the board of directors. The CEO whose performance is perceived as inadequate is replaced by a successor expected to do a better job in improving the company’s current situation. In this paper a turnover is regarded as “*forced*” if CEO is not over 64 and does not leave for other employment or for health reasons or if it is clear that they have been dismissed. Interestingly, Denis and Denis (1995) assert that forced turnovers are rare and that turnovers are usually incited by external factors such as shareholder pressure. This statement appears to be no longer supported since new evidence shows that in 2006 one in three CEOs were forced out of office (Lucier et al., 2007). The third reason for CEO turnover denoted in this paper as “*other*” has to do with turnovers for which, given the available

information about the event, it is impossible to determine whether it was a resignation with consent or a dismissal. Moreover, the lack of any publicly available information for some companies precludes knowledge of the exact sequence of events that may reveal the nature of such managerial replacement.

4.4 The Event Window Surrounding the Turnover Month

In order to capture the long-term effects of CEO turnover, the event window must extend over such a period that the immediate effects are outweighed. Therefore the event window is defined as event month ± 24 months surrounding the CEO change. The ± 24 months period could be any time during 1992 and 2007 depending on which month the event has happened. The two year event window is commenced at the end of the announcement month. Theoretically, the performance preceding the event is assigned to the departing manager while the one following the event is attained during the succeeding CEO's time in office. Since the last argument does not hold for companies that have experienced more than one CEO change during the event-period, such overlapping events are excluded from the dataset.

In some cases, periods longer than two years would have been desirable for analytical purposes. Unfortunately, the power of longer periods is associated with the perplexity of multiple successions during the event-period. To avoid losing a substantial amount of observations, a two year period was chosen, allowing for sufficient time span and a considerable amount of events. Moreover it provided sample selection parameters that ensured a reasonable sample size.

4.5 Methods to Measure Long-Term Performance

There are two commonly used methods to compute long-term abnormal returns; buy-and-hold abnormal returns (BHAR) and the calendar-time portfolio regression approach. Starting with Ritter (1991), the BHAR has been a common estimator of long-term abnormal performance. However, Barber and Lyon (1997) as well as Kothari and Warner (1997) provide simulation evidence showing that common estimation procedures can produce biased *BHAR* estimates. Furthermore, Mitchell and Stafford (2000) conclude that there are multiple problem with BHAR and that the methodology, in its traditional form, should not be used for statistical inference. Hence, this paper follows the recommendations of Fama (1998) and Mitchell and Stafford (2000)

who strongly argue against the *BHAR* methodology and convincingly advocate a monthly calendar-time portfolio approach for measuring long-term abnormal performance.

4.5.1 Calendar-Time Portfolio Approach

Jaffe (1974) and Mandelker (1974) introduced the calendar time methodology to the financial-economics literature, and since then it has been advocated by many, including Fama (1998) and Mitchell and Stafford (2000). The monthly approach for measuring long-term abnormal performance is preferred since it is robust to the most serious statistical problems and more importantly, it is less vulnerable to the bad model problem (Fama, 1998).

The calendar-time approach measures the long-term stock price performance by tracking the performance of an event portfolio in the calendar-time relative to an explicit asset pricing model. The method can be summarized as follows. Firstly, in each calendar month over the entire sample period, a portfolio is constructed comprising all firms experiencing the event within the previous months. Since the number of firms in each portfolio varies, the calendar months with no firms in the portfolio are dropped. Then the one month value-weighted or equally weighted return for the portfolio is calculated. This procedure is repeated for each month of the study period from January 1995 until December 2007. Finally, the resulting time series of monthly excess returns is regressed on the pricing model proxy explained further below. Inferences about the abnormal performance are drawn on the basis of the estimated intercept and its statistical significance. A significant intercept shows evidence of abnormal performance. Value weighted (VW) portfolios, are rebalanced monthly to deduct firms that reach the end of their two-year period and add new event companies. A similar methodology is adopted in the extended equally weighted analysis provided for comparison reasons and to extend the analysis in which no statistical evidence could be provided to draw insightful conclusions.

For the first hypothesis the portfolio excess returns for all observations are regressed on the multifactor Capital Asset Pricing Model including all industry sector variables:

$$R_{portfolio} - r_f = \alpha_t + \beta_t(R_{OMXS} - r_f) + \beta_2 IND_1 + \beta_3 IND_2 + \beta_4 IND_3 + \beta_5 IND_4 + \beta_6 IND_5 + \beta_7 IND_6 + \beta_8 IND_7 + \beta_9 IND_8 + \beta_{10} IND_9 + e_t$$

For other hypotheses the portfolio monthly excess returns for the studied data subsamples, more thoroughly explained in dataset characteristics section below, are regressed on the risk premium of the market.

$$R_{portfolio} - r_f = \alpha_t + \beta_t(R_{OMXS} - r_f) + e_t$$

The intercept α_t , estimated for the weighted portfolios, measures the average monthly abnormal return on the portfolio of event firms which is zero under the null hypothesis of no abnormal performance. In other words, the estimated intercept from the regression of portfolio returns against factor returns is the post-event abnormal performance of the sample of event firms. Given that the used model provides a sufficient description of expected returns, then the intercept measures market pricing discrepancies. However, if the model provides a poor description of expected returns, then the intercept represents the combined effects of mispricing and model misspecification.

Several capital asset-pricing models have been suggested in the literature that describe how investors assess risk and value risky cash flows. Among them is the Sharpe (1964), Lintner (1965), and Black (1972) Capital Asset Pricing Model (CAPM). This model is employed in this paper to regress long run performance since the theory behind CAPM has the intuitive appeal that other models lack. Moreover, the model is widely used for similar analysis. Conversely, the empirical support for other asset-pricing models shows ambiguous evidence that does not firmly motivate using them. For instance, an attempt to regress the long-run abnormal returns with other models, such as Fama-French Three Factor model, gave an extremely low explanatory power which discouraged the use of this model to regress the long-term abnormal returns.

4.5.2 Robustness of the Calendar-Time Portfolio Approach

The calendar-time portfolio approach solves the dependence problem associated with event-time abnormal performance measures. The method is immune to the bias arising from cross-correlated abnormal returns because of the use of calendar-time portfolios (Mitchell and Stafford, 2000). What is more, the distribution of this estimator is better approximated by the normal distribution, permitting statistical inference (ibid). Mitchell and Stafford assess the specification and power of

the calendar-time portfolio regressions and conclude that the approach has sufficient power to detect abnormal performance over economically important ranges.

A concern with the calendar-time method is that changing portfolio composition may introduce heteroscedasticity because the variance is related to the number of firms in the portfolio. This may cause the OLS estimators to be inefficient, however it may not lead to biased estimates (ibid). Nevertheless, using testing procedures in presence of heteroscedasticity may lead to severely misleading conclusions and inferences (Gujarati, 2003).

After having tested specifically for heteroscedasticity the results indicate that the value-weighted method maintains descriptive characteristics rather well while many equally weighted tests sternly suffer from the attribute of heteroscedasticity. Contrary to Mitchell and Stafford, no requirement of at least 10 firms in the event portfolio could be imposed to mitigate the heteroscedasticity problem. This was due to the limited number of events per each period inherent on the restriction inflicted from the study of the relatively small Swedish market. Moreover, using the weighted least squares method to deal with the problem, suggested in Franks *et al* (1991), completely defeats the purpose of forming calendar-time portfolios, which is to account for the fact that individual firm residuals are correlated (Mitchell and Stafford, 2000).

Consequently, the analytical section mainly focuses on the more statistically robust value-weighted approach. Moreover, results are only considered for statistical inferences and economical conclusions when tests have no heteroscedasticity problem. Worth noting therefore is that, while analytical attention in this thesis will be put on the results of the main analysis – conducted by means of a value-weighted portfolio – a remedied equally weighted analysis for comparison purposes is suggested for further studies.

5. Data

This study is based on a sample of Swedish firms listed on the Stockholm Stock Exchange (SSE) and Nordic Growth Market (NGM). The data sample consists of; turnover dates, reasons, company names, monthly company returns, monthly Stockholm Stock Exchange returns, company list in the stock exchange, turnover frequencies, bull bear category, and industry sector categorization (Appendix 3).

5.1 CEO Turnover Data

The turnover data including company, year, list, name of CEO leaving and the name of the successor are manually assembled from the yearly publications of Sundin and Sundqvist (1995-2003) and Fristedt and Sundkvist (2004 – 2008). The books were provided by Sven-Ivan Sundqvist, the owner of the SIS Ownership Data. The gathered data aggregated to a selection of 622 turnover events for a total of 316 listed firms.

Details for all 622 events are also manually gathered and examined. Turnover event dates and reasons for turnover, coded as either forced, voluntary or other, were extracted from Nyhetbyrån Direkt's internal database. Access to this unique database was granted by the CEO of the firm, Torun Reinhammar. However a smaller fraction of the data was extracted from other sources such as Reuters, Veckans Affärer, Newsdesk, companies' homepage etc.

SIS Ownership Data is specialized in analysis of ownership, Board and Auditor data for the in Sweden domiciled listed companies on the Stockholm Stock Exchange and on the Nordic Growth Market. The news agency Nyhetbyrån Direkt is a newswire company that focuses on all topics and subjects related to the stock market in Sweden. The firm has been ranked the best Swedish newswire for more than ten years in a row and is known to deliver real-time, correct and well substantiated news to the market.

5.1.1 *Turnover Dataset Characteristics*

The nature of this study and the methodology used impose stringent restrictions on the data used. Unfortunately, some companies have had multiple events during the ± 24 months event window period. After excluding such overlapping events from the initial 622 observations the remaining dataset consisted of 478 events for a total of 310 companies. Out of these events, 353 of them consisted of voluntary turnovers, 97 of dismissals and the remaining 28 fell into the "other" categorization. To check for general turnover differences between Bear and Bull markets the sample was divided into 136 events happening during Bear market and the remaining during the Bull market. All events occurring between September 2000 and March 2003 have been included in the Bear market sample. The data sample was also divided into two other categories where one of them encompassed 303 observations in companies that have had more than one CEO

change and the other one covered the rest of 175 observations for companies with only one CEO change during the study period. Finally, anticipating size to have an impact on the effects of CEO Turnover, the sample was divided into two categories comprising 216 (Large and Mid Cap) companies and 262 (Small Cap and NGM) companies respectively. The CEO turnover dataset characteristics are summarized in *Figure I Appendix 2*.

5.2 Equity and Index Returns

As clarified in previous sections, share price instead rather than operating performance, is used as performance measure since it incorporates the expectations that the market has on the succeeding CEO. Therefore, to measure return performance of individual firms, each turnover is matched with adjusted monthly returns from companies listed on OMX and NGM stock exchanges downloaded from Datastream. The list of companies for which returns are downloaded from Datastream is derived from the turnover event list explained in *Section 5.2* above.

Since the sample includes both new and considerably small firms, the population contained a number of rather extreme return figures. Statistics derived from a dataset that include these types of outliers may potentially be misleading. Given the size of the data sample, extreme outliers are likely to be present due to incidental errors or simply due to some observations being exceptionally unique. Extreme outliers are defined as any data values which lie more than three times the interquartile range below the first quartile or above the third quartile. These outliers constituted 0.4% of return observations and had a strong influence on the calculation of statistics. Therefore, to attain more robust estimators the dataset was corrected for extreme outliers.

5.2.1 Industry Sector Categorization

The industry sector categorization used in this research paper is the Global Industry Classification Standard (GICS) for industry classification of listed companies. GICS, developed by Morgan Stanley Capital International, and Standard and Poor's, is based on each company's principal activity, which represents the business area that generates the largest proportion of revenue for the company. These industry sectors are Energy, Industrials, Consumer Staples, Telecommunication Services, Financials, Information Technology, Health Care, Consumer

Discretionary, Materials and Utilities (see *Figure 2 in Appendix 2* for number firms in each industry and *Appendix 3* for respective industry information). The reason for using such classification is that the structure accurately reflects the state of industries in the equity investment universe (www.omxnordicexchange.com).

6. Results and Analysis

6.1 The Consequence of Turnover on Shareholder Value

As mentioned in the methodology-section above, the effect of CEO turnover on long-term shareholder value corresponds to the alpha-coefficient in the regression of excess market returns on expected returns. In anticipation that industry development might partially explain abnormal returns the portfolio excess returns for the full sample is regressed on the multifactor Capital Asset Pricing Model including all industry sector variables. The result from this analysis was expected to confirm the theoretical development of CEO turnover having a positive effect on long-term shareholder value. With a descriptive alpha-statistic of 0.7086, the calendar-time portfolio indicates a positive effect at a five percent significance-level (*Table 6.1*). Three of the industry sectors provided significant estimation of firm performance. Namely, these explanatory variables were the sectors of “consumer staples,” “industry” and “materials”. The method provides substantial explanatory power with an R-square of 75.43% and the Breusch-Paga/Cook-Weisberg test indicates no signs of heteroscedasticity (*Table II, Appendix 1*).

Table 6.1 The consequence of turnover on shareholder value: Test results

Hypothesis 1	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>Long-Term Ab. Returns (VW)</i>	0.7543						
Market Excess Return		1.014712	.103663	9.79	0.000	.8098261	1.219597
Industry 1		.0023336	.002480	0.94	0.348	-.002568	.0072353
Industry 2		-.3950021	.1816709	-2.17	0.031	-.7540672	-.0359369
Industry 3		.2206522	.087900	2.51	0.013	.0469214	.394383
Industry 4		-.0084272	.0502003	-0.17	0.867	-.107646	.0907915
Industry 5		.0411700	.0985154	0.42	0.677	-.1535417	.2358817
Industry 6		-.0414909	.0632888	-0.66	0.513	-.1665786	.0835967
Industry 7		-.0129724	.0660256	-0.20	0.845	-.1434694	.1175245
Industry 8		.3316737	.1335641	2.48	0.014	.0676896	.5956578
Industry 9		.0349154	.0860135	0.41	0.685	-.1350868	.2049175
Constant		.7085542	.3146307	2.25	0.026	.0866993	1.330409

In conclusion, the result related to the full sample indicates that CEO turnover has a significantly positive effect on shareholder value, offering *support* for the first hypothesis. The following sections will help in assessing the underpinning factors behind this lucid indicator.

6.2 Dismissals and Voluntary Turnover

The results from the second analysis were expected to confirm the hypothesis of CEO turnover having a significantly positive effect on long-term shareholder – the underlying reason for resignation, notwithstanding.

The first sub-hypothesis considers CEO turnovers that were distinguished by voluntary resignation. The calendar-time portfolio indicates a positive effect at five percent significance level and an R-square of 64.59%, offering support for the theory that changing the CEO provides the firm with an unique opportunity to appoint a chief that is most appropriate for the firm's current state of affairs. In general, the model is confirmed to possess normally distributed residuals and while the Breusch-Paga/Cook-Weisberg test indicates asymmetrical residuals at higher levels of significance, the sub-sample does not suffer from heteroscedasticity.

The explanatory power of the regression performed on the subsample of forced turnovers is considered satisfactory with an R-square of 58.30%. Interestingly, the results offer no support for the second sub-hypothesis that holds that forced turnovers will result in positive abnormal returns over a long-term horizon. Since forced turnovers are often preceded by poor firm performance, the potential improvements related to the opportunity of appointing a new CEO were expected to result in share-price recuperation (Weisbach, 1988). This result raises two concerns. Firstly, while the subsection of forced turnovers certainly involves genuinely bad-performing chiefs that have been forced out of office for what may be considered “legitimate” reasons, a significant number may possibly have been forced out of office for reasons less valid for stock performance. This reintroduces the concept of the CEO taking the role of a corporate scapegoat in times when external/internal factors beyond the control of top management undermine stock performance. Secondly, it raises a concern as to whether the event window applied when analyzing long-term performance needs to extend beyond two years in order for the new chiefs' achievements to prevail over the glitches of previous performance. For example,

the need to undertake sanitary policies and to set realistic targets may repel potential investors for a considerable period subsequent to the turnover.

Table 6.2 Dismissal and voluntary turnover: Test results

Hypothesis 2	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>Voluntary Resignation (VW)</i>	0.6459						
Market Excess Return		.8401625	.0501239	16.76	0.000	.7411433	.9391816
Constant		.7102096	.2969624	2.39	0.018	.123564	1.296855
<i>Forced Resignation (VW)</i>	0.5830						
Market Excess Return		1.183666	.0840074	14.09	0.000	1.0176	1.349733
Constant		.6470016	.5092409	1.27	0.206	-.3596714	1.653675

6.3 CEO Change in Small and Large Companies

The first subsample includes firms categorized as either “large-” or “mid-cap” firms on the OMXS exchange. The second category incorporates the remaining groups of “small-cap” firms and companies listed on the Nordic Growth Market.

Contrary to the previous sub-hypothesis, changing the CEO does not seem to have a significant effect on long-term shareholder value within smaller corporations. The test indicates a homogenously distributed variance denting any concern over heteroscedasticity. Worth mentioning though is that the R-square is comparably low. Nevertheless, these findings do not offer support for Jensen’s (2004) suggestion that small companies have more efficient boards and hence expected to be more effective in finding an ultimate successor capable of having a notable impact on shareholder value. Jensen’s findings rest on the conventional idea that CEOs in smaller companies are less impeded by bureaucracies and therefore exert a higher degree of discretionary power. In analyzing small firms listed on the Nordic Growth Market or “small-cap-firms” at the OMXS exchange, a significant proportion of these firms undergo systematic expansion. The capricious environments in which these firms operate suggest a recurrent need for CEO change with the aim of finding successors better capable of taking the organization to the next growth stage.

Analyzing the effect of CEO turnover within large corporations provides *support* for the first hypothesis that stipulates that CEO turnover initiates positive abnormal returns over a long-term period. The findings arguably suggest that the higher threat of dismissal due to increased

visibility and monitoring in large firms is indeed an effective mechanism to provide incentives for chief executives. The results hold at a significance level of five percent and no sign of heteroscedasticity is conveyed. Thus, unlike Reinganum (1985) our results appear to convey that large corporations are able to benefit their shareholders when changing the CEO.

Table 6.3 CEO change in small and large companies: Test results

Hypothesis 3	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>Small Firms (VW)</i>	0.4117						
Market Excess Return		.8232076	.0803442	10.25	0.000	.664455	.9819602
Constant		.0319205	.4791229	0.07	0.947	-.914781	.9786219
<i>Large Firms (VW)</i>	0.7182						
Market Excess Return		1.064154	.0537118	19.81	0.000	.9580474	1.170261
Constant		.7331345	.3182191	2.30	0.023	.1044964	1.361773

6.4 Turnover Effects during Bull and Bear Markets

In short, the reasoning underlying the first sub-hypothesis stipulates that during a bear market, the number of CEO turnovers is amplified for reasons other than the CEOs' ability to influence shareholder value. Thus, in a direct extension of the scapegoat hypothesis, CEO turnovers occurring during a bear market are expected to be less likely to have an effect on long-term shareholder value since the succeeding CEO has a limited ability of influencing those external/internal factors that ultimately affects equity returns.

Nonetheless, the results indicate that regardless of more CEO's leaving office for reasons other than their inability to maximize shareholder value, the long-term effect of shareholder value remains positive. Hence, the results are in line with previous literature based on samples from the 1970s and 1980s which show that corporate boards filter exogenous shocks from CEO dismissal decisions (Jenter and Kanaan, 2006). Indeed, this suggests that while the departing CEO may not be responsible for declining share prices, the person is often ill-suited for the particular tasks that the company is facing during the economic downturn. Accordingly, the findings are in line with those of Bushman *et al* (2007). The tests confirm that the residuals are normally distributed and that the variance of the residuals is constant over time.

In analyzing if equity returns are positively affected by CEO turnover during a bull market the result show support for the second sub-hypothesis on a 10 % significance level. With an R-

square of 69.49% the regression predicts that CEO turnover indeed has a positive effect. The Breusch-Paga/Cook-Weisberg test assures that the results are not affected by heteroscedasticity. This offers support for the premise that during a bull market, when less turnover events occur as illustrated in *Table 6.4*, changing the CEO is commonly associated with long-term improvements of shareholder value.

Table 6.4 Turnover effects during bear and bull markets: Test results

Hypothesis 4	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>Bear Market (VW)</i>	0.6611						
Market Excess Return		.7234086	.0789831	9.16	0.000	.5641239	.8826933
Constant		1.146405	.4952801	2.31	0.025	.1475778	2.145233
<i>Bull Market (VW)</i>	0.6949						
Market Excess Return		1.21237	.0664774	18.24	0.000	1.080987	1.343752
Constant		.6653206	.3724878	1.79	0.076	-.070844	1.401485

6.5 Turnover Frequency

The value-weighted assessment of firms with high turnover frequency fails to provide empirical foundation for arguing that firms characterized by many turnovers are likely to be characterized by no abnormal returns. Conversely, the result indicates that the turnover events results in positive abnormal returns within this category of firms opposing the extended scapegoat theory stated in this sub-hypothesis. Thus, the result imply that a significant number of firms encompass efficient corporate governance policies that assist the enhancement of shareholder wealth. Worth noting, the model contains significant explanatory power and the residuals were not diagnosed with heteroscedasticity. Apart from the residuals not following a faultlessly normal distribution, the seemingly robust model gives reason to question the theories behind the stated sub-hypothesis.

Table 6.5 Turnover frequency: Test results

Hypothesis 5	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>High Frequency (VW)</i>	0.7167						
Market Excess Return		1.110537	.0570132	19.48	0.000	.9978841	1.223189
Constant		.8059205	.3399912	2.37	0.019	.1341301	1.477711
<i>Low Frequency (VW)</i>	0.3629						
Market Excess Return		.6075576	.0657347	9.24	0.000	.4776721	.737443
Constant		.1744961	.3920005	0.45	0.657	-.6000597	.949052

The second regression model, applied in analyzing the effect of CEO turnover within firms with low turnover frequency, had a considerably lower R-square of 36.29%. In contrast to the stated hypothesis the results suggest that the turnover event does not have a significant effect within firms with low turnover frequency. The Breusch-Paga/Cook-Weisberg test indicates heteroscedasticity problems. In conclusion, no support could be granted to this sub-hypothesis.

6.6 Extension: Applying an Equally Weighted Portfolio Approach

6.6.1 Equally Weighted Portfolio Regression Results

In accordance with Loughran and Ritter (2000), equally weighted returns are also likely to pick up abnormal performance. For reasons of comparability, monthly excess returns were regressed twofold to incorporate an equally weighted analysis. On the whole, the equally weighted portfolio regressions for the nine hypotheses stated in the hypotheses section generated somewhat different results and the following section is dedicated towards pointing out some of the most relevant findings. After conducting robustness checks, it is found that in contrast to the value-weighted method the equally weighted approach suffers from the attribute of heteroscedasticity in most of the tests. Since conclusions and inferences drawn in presence of heteroscedasticity may be potentially misleading (Gujarati, 2003), statistical inferences and economical conclusions are drawn only when tests have no heteroscedasticity problem. For further information regarding the output from these regressions the paper refers to the tabulated statistics in the accompanied *Appendix 1*.

The Consequence of Turnover on Shareholder Value

Equally weighted results do not grant support for the first hypothesis of turnover having a significant positive impact on long-term equity returns. Worth noting, the regression does not reach consensus with the value weighted results as it shows negative abnormal returns subsequent to the turnover event. While the equally weighted method has sufficient explanatory power, the robustness check indicate evident problems with heteroscedasticity not permitting sound statistical inferences to be drawn for this test.

Dismissals and Voluntary Turnovers

Regarding the first sub-hypothesis of forced resignation being associated with positive abnormal returns, equally weighted method results are in line with value weighted method and provide no statistical support even at lower significance levels. The method in this case has somewhat higher explanatory power and does not suffer from heteroscedasticity. Regarding the voluntary turnover results, the descriptive statistics of the equally weighted regressions found in *Table 1 (Appendix 1)* infer that voluntary resignation is associated with negative abnormal returns. These results contradict the results from the value weighted method. Unlike the assessment of the first subsample, the explanatory power of the model is higher with an R-square of 71.66%.

CEO Change in Large and Small Companies

The equally weighted approach for small firms indicates that CEO-turnover is associated with substantial negative abnormal returns. This result might explain the contradiction related to the analysis of the full sample and in the case of voluntary resignation above in which the value-weighted regression is contradicted by the equally weighted counterpart. Given that the equally weighted method suffers from heteroscedasticity, whether these finding are solemnly a consequence of firm size remains a topic of speculation. Moreover, the explanatory power of the regression is comparably low. On the other hand the equally weighted test for larger firms does not show support for the sub-hypothesis of positive abnormal returns at any significance level. However, the method here suffers from heteroscedasticity problems which hinder a solid statistical conclusion or inference.

Turnover Effects during Bull and Bear Markets

Unlike the value-weighted approach, the equally weighted portfolio provides support for the first sub-hypothesis that stipulates that CEO turnovers during bear market are followed by negative abnormal returns. Similarly to the value-weighted model the tests indicate that the residuals are normally distributed and have a constant variance. When analyzing firms operating during an upturn of the Swedish stock market the equally weighted model indentifies that the turnover event is succeeded by negative performance contradicting the value weighted results of this sub-hypothesis.

Turnover Frequency

The result from firms with high turnover frequency shows a significantly negative alpha coefficient. However, the equally weighted model here does not fully satisfy the conditions of a predictive model. Although the residuals are normally distributed they do not possess a constant variance. When the model is applied to the subsample of firms characterized by low turnover frequency the results prove to be significantly negative at five percents significance level. However, the test for constant variance even here shows severe heteroscedasticity problems which prohibit statistical inference.

6.6.2 Performance Surrounding Turnover Events

As previously mentioned, extensive research suggests that CEO turnover is often preceded by poor firm performance (Gibbons and Murphy, 1990). It is therefore interesting to check if these findings are applicable to the Swedish market. In “*Director Ownership, Corporate Performance, and Management Turnover*” Bhagat *et al.*, (1998) find that the average three-year stock returns prior to CEO turnover is 1.5% compared to 16.7% for equivalent firms that did not experience a CEO turnover during 1991-1997. Worth noting, the paper does not separate forced and voluntary turnovers or large and small firms yet it receives significant results in favor of such argument. In the same spirit a graph displaying the path of abnormal returns for firms with no overlapping events comprising a period of fifteen months prior to the event and 60 months (five years) following the event is provided to offer comparative points of discussion and shed further light on previous findings.

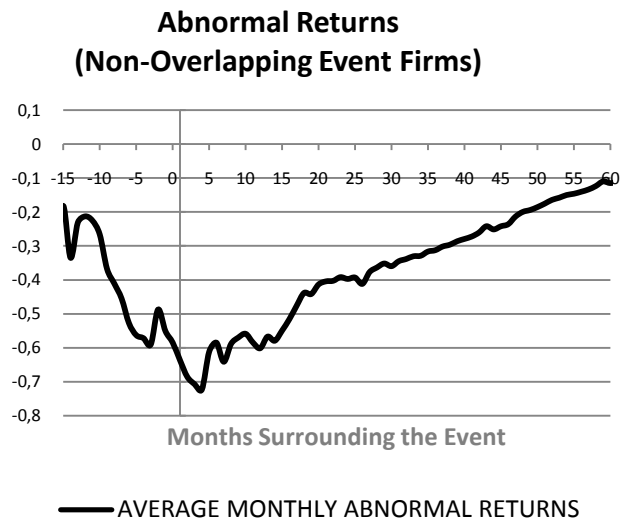


Figure 6.1: Monthly abnormal returns prior and after CEO changes

The graph in Figure 6.1 confirms previous research indicating that CEO turnovers are often preceded with a noteworthy decline in firm performance. Interestingly, it also shows evidence that abnormal returns, on average, continue to decline during the initial months succeeding the turnover event. The period of decaying performance is followed by a considerable and steady improvement in abnormal returns. Moreover, the trend is maintained throughout the remaining period. This extended analysis shows further evidence for the key finding of this paper, namely that CEO turnover indeed has an effect on shareholder value. Worth noting, the graph indicates that CEO turnover incites a stabilization of abnormal return volatility. This finding complements previous research which center around the short-term effects of CEO turnover on equity returns (Clayton *et al*, 2003). Interestingly, the long- and short term effects of CEO turnover on equity volatility appear to be very different.

The chart indicates that the improvement of the abnormal returns continues even after the two year period suggesting that an event-window that extends beyond two years could have provided even stronger implications of positive abnormal returns. Unfortunately, the majority of the firms in the sample had multiple CEO changes during the sample-period. Hence, the exclusion of such firms due to overlapping events would have led to a significant reduction of the sample-size.

The evidence from the diagram suggests, in line with Lucier *et al.*,(2007), that the chief executives should arguably be given at least a period of about 5 years to deliver results.

Conversely, the short CEO stay in Sweden, strongly evidenced throughout the dataset (*Appendix 2*), is an indicator of short-term assessment fuelled by an impatient market. An unfortunate effect of this occurrence, brought up in Section 2.4.1., is that CEOs need to show dramatic short-term improvements due to fear of a quick dismissal. Thus the paper touches upon the trade-off between the pros and cons of contemporary corporate governance. One could argue that the economic implications of the increasing stock market myopia is not only decaying long-run firm value but perhaps also putting Swedish firms at a competitive disadvantage with respect to international competitors with a long-run orientation. For instance, as Graham *et al.*, (2006) agrees, taken in a national level a systemic underinvestment in R&D will lead to long-term challenges to Swedish companies' competitiveness. Furthermore focus on short-term profits may arguably have deleterious effects on efficient markets, such as a mispricing and misallocation of equity in the Swedish markets because of lack of good information about long-term prospects leading to fewer listings. Although a deeper analysis of such phenomenon is outside the confines of this paper it undoubtedly is a cunning dispute which would be interesting to see in further studies.

7. Conclusive Discussion

Analyzing the sample of 310 listed firms enabled a unique perspective on a number of interesting topics within corporate finance. The main findings drawn from this analysis are summarized within the following paragraphs.

The analysis concludes that CEO turnover exerts an effect on long-term shareholder value. Evidence is provided through an event study in which the calendar-time portfolio methodology is utilized using a value-weighted approach. The regression incorporates a series of variables that control for the idiosyncratic development within nine different industries. The findings support the general perception that the CEO ultimately exerts significant influence over firm performance by illustrating that this effect is ultimately represented by abnormal returns (Drucker 1954, Woodward 1965, Lawrence and Lorsch 1967, Thompson 1967, Child, 1972, Noam Wasserman, 2003). In line with Khurana and Nohria (2000) the findings confirm that despite the degree of organizational disruption created by the predecessor's departure, the

strategic undertakings and the potential for organizational change that the successor brings about, are an important factor affecting firm performance.

In addition, the study investigates the importance of the rationale behind CEO resignation. The results do not provide evidence that forced resignations (in particular) result in positive abnormal returns over a long-term horizon. These outcomes contradict the Khurana and Nohria's (2000) findings that forced departures are associated with a higher increase in long-term stock returns. The finding insinuate that while the subsection of forced turnovers certainly involves genuinely bad-performing chiefs forced out of office for "legitimate" reasons, a significant number may arguably have been forced out of office for reasons outside their hands. Hence the results could be interpreted as the dismissed CEO taking the role of a corporate scapegoat in times when external/internal factors beyond the control of top management undermine stock performance. When studying voluntary turnover by utilizing the value weighted method, the study offers evidence for CEO change having a positive effect in shareholder value. These results provide support for Khurana and Nohria's (2000) statement that the turnover presents an opportunity to appoint a more appropriate chief. Conversely, the equally weighted approach confirms the opposite by exhibiting negative abnormal returns. Although the contradicting results arguably render the analysis to be inconclusive, it motivated a further examination of the occurrence which is explained below.

By splitting the sample into large and small firms we were able to decipher the contradictory results provided by the two methods. Specifically, the separate analysis of the smaller organizations conveys the insinuation that abnormal returns, while insignificantly zero when using value weighted, they are negative when using equally weighted method. Acknowledging that results could be flawed by heteroscedasticity, they perhaps provide an insight in interpreting the discordance between the tests. Analyzing larger corporations in isolation evidenced that turnover indeed has a positive effect in shareholder value. These findings suggest that the higher threat of dismissal due to increased visibility and monitoring in large firms is indeed an effective mechanism to provide incentives for CEOs to enhance shareholder value. The results arguably indicate also that the market tends to undervalue the effect that the inbound chief may have with regards to improving shareholder wealth in large corporations.

The paper originally embarked on the fact that the number of CEO turnovers is correlated with the overall performance of the Swedish stock market. A subsequent section introduced the *scapegoat hypothesis* that questions the classical theories assumption of the market's ability to disconnect events affecting the overall firm performance over which the CEO has limited control. The result of the value-weighted approach for the bear market contradicts the original sub-hypothesis demonstrating that turnover is instead followed by positive abnormal returns. Nevertheless, the results from the equally weighted approach are in line with the sub-hypothesis as they show that turnover is followed by significant negative abnormal returns. Both findings alone provide interesting implications that give room for speculations. While the value weighted results appear to signify a brand new logic that rests on classical economic theory, the equally weighted findings arguably confirm the scapegoat hypothesis based on agency models of Holmstrom (1979), Shavell (1979), and Mirrlees (1976). Similar results, though with smaller coefficients, are found when analysing turnovers during bull market. Specifically, like in the case of bear markets, value weighted method shows a positive turnover effect while the equally weighted shows a negative one. Consequently, given the obvious discordance between the two methods the results for bull and bear markets are considered as inconclusive.

The analysis of turnover frequency presents interesting findings that contradicts the original hypotheses. Rather than confirming that repeated turnovers would signify that the firm is incapable of improving performance due to reasons outside the CEO's hands, the result indicates that high turnover frequency is related to positive abnormal returns. In essence, the findings related to the last hypothesis indicate that an active corporate governance function provides a helpful tool in insuring that the firm pays continuous tribute to the pursuit of shareholder wealth.

Lastly, the extended analysis of the performance surrounding the turnover event raises the issue of investor short-termism fuelled by the impatience for rapid results. The findings illustrate that even when top management does pay tribute to shareholder wealth, a conceptual devotion per se may not always be enough to satisfy the requirements of investors. While the CEO is likely to require many years before any strategic decisions materialize into shareholder wealth, the chief often needs to rapidly deliver shareholder value during his/her initial time in office.

8. Limitations and Further Studies

8.1 Limitations

In analyzing the long-term effects of CEO turnover the span of the applied time-period is of outmost importance. Overlapping events and the confines of the size of the Swedish stock market limited the ability of extending the event window further than two years without losing a significant number of observations. Applying a similar methodology to a larger Nordic sample would allow for an improvement worthy of note.

The issue of controlling for several variables without running the risk of suffering from severe multicollinearity is an inquiry that was raised during the draw up of this paper. Ideally, simultaneously controlling for the different subgroups analyzed in this paper would offer a better understanding of the distinct influence of separate variables. Therefore, we advocate that future studies attempt to further advance the statistical methodology that underpins this paper.

The normality and heteroscedasticity tests performed within this project confirm that some of the models do not fully live up to the assumption underlying a robust model. These statistical flaws were particularly present in the equally weighted method. This infers a limitation regarding the statistical aptness of the models. Having confined the study to the Swedish market, the restriction of at least 10 companies per calendar month could not be imposed to deal with the heteroscedasticity issue. Once again, the sole suggestion for further research is to carry out a similar study for a larger market by applying a model that rests on an alternative rationale by making a different trade-off between the statistical weaknesses inherent in the contemporary methodologies of statistics.

In conclusion, improvements that relate to the incorporation of a number of interlinked variables affecting firm performance may conceivably improve the quality of the investigation. The analysis presented within this paper offers some ideas as to what variables should possibly be considered. Furthermore, the following section is dedicated solely towards offering notable guidelines regarding further research within the area of CEO turnover and shareholder value.

8.2 Further Studies

As mentioned, many areas of CEO performance have already been addressed as a result of the rising concern over shareholder value-based management. Nevertheless, the effect of CEO turnover on stock returns presents a handful of rather interesting possibilities in terms of further research. One potential genre concerns the investigation of general statements such as the ones proposed by Lucier *et. al.*, 2006 in Boos Allen Hamilton's report on CEO succession 2005 titled *The Crest of the Wave*. According to the report, "repeat chiefs" are becoming increasingly important and in 2005 "more than one in eight of the CEOs who left office had previously served as chiefs in another company" (Lucier *et. al.*, 2006). One potential study is to research how the reputation of the "repeat chiefs" relates to the market's initial reaction on stock price. Furthermore, the same report proposes that companies who bring in outside CEOs should stick to a "five-year rule" of seeking a new CEO before performance declines. Contrary, firms who appoint insiders as CEO need be less concerned with long-term performance (Lucier *et. al.*, 2006). An analysis that investigates whether there is a structural difference between the cumulative abnormal stock return over time depending on whether the insider has been recruited externally/internally could potentially offer new insights. On the same note, troubled companies tend to recruit external chiefs (Lucier *et. al.*, 2006). A study that evaluates the appropriateness of this trend may ultimately fend for an alternative strategy. Throughout our research we found many cases in which former CEOs carried on as chairmen of the board. Between the years of 2001-2005, European CEOs who served in an "apprenticeship" model tied to the previous CEO produced annual returns that were 5 percentage points lower than the returns achieved by CEOs who worked with independent chairmen. According to the report, the new CEO suffers from having to struggle for standing and support (Lucier *et. al.*, 2006). In conclusion, these potential areas of research present an interesting framework that needs further investigation.

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Appendices

1. Graphs and Tables

Table I: Regression Analysis of Equally Weighted Abnormal Returns

Hypothesis 1	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>Long-Term Ab. Returns (EW)</i>	0.7543						
Market Excess Return		.2804144	.0830811	3.38	0.001	.1162081	.4446208
Industry 1		.0471578	.0019876	23.73	0.000	.0432293	.0510862
Industry 2		.2182834	.1456008	1.50	0.136	-.0694907	.5060575
Industry 3		-.1505151	.0704478	-2.14	0.034	-.2897523	-.0112778
Industry 4		-.0961615	.0402332	-2.39	0.018	-.1756808	-.0166423
Industry 5		.0831314	.0789555	1.05	0.294	-.072921	.2391839
Industry 6		.3959782	.050723	7.81	0.000	.2957262	.4962302
Industry 7		.17953	.0529165	3.39	0.001	.0749427	.2841173
Industry 8		-.1274041	.1070455	-1.19	0.236	-.3389752	.0841669
Industry 9		-.014811	.0689358	-0.21	0.830	-.1510599	.1214379
Constant		-.4756987	.252162	-1.89	0.061	-.9740867	.0226892
Hypothesis 2	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>Voluntary Resignation (EW)</i>	0.7166						
Market Excess Return		.8316717	.0421454	19.73	0.000	.7484139	.9149295
Constant		-.8383546	.2496933	-3.36	0.001	-1.331621	-.3450884
<i>Forced Resignation (EW)</i>	0.0662						
Market Excess Return		1.100696	.3469724	3.17	0.002	.4147973	1.786595
Constant		2.17011	2.103298	1.03	0.304	-1.987713	6.327933
Hypothesis 3	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>Small Firms (EW)</i>	0.4710						
Market Excess Return		.779634	.0674614	11.56	0.000	.6463367	.9129313
Constant		-1.806633	.4022976	-4.49	0.000	-2.601535	-1.011731
<i>Large Firms (EW)</i>	0.7671						
Market Excess Return		.8282954	.0367768	22.52	0.000	.7556432	.9009476
Constant		.0397303	.2178868	0.18	0.856	-.3907026	.4701631
Hypothesis 4	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>Bear Market (EW)</i>	0.6863						
Market Excess Return		.9003689	.0928303	9.70	0.000	.7131588	1.087579
Constant		-1.485	.5821115	-2.55	0.014	-2.658939	-.3110598
<i>Bull Market (EW)</i>	0.6727						
Market Excess Return		.8778222	.0506699	17.32	0.000	.777681	.9779633
Constant		-.8053567	.2839146	-2.84	0.005	-1.36647	-.2442433
Hypothesis 5	R-Sq	Coefficient	Std. Dev. Err.	t	P> t 	[95% Conf.Interval]	
<i>High Frequency (EW)</i>	0.7605						
Market Excess Return		.8816021	.0403949	21.82	0.000	.8017856	.9614187
Constant		-.9128775	.2408901	-3.79	0.000	-1.388854	-.4369014
<i>Low Frequency (EW)</i>	0.4590						
Market Excess Return		.7056907	.0625503	11.28	0.000	.5820972	.8292843
Constant		-1.113105	.3730111	-2.98	0.003	-1.850139	-.3760703

Table II: Regression Analysis of Value Weighted Abnormal Returns

	Tests of Normality					Heteroscedastisity	
							H0: Constant Variance
		Skewness & Kurtosis Test			Jarque-Bera		
Hypothesis 1	Pr(Skewness)	Pr(Kurtosis)	Adj Chi2	Prob>Chi2	Chi2(1)	p-val.	Chi2(1) p-val.
Long-Term Ab. Returns (VW)	0.249	0.020	6.37	0.0413	19.36	1.3e-05	0.08 0.7830
Hypothesis 2							
Voluntary Resignation (VW)	0.492	0.413	1.16	0.5603	.7653	.682	2.30 0.1298
Forced Resignation (VW)	0.000	0.000	.	0.0000	8.6e+04	0	3.10 0.0782
Hypothesis 3							
Large Firms (VW)	0.152	0.004	9.26	0.0097	18.79	1.3e-05	0.01 0.9052
Small Firms (VW)	0.087	0.000	18.07	0.0001	93.71	1.5e-21	1.35 0.2458
Hypothesis 4							
Bull Market (VW)	0.017	0.000	15.80	0.0004	48.28	1.3e-11	1.85 0.1737
Bear Market (VW)	0.311	0.914	1.09	0.5809	.9112	.6341	1.03 0.3099
Hypothesis 5							
Low Frequency (VW)	0.000	0.000	44.03	0.0000	315.5	1.1e-69	2.96 0.0855
High Frequency (VW)	0.066	0.003	10.43	0.0054	21.02	1.7e-05	0.10 0.7474

Table III: Regression Analysis of Equally Weighted Abnormal Returns

Tests of Normality						Heteroscedasticity		
						H0: Constant Variance		
	Skewness & Kurtosis Test				Jarque-Bera			
Hypothesis 1	Pr(Skewness)	Pr(Kurtosis)	Adj Chi2	Prob>Chi2	Chi2(1)	p-val.	Chi2(1)	p-val.
Long-Term Ab. Returns (EW)	0.000	0.000	42.97	0.0000	56.36	0.0000	3.40	0.0653
Hypothesis 2								
Voluntary Resignation (EW)	0.822	0.051	3.92	0.1412	4.688	.096	0.56	0.4529
Forced Resignation (EW)	0.070	0.007	9.39	0.0092	16.75	1.3e-04	0.22	0.6399
Hypothesis 3								
Small Firms (EW)	0.001	0.000	27.17	0.0000	155.1	2e-34	3.86	0.0493
Large Firms (EW)	0.718	0.120	2.58	0.2753	2.443	.2948	3.23	0.0723
Hypothesis 4								
Bear Market (EW)	0.457	0.529	0.99	0.6092	.4753	.7885	0.02	0.8931
Bull Market (EW)	0.083	0.002	10.95	0.0042	25.01	1.7e-06	0.19	0.6620
Hypothesis 5								
High Frequency (EW)	0.564	0.183	2.14	0.3437	1.762	.4143	2.59	0.0963
Low Frequency (EW)	0.000	0.000	41.88	0.0000	336.3	1.6e-74	6.11	0.0134

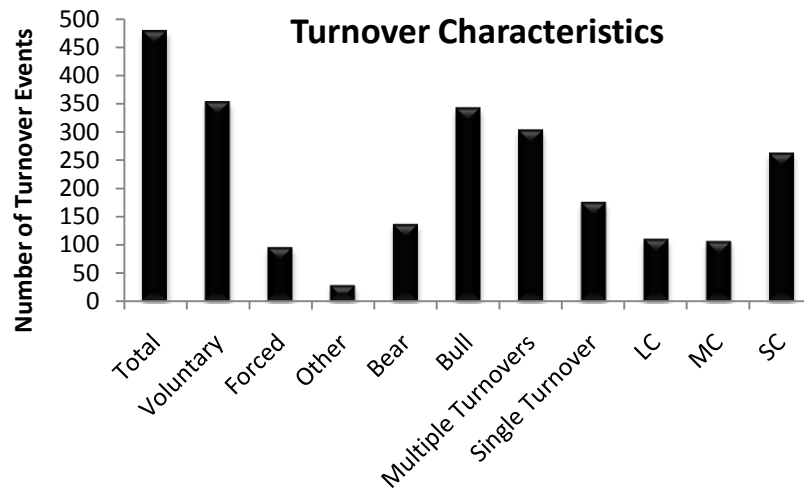


Figure I. Turnover characteristics

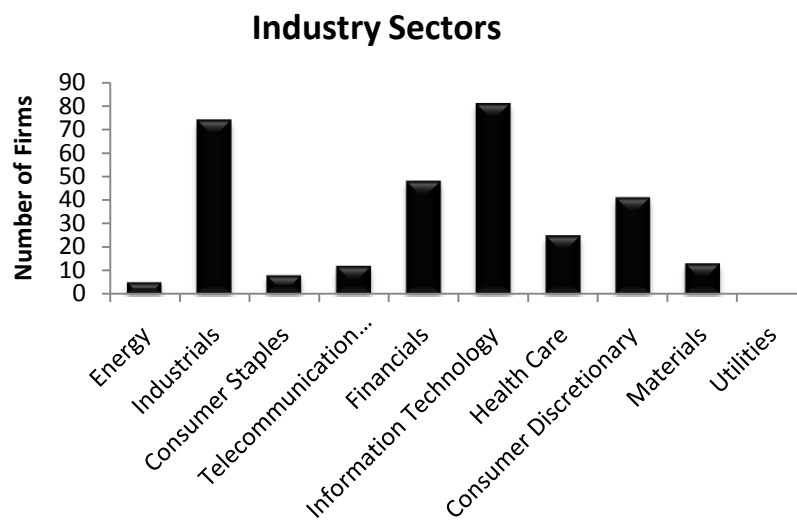


Figure II. Industry Sectors

2. CEO Turnover Index

Reasons for turnover as categorized in this thesis:

1. Voluntary
2. Forced
3. Other

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
3L System	2000-11-02	Martin Carlesund	Hans Richter	Voluntary
24hPoker Holding	2006-03-28	Joakim Richter	Martin Carlesund	Voluntary
	2002-12-30	Peter Zetterberg	Leif Danielsson	Voluntary
	2004-03-11	Do Hellbom	Peter Zetterberg	Voluntary
	2004-09-01	Håkan Persson	Do Hellbom	Voluntary
AcadeMedia	2005-06-06	Mads V Jörgensen	Håkan Persson	Voluntary
	2001-02-20	Sten Johansson	Peter Ollen	Forced
	2001-12-06	Lars G Mattson	Sten Johansson	Forced
	2005-09-21	Marcus Strömberg	Lars G Mattson	Voluntary
Acando	1999-02-10	Olof Englund	Bengt Wallentin	Voluntary
	2000-05-09	Per Tjernberg	Olof Englund	Voluntary
	2003-05-14	Lars Wollung	Per Tjernberg	Voluntary
ACAP Invest	2003-05-09	Christian Lindgren	Bo Håkansson	Voluntary
	2004-04-28	Thomas Bolmgren	Christian Lindgren	Voluntary
	2007-05-03	Satu Seppänen	Anders Segenmark	Voluntary
ACSC	2000-12-12	Björn Larsson	Thomas Hvid	Voluntary
A-Com	2002-06-10	Fredrik Sandelin	Björn Larsson	Voluntary
Active Biotech	1998-12-16	Sven Andreasson	Bo Håkansson	Voluntary
	2002-02-07	Torbjörn Lindh	Rolf Jansson	Voluntary
	2003-02-25	Lars Save	Torbjörn Lindh	Voluntary
	2005-09-06	Bo Strandberg	Lars Save	Voluntary
Aga	2007-03-20	Staffan Hanstorp	Bo Strandberg	Voluntary
	1996-10-22	Lennart Selander	Marcus Storch	Voluntary
	2004-04-27	Lars Renström	Sigge Haraldsson	Voluntary
	1999-09-20	Lars Lanker	Håkan Sträng	Forced
Alfa Laval	1997-03-24	Torsten Körsell	Per Wejke	Other
Alfaskop	1998-08-27	Jan Edhäll	Torsten Körsell	Forced
Allgon	2001-01-26	Lars Spongberg	Jan Edhäll	Voluntary
	2001-04-02	Jeff Bork	Lars Spongberg tf	Other
	1997-03-04	Anders Althin	Arne Bojesson	Voluntary
	2000-08-17	Mats Lindoff	Christer Löwgren	Voluntary
Althin Medical	2002-06-24	Christer Fåhraeus	Mats Lindoff	Voluntary
	2003-05-27	Örjan Johansson	Christer Fåhraeus	Other
	2004-09-17	Anders Tormud	Örjan Johansson	Forced
	2005-09-19	Örjan Johansson	Anders Tormud	Voluntary
Anoto Group	2006-08-16	Anders Norling	Örian Johansson	Voluntary
	2001-06-26	Magnus René	Lars Erik Andersson	Other
	2000-12-20	Stefan Winström	Paul Karlsson	Voluntary
	2002-10-03	Tord Lendau	Anders Cedronius	Other
Arcam	2006-08-29	Hans Rosén	Tord Lendau	Voluntary
Array	1997-06-13	Jörgen Ekberg	Gunnar Malm	Voluntary
Artimplant	2002-04-15	Håkan Persson	Lena Wittbjer	Forced
	2004-06-16	Erik Hansen	Håkan Persson	Forced
	2005-06-23	Johan Lenander	Erik Hansen	Other
	2007-02-08	Gunnar Selläg	Johan Lenander	Other
Assa Abloy	2003-02-06	Bo Dankis	Carl-Henric Svenberg	Voluntary
	2005-10-28	Johan Molin	Bo Dankis	Forced
	1999-03-01	Gunnar Palme	Lennart Ahlgren	Forced
AssiDomän	1997-01-27	Giulio Mazzalupi	Michael Treschow	Voluntary
Atlas Copco	2002-01-11	Gunnar Brock	Giulio Mazzalupi	Voluntary
Atrium Ljungberg	2003-02-14	Anders Nylander	Ulf Holmlund	Voluntary
	2003-01-28	Peter Ragnarsson	Jan Barchan	Voluntary
	2004-11-01	Christer Sjöström	Peter Ragnarsson	Voluntary
AudioDev	1999-04-26	Leif Ledmyr	Sten Corfitsen	Voluntary
Autofill	1995-12-12	Paul Chartely	Gunnar Bark	Voluntary
Autoliv	2001-03-09	Urban von Euler	Larsåke Sandin	Other
Avalon Enterprise				

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
Avalon Enterprise	2004-05-05	Björn Littorin	Urban von Euler	Voluntary
	2006-05-19	Peter Mattisson	Björn Littorin	Voluntary
Avesta Sheffield	1996-11-08	Stuart Pettifor	Per Molin	Voluntary
Axfood	2000-02-11	Mats Jansson	Håkan Matz	Voluntary
Axis	2003-02-14	Ray Mauritsson	Peter Ragnarsson	Voluntary
B&B Tools	2001-05-22	Stefan Wigren	Anders Börjesson	Voluntary
	2000-04-18	Urban Doverhult	Pelle Tornell	Other
	2004-03-19	Öyvind Lundgreen	Urban Doverhult	Voluntary
	2005-06-27	Erik Selin	Öyvind Lundgreen	Voluntary
Bedminster	2002-05-02	Per-Olof Rengstedt	Peter Åberg	Voluntary
Beijer Alma	1999-05-28	Bertil Persson	Curt Lönnström	Voluntary
	2001-01-16	Peter Eidensjö	Pontus Lindvall	Voluntary
	2001-01-21	Torsten Söderberg	Peter Eidensjö	Forced
	2002-04-16	Pontus Lindwall	Torsten Söderberg	Voluntary
Betting Promotion Sweden	2005-05-12	Martin Gustavsson tf	Magnus Falkman	Other
	2006-11-27	Johan Moazed	Göran Nordenhök	Voluntary
	1998-11-05	Kjell Åkesson	Mats Jansson	Voluntary
Bilia	2002-08-12	Heinrich Blauert	Kjell Åkesson	Voluntary
	2003-04-10	Jan Pettersson	Heinrich Blauert	Voluntary
	2005-02-23	Peter Davidson tf	Bert Östlund	Forced
Billerud	2005-05-13	Per Lindberg	Peter Davidson tf	Other
	2000-05-04	Ulf Jönsson	Lars-Göran Andrén	Voluntary
	2004-07-19	Erik Walldén	Ulf Jönsson	Forced
	2003-06-19	Per Spångberg	Claes Holmberg	Forced
Biolin	1999-02-01	Ernst Feldström	Stellan Lind	Voluntary
	2000-03-04	Soili Longsén	Ernst Feldström	Forced
	2002-03-06	Claes Thulin	Soili Longsén	Forced
	2000-06-19	Richard Söderberg	Thomas Hammargren	Voluntary
BioPhausia	2001-12-11	Donna Janson	Richard Söderberg	Voluntary
	2003-08-27	Hans Johansson	Erik Walldén	Voluntary
	2003-10-07	Jeff Bork	Hans Johansson	Forced
	2006-02-09	Torben Jörgensen	Jeff Bork	Voluntary
Biora	1997-04-24	Lennart Pihl	Björn Bjurman	Voluntary
	2003-10-16	Anders Davidsson	Lennart Pihl	Voluntary
	2000-01-18	Mark Sigvardsson	Lars Mauritzon	Voluntary
Biotage	2002-08-07	Mats Skogman	Mark Sigvardsson	Voluntary
	2004-02-16	Thomas Widstrand	Mats Skogman	Voluntary
	2007-05-28	Sven-Olof Kulldorf	Thomas Widstrand	Forced
	2000-03-29	Johan Sigvardsson	Lars Månsson	Voluntary
Bong Ljungdahl	2001-09-21	Peter Bertilsson	Johan Sigvardsson	Voluntary
	2005-10-26	Johan Berg	Peter Bertilsson	Voluntary
	2007-12-27	Michael Hallén	Johan Berg	Voluntary
	1995-09-07	Johan Karlström	Rolf Akerlind	Other
Borås Wärfveri	2003-11-27	Anders Silverbåge	Mats Leifland	Voluntary
	1999-12-03	Tomas Persson	Bengt Ivarsson	Voluntary
	2004-12-14	Thomas Bräutigam	Tomas Persson	Voluntary
	2001-01-30	Peter Sandberg	Roger Holtback	Voluntary
Boss Media	2002-12-02	Lennart Svantesson	Peter Sandberg	Forced
	2004-11-29	Mikael Nachemson	Lennart Svantesson	Voluntary
	2002-01-02	Lars Törnqvist	Ulf Löwenhav	Voluntary
	2004-09-29	Tommy Sundqvist	Lars Törnqvist	Voluntary
C2SAT Holding	2005-02-07	Ulf Löwenhav	Tommy Sundqvist	Voluntary
	2005-10-12	Ulf Mattson	Båtelson Per	Voluntary
	1997-02-25	Thomas Erseus	Göran Kroon	Voluntary
Capio	1997-02-24	Kjell Svensson	Lennart Nilsson	Voluntary
Caran	2004-04-21	Peter Aru	Kjell Svensson	Forced
Cardo				

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
CashGuard	2003-04-30	Anders Eklund	Leif Nordqvist	Voluntary
	2004-12-16	Ove Wedsjö	Anders Eklund	Voluntary
	2007-02-21	Agne Pettersson	Ove Wedsjö	Other
Castellum	1999-10-21	Lars-Erik Jansson	Thomas Alexandersson	Voluntary
	2005-06-19	Håkan Hellström	Lars-Erik Jansson	Voluntary
Catech	2003-01-02	Rolf Tedestedt tf	Håkan Lövkvist	Voluntary
	2003-08-25	Johan Wersäll	Rolf Tedestedt	Voluntary
	2004-11-16	Rolf Tedestedt	Johan Wersäll	Voluntary
Celcius	1995-04-20	Olof Lund	Åke Plyhm	Voluntary
	1997-03-19	Lars G Josefsson	Olof Lund	Voluntary
Cell Network	1999-08-09	Marcus Bäcklund	Gino Vettesse	Voluntary
Cision	2005-11-14	Niklas Flyborg	Robert Lundberg	Voluntary
Clock	1995-06-08	Rolf Lundström	Thomas Persson	Forced
Cloetta Fazer	2001-12-11	Karsten Slotte	Lennart Bohlin	Voluntary
	2006-11-09	Jesper Åberg	Karsten Slotte	Voluntary
Columna	2000-10-23	Kent Gravesen	Christer Bergquist	Voluntary
Concordia Maritime	2004-04-29	Hans Norén	Lars Carlsson	Voluntary
Confidence International	1999-05-20	Lars-Göran Larsson	Lucas Åhlström	Voluntary
	2001-11-23	Peter Richards	Lars-Göran Larsson	Voluntary
	2005-01-17	Thomas Wahlgren	Peter Richards	Other
Connecta	2006-12-05	Ornäs Fredrik af Hiort	Thomas Wahlgren	Voluntary
	2002-11-13	Johan Wieslander	Ole Oftedal	Other
	2006-12-08	Per Agélii	Johan Wieslander	Voluntary
Consilium	2000-03-29	Ove Hansson	Carl Rosenblad	Other
Corem Property Group	1998-11-10	Christer Wallin	Håkan Sjunnesson	Voluntary
	2003-08-14	Claes Holmberg	Christer Wallin	Voluntary
C Technologies	2000-08-18	Mats Lindoff	Christer Lövgren	Voluntary
	2002-06-24	Christer Johansson	Mats Lindoff	Voluntary
Custos	1996-01-11	Christer Gardell	Lars Öberg	Voluntary
	1999-10-28	Henrik Lange	Lennart Wiklund	Voluntary
	2001-09-17	Mikael Nachemson	Christer Gardell	Voluntary
Cybercom Group Europe	2003-01-27	Anders Larsson	Henrik Lange	Forced
	2006-03-09	Stefan Charette	Anders Larsson	Voluntary
	2000-06-28	Mats Alders	Per Bergström	Voluntary
D. Carnegie & Co	2006-11-20	Patrik Boman	Mats Alders	Voluntary
	2002-08-23	Karin Forseke	Lars Bertmar	Voluntary
Dagon	2006-03-20	Stig Vilhelmsen	Karin Forseke	Voluntary
	2003-02-07	Jan Werne	Bosse Falgard	Forced
Digital Vision	2004-01-15	Marika Philipson	Jan Werne	Voluntary
	2000-12-14	Harry Vesanen	Peter Weiss	Voluntary
	2004-05-06	Bengt Broman	Harry Vesanen	Other
Dimension	2004-11-16	Lars Taflin	Bengt Broman	Voluntary
	2003-03-19	Örjan Frid	Sven Utborn	Forced
Din Bostad	2002-09-17	Johan Ihre	Hans Möller	Voluntary
	2004-06-30	Anders Vahlne	Johan Ihre	Forced
	2004-11-05	Jan Nilsson	Anders Vahlne	Voluntary
Doro	2006-08-25	Mikael Granath	Jan Nilsson	Other
	2001-02-08	Gunnar Åkerblom	Claes Buhler	Forced
	2003-10-07	Rune Torbjörnson	Gunnar Åkerblom	Forced
Duroc	2001-12-10	Bertil Lindgren tf	Lennart Olofsson	Voluntary
	2003-01-23	Lennart Bergqvist	Torsten Rosell	Forced
Eastpoint	2004-01-07	Erik Albinsson	Lennart Bergqvist	Voluntary
	2001-10-17	Björn Larsson	Johan Eriksson	Voluntary
	2002-06-05	Fredrik Forssberg tf	Björn Larsson	Voluntary
	2004-04-05	Greger Pahlberg	Fredrik Forssberg tf	Voluntary
	2007-08-14	Mattias Kaneteg	Greger Pahlberg	Voluntary

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
Ecta Resurs	2002-02-01	John Lundgren	Hans André tf	Voluntary
	2002-06-24	Johan Wallin	John Lundgren	Voluntary
	2003-03-24	Gunnar Malmström	Johan Wallin	Forced
Elanders	1996-12-12	Håvard Grjotheim	Thor Rössum	Voluntary
	1997-09-04	Carl Bennet	Håvard Grjotheim	Forced
	1999-02-04	Kjell Thörnbring	Carl Bennet	Voluntary
Electrolux	2002-06-04	Patrik Holm	Kjell Thörnbring	Voluntary
	1997-01-27	Michael Treschow	Leif Johansson	Voluntary
	2001-10-26	Hans Stråberg	Michael Trechow	Forced
Elekta	2004-09-21	Tomas Puusepp	Laurent Leksell	Voluntary
	1999-11-18	Tsviatko Ganey	Bengt-Olof Larsson	Voluntary
	2000-07-19	Johnny Alvarsson	Tsviatko Ganey	Forced
ElektronikGruppen BK	2004-11-29	Johan Ålander	Jonny Alvarsson	Voluntary
	2000-03-30	Ola Berglund	Åke Dovärn	Voluntary
Enea	2004-02-06	Johan Wall	Ola Berglund	Voluntary
	2003-12-22	Lars Berg tf	Lars Guldstrand	Forced
	2004-04-22	Tomas Franzén	Lars Berg	Voluntary
Entra Data	1999-08-18	Bo Nordlander	Ulf Tangen	Voluntary
	1998-02-08	Sven-Christer Nilsson	Lars Ramqvist	Voluntary
	1999-07-07	Kurt Hellström	Sven-Christer Nilsson	Forced
Ericsson	2004-02-06	Carl-Henric Svanberg	Kurt Hellström	Voluntary
	1996-06-20	Lars Nyrén	Hans Mivér	Forced
	1997-02-21	Jan Kvarnström	Bo Lundquist	Voluntary
Errce	1999-09-16	Anders Igel	Jan Kvarnström	Voluntary
	2000-01-17	Jon Risfelt	Tomas Isaksson	Voluntary
	1996-08-30	Dag Klerfeldt	Håkan Birke	Voluntary
Esselte	1998-04-17	Kent Gravesen	Dag Klerfeldt	Forced
	2002-04-24	Marcus Larsson	Jan Ove Forsell	Voluntary
	2003-05-13	Anders Böös	Mats Mared	Forced
Expanda	2006-10-18	Christian Hermelin	Erik Paulsson	Voluntary
	2004-02-13	Magnus Waern	James Robertson	Voluntary
	2004-02-17	Per Borgvall	Bo Eveborn	Voluntary
Facile & Co	1995-09-07	Sven-Arne Friberg	Nils G Nilsson	Forced
	1997-03-21	Sven-Olof Johansson	Sven-Arne Friberg	Other
	2001-05-09	Carl-Henrik Söderström	Håkan Jeppsson	Voluntary
Fagerhult	2002-10-15	Morten Werner	Carl-Henrik Söderström	Forced
	2005-03-29	Eva Rooth	Morten Werner	Forced
	2006-09-26	Johannes Cullberg	Eva Rooth	Forced
Fast Partner	2005-02-17	Ulf Gustafsson	Kjell Apelquist	Other
	2005-12-16	Johan Vikman	Ulf Gustafsson	Voluntary
	2002-02-21	Tommy Boork	Sten Thunberg	Voluntary
Fenix Outdoor	1999-05-31	Håkan Hermansson	Frank Teneberg	Voluntary
	2001-03-15	Magnus Larsson	Tom Löfstedt	Voluntary
	2002-09-18	Tom Löfstedt	Magnus Larsson	Voluntary
Folkebolagen	1998-09-09	Anders Jonsson	Claes Wellton Persson	Voluntary
	1999-10-27	Nicolas Persson	Anders Jonsson	Voluntary
	2000-02-28	Jessica Stael von Holstein	Nicolas Persson	Forced
Frango	2001-10-31	Håkan Johansson	Jan Engström	Voluntary
	2002-11-22	Stefan Hallin	Håkan Johansson	Voluntary
	2000-06-06	Sören Mellstig	Mikael Lilius	Forced
Gambro	1997-03-03	Johan Malmquist	Carl Bennet	Voluntary
	2001-12-28	Hans Ljungkvist	Sigud Walldal	Voluntary
	2004-08-02	Jon Fangel	Tore Hallberg	Voluntary
Getinge	2002-01-08	Jan Edholm	Stefan Krook	Voluntary
	1999-02-16	Lars Petersson	Mats Nilsson	Voluntary
	2001-11-16	Jan Erik Rosengren	Jan-Eric Nilsson	Voluntary

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
Grange	2000-02-17	Lars Enslöf	Bo Källstrand	Voluntary
Gunnebo	2004-10-08	Göran Gezelius	Bjarne Holmqvist	Voluntary
Handskmakarn	1998-08-11	Per Thelin	Håkan Vilén	Forced
Haldex	2004-11-12	Joakim Olsson	Claes Warnander	Voluntary
Hebi Health Care	1995-12-22	Tomas Näslund	Kurt Hansson	Forced
Hennes & Mauritz	1998-03-27	Fabian Månsson	Stefan Persson	Voluntary
	2000-03-23	Rolf Eriksen	Fabian Månsson	Voluntary
Hexagon	1999-12-21	Ola Rollén	Börje Andersson	Voluntary
HiQ International	2000-02-02	Lars Stugemo	Ken Gerhardsen	Voluntary
HL Display	2005-12-20	Gérard Dubuy	Anders Remius	Voluntary
Hoist	2000-05-26	Peter Buttenschön	Staffan Tjus	Voluntary
	2003-06-02	Staffan Tjus	Peter Buttenschön	Voluntary
Holmen	1999-06-21	Per Ericsson	Bengt Pettersson	Voluntary
	2001-11-09	Göran Lundin	Per Ericsson	Forced
	2004-02-03	Magnus Hall	Göran Lundin	Voluntary
Home Properties	2004-06-08	Clas Hjorth	Olle Persson	Forced
HQ	1995-02-22	Stefan Dahlbo	Jonas Wahlström	Forced
	2001-11-20	Patrik Enblad	Anders Böös	Voluntary
Hufvudstaden	1997-01-24	Thomas Billing	Olof Agri	Voluntary
	1999-01-12	Ivo Stopner	Tomas Billing	Voluntary
Human Care	2004-01-19	Anders Rothstein	Per Nilsson	Voluntary
	2007-03-21	Peter Lindquist	Anders Rothstein	Voluntary
Höganäs	2004-11-26	Alrik Danielson	Claes Lindqvist	Voluntary
IBS	2002-03-23	Magnus Wastenson	Staffan Ahlberg	Voluntary
	2006-02-14	Erik Heilborn	Magnus Wastenson	Voluntary
IFS	2003-01-15	Mikael Hallén	Bengt Nilsson	Voluntary
	2006-01-17	Alastair Sorbie	Michael Hallén	Forced
IMS Data	1997-08-13	Claes Hoffmann	Anders Nohrborg	Voluntary
	1998-01-08	Anders Nohrborg	Claes Hoffman	Voluntary
Industrivärden	2000-05-05	Anders Nyrén	Clas Reuterskiöld	Forced
Intellecta	2002-10-22	Per Granath	Lars Fredrikson	Voluntary
	2006-02-16	Richard Ohlson	Per Granath	Voluntary
Intentia International	2004-03-05	Bertrand Sciard	Björn Algvist	Voluntary
Intrum Justitia	2002-12-17	Jan Roxendal	Peter Sjunnesson	Voluntary
InWarehouse	2001-10-09	Johan Dåderman	Ulf Hermansson	Forced
InWarehouse	2006-02-06	Tommy Sundström	Johan Dåderman	Voluntary
	2006-10-31	Niclas Heurlin	Tommy Sundström	Voluntary
Investor	1999-02-11	Marcus Wallenberg	Claes Dahlbäck	Voluntary
	2005-04-11	Börje Ekholm	Marcus Wallenberg	Voluntary
Invik	1998-12-18	Stig Nordin	Mikael Holmberg	Voluntary
	2001-02-26	Thomas Jönsson	Stig Nordin	Voluntary
	2002-12-10	Anders Fällman	Thomas Jönsson	Voluntary
J & C Group	2002-07-12	Thommy Nilsson	Claes Hagberg	Voluntary
Jeeves Information Systems	2000-10-04	Assar Bolin	Björn Appelgren	Voluntary
	2002-05-22	Nicolas Ehrling	Assar Bolin	Voluntary
	2007-01-15	Bengt-Åke Ålgevik	Nicolas Ehrling	Forced
JLT Mobile Computers	1999-02-19	David Nicander	Uno Kraft	Voluntary
	2002-09-30	Jan Olofsson	David Nicander	Voluntary
JM	1995-09-28	Carl Eric Ståhlberg	Sven Larsson	Voluntary
	2002-09-19	Johan Skoglund	Carl Eric Ståhlberg	Voluntary
JP Bank	1996-02-22	Ante Nilsson	Göran Larsson	Forced
	1998-12-19	Björn Ersman	Ante Nilsson	Voluntary
J&W	1996-08-05	Ruben Aronsson	Bengt Levin	Voluntary
	1998-04-18	Bo Halvarsson	Ruben Aronsson	Forced
KABE Husvagnar	1995-06-30	Alf Ekström	Kurt Blomquist	Voluntary
Kalmar Industries	1998-12-05	Christer Granskog	Jonas Svantesson	Forced

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
Kanthal	1996-05-15	Ola Rollén	Peter Larsson	Voluntary
Karo Bio	2000-02-01	Torben Jørgensen	Per-Olof Mårtensson	Voluntary
	2001-04-24	Björn O Nilsson	Torben Jørgensen	Other
	2005-03-09	Per-Olof Wallström	Björn O Nilsson	Voluntary
Karlshamns	2000-05-26	Jerker Hartwall	Anders Träff	Forced
Kinnevik	1999-05-18	Vigo Carlund	Stig Nordin	Voluntary
	2006-03-13	Mia Brunell	Vigo Carlund	Voluntary
Kjessler & Mannerstråle	1998-08-13	Christer Samuelsson	Anders Alvemo	Forced
Klippan	1996-04-25	Hans Helmfrid	Kay Frödin	Voluntary
	2000-01-21	Bengt Östenson	Hans Helmfrid	Forced
	2003-10-23	Ragnar Quarnström	Bengt Östenson	Forced
	2004-12-02	Thomas Billing	Ragnar Quarnström	Other
Klövern	1995-02-22	Lars Sköld	Ronald Magnusson	Voluntary
	2001-06-12	Ole Oftedal	Göran Wågström	Forced
	2002-05-02	Gustav Hermelin	Ole Oftedal	Voluntary
KMT Group	2002-08-30	Lars Bergström	Björn Kumlin	Voluntary
Know IT	2000-03-07	Ingrid Engström	Carl Emil Sundberg	Voluntary
	2003-04-10	Anders Nilsson	Ingrid Engström	Voluntary
Kungsleden	2006-06-19	Thomas Erséus	Jens Engwall	Voluntary
Labs2 Group	2000-12-06	Christian Ekström	Björn Persson	Voluntary
	2001-11-26	Anders Ericsson	Christian Ekström	Voluntary
	2002-11-18	Jonas Birgersson	Anders Eriksson	Voluntary
Lagercrantz Group	2004-05-11	Per Ikov	Jan Friis	Voluntary
	2006-01-25	Jörgen Wigh	Per Ikov	Voluntary
Latour	2002-12-05	Jan Svensson	Göran Wirenstram	Voluntary
LB Icon	1999-09-02	Ulf Dahlsten	Franco Fedeli	Forced
	2001-01-25	Rens Buchwaldt	Ulf Dahlsten	Forced
	2002-03-05	Robert Pickering	Rens Buchwaldt	Voluntary
LC-Tec Holding	2001-01-15	Lars-Olof Norell	Niclas Cranér	Other
Ledstiernan	1997-09-22	Stig Gustafsson	Ian Wachmeister	Voluntary
	1999-01-08	Ian Wachmeister	Stig Gustafsson	Voluntary
Ledstiernan	2001-11-29	Ian Wachmeister	Peter Sjödal	Other
	2005-06-14	Alf Blomqvist	Johan Wachmeister	Voluntary
LGP Allgon	2002-01-31	Bengt Broman	Mikael Gottschlich	Voluntary
LifeAssays	2002-07-02	Susanne Nykvist	Martin Kullman	Voluntary
	2004-03-12	Dario Kriz	Susanne Nykvist	Voluntary
Lindex	2001-03-09	Jörgen Johansson	Hans Johansson	Forced
	2004-03-09	Göran Bille	Jörgen Johansson	Forced
Linjebuss	1996-09-06	Kurt Jofs	Ole Oftedal	Voluntary
Lundin Petroleum	1998-05-08	Ian Lundin	Magnus Nordin	Voluntary
Mandator	1997-12-19	Niklas Flyborg	Lars O Pettersson	Voluntary
	2005-11-14	Anders Velander	Niklas Flyborg	Voluntary
	2006-06-01	Katarina Mellström	Anders Velander	Voluntary
Mandamus	2002-12-30	Anders Silvergåge	Anders Johansson	Forced
Matteus	1995-06-27	Michael Wikberg	Rickard Björklund	Voluntary
	1997-04-24	Rickard Björklund	Michael Wikberg	Forced
	1999-11-10	Johan Dahlgren	Rickard Björklund	Forced
Meda	1996-12-05	Göran Petterson	Bert Ringholm	Other
	1999-09-16	Anders Lönner	Göran Petterson	Other
MediRox	2001-08-10	Mats Rånby	Jan Pilebjer	Voluntary
	2002-01-28	Lars Olsson	Mats Rånby	Forced
Medivir	2002-12-20	Bo Öberg	Jonas Frick	Voluntary
	2003-01-31	Lars Adlersson	Bo Öberg	Voluntary
Mekonomen	2006-11-06	Håkan Lundstedt	Owe Andersson	Voluntary
Micro Systemation	2002-06-24	Joel Bollö	Henrik Tjernberg	Voluntary
Micronic Laser Systems	2000-12-21	Sven Löfquist	Bert Jeppson	Voluntary

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
Midelfart Sonesson	2000-12-19	Gred Dingizian	Fredrik Herslow	Voluntary
	2002-03-06	Anders Sjöholm	Greg Dingizian	Voluntary
	2003-08-12	Bo Håkansson	Anders Sjöholm	Forced
	2005-03-18	Lennart Nylander	Bo Håkansson	Voluntary
Mind	2001-01-12	Hans Hasselgren	Jörgen Larsson	Voluntary
MiniDoc	2002-09-25	Per Egeberg	James J Conklin	Forced
Mobyson	2003-08-05	Tommy Jensen	Michael Freudenthal	Voluntary
	2003-12-23	Ove Kristensen	Tommy Jensen	Voluntary
	2005-05-31	Michael Freudenthal	Ove Kristensen	Voluntary
	2007-01-20	Bent Brugård	Michael Freudenthal	Voluntary
Modul 1	2000-04-12	Tommy Collin	Torsten Möller	Voluntary
Modul 1	2002-01-31	Lars Lindtorp	Tommy Collin	Voluntary
	2003-04-16	Christer Bergquist	Lars Lindtorp	Voluntary
	2005-10-03	Peter Wranéus	Christer Bergquist	Forced
	2000-12-19	Björn Wallin	Jörn Lyseggen	Forced
Mogul	1996-03-28	Salvatore Grimaldi	Kurt Agerup	Voluntary
Monark Stiga	2000-08-14	Hans Holger Albrecht	Pelle Törnberg	Voluntary
Modern Times Group	2000-05-03	Jonathan Nilsson	Helge Tiainen	Voluntary
MultiQ International	2002-04-19	Jonas Wästberg	Jonathan Nilsson	Voluntary
	2006-03-10	Thomas Keifer	Jonas Wästberg	Voluntary
	2000-03-27	Per Rodert	Roft Ekedahl	Forced
	2006-05-23	Lars Engström	Jonas Samuelsson	Voluntary
Munksjö	1999-05-21	Håkan Karlsson	Gunnar Calais	Voluntary
Måldata	2001-02-13	Alf Göransson	Jan Sjöqvist	Forced
NCC	2006-11-13	Olle Ehrlén	Alf Göransson	Voluntary
Nea	1997-03-05	Hans Hallin	Johan Broberg	Other
NeoNet	2003-10-07	Torkel Segerstedt	Torvald Bohlin	Voluntary
Neonet	2003-10-10	Staffan Persson	Torkel Segerstedt	Voluntary
	2003-12-10	Simon Nathanson	Staffan Persson	Voluntary
	2001-08-14	Tomas Duffy	Bengt Olsson	Voluntary
	2006-01-16	Fredrik Trägårdh	Tomas Duffy	Voluntary
Netwise	2002-05-22	Thomas Gluck tf	Karl Hulteberg	Voluntary
	2003-03-21	Anders Whalström	Thomas Gluck tf	Voluntary
	2006-06-08	Annikki Schaeferdiek	Anders Whalström	Voluntary
	2005-12-13	Sverker Littorin	Claes Friberg	Voluntary
New Science Svenska	2007-03-29	Göran Härstedt	Torsten Jansson	Voluntary
New Wave Group	2001-11-16	Claes af Wetterstedt	Bo Sternbrink	Voluntary
	2002-05-02	Claes-Göran Nilsson	Claes af Wetterstedt	Voluntary
	2004-05-07	John Hannover	Claes-Göran Nilsson	Voluntary
	2006-10-19	Stefan Tingström	John Hannover	Voluntary
Nobel Biocare	2001-08-20	Heliane Canepa	Jack Forsgren	Forced
	2007-06-30	Domenico Scala	Heliane Canepa	Voluntary
	2000-06-05	Tomas Nygren	Anders Jonsson	Voluntary
	2001-06-11	Stefan Skarin	Tomas Nygren	Voluntary
Nocom	2006-04-27	Stefan Ström	Stefan Skarin	Voluntary
	1998-09-28	Tomas Sjölin	Krister Jorlén	Voluntary
	2003-02-28	Georg Brunstam	Tomas Sjölin	Voluntary
	2007-07-24	Hans Porat	Georg Brunstam	Voluntary
Nordea Bank	2000-03-06	Thorleif Krarup	Hans Dalborg	Voluntary
	2002-08-26	Lars G Nordström	Thorleif Krarup	Voluntary
	2006-11-29	Christian Clausen	Larg G Nordström	Voluntary
	2001-02-27	Per Wiberg	Gunnar Forsberg	Voluntary
Nordic Service Partners	2002-12-11	Pär-Ola Mannefred	Per Wiberg	Voluntary
	2004-09-24	Bo Madsen	Pär-Ola Mannefred	Voluntary
	1995-08-16	Tomas Isaksson	Mats Ljunggren	Voluntary
	1999-09-07	Lars Axelsson	Stefan Sårdh	Voluntary

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
Nordström & Thulin	1996-02-27	Anders Berg	Roland Bergman	Voluntary
	2005-05-25	Kjell-Åke Andersson	Erik Stenfors	Voluntary
	2005-09-15	Arne Forslund	Kjell-Åke Andersson	Voluntary
	2002-10-23	Hans Svensson tf	Mats Lundmark	Forced
NovaCast Technologies	2002-12-05	Peter Ekelund	Nils Bengtsson	Voluntary
Novestra	2006-07-22	Johan Heijbel	Peter Ekelund	Voluntary
	2006-05-11	Tobias Antius	Göran Andersson	Voluntary
	2001-01-23	Tomas Pileby	Kåre Lindahl	Voluntary
	2002-04-12	Sven Ek	Thomas Pileby	Voluntary
Novotek	2002-05-25	Patrik Lundström tf	Sven Ek	Voluntary
	1999-11-09	Jörgen Zahlin	Agne Svedberg	Voluntary
	1996-03-12	Per E Larsson	Olof Stenhammar	Voluntary
	2003-05-20	Magnus Böcker	Per E Larsson	Forced
Obducat	2004-12-23	Rolf Hasselström	Sven G Oskarsson	Voluntary
Opcon	2001-10-05	Sven Schelin	Mats Friberg	Voluntary
	2001-06-11	Fredrik Olsson	Bror Anders Månsson	Voluntary
	2004-09-13	Jonas Lindström	Nils Nilsson	Voluntary
	2006-09-20	Thomas Bill	Jonas Lindström	Voluntary
Optimum Optik	1997-04-24	Sören Olofsson	Akbar Seddigh	Voluntary
	1998-08-03	Akbar Seddigh	Sören Olofsson	Forced
	1999-06-28	Claes Stenlander	Akbar Seddigh	Voluntary
	2004-10-21	Mikael Stringlund	Claes Stenlander	Forced
OptiMail	2006-10-11	Fredrik Malmberg	John Fällström	Voluntary
Orc Software	1998-11-02	Mikael Jonsson	Michael McGovern	Other
	2004-12-23	Johan Waxberg	Pelle Hjortblad	Voluntary
	2005-07-25	Lars Ekstedt	Johan Waxberg	Forced
	2006-11-09	Per Sunnemark	Lars Ekstedt	Voluntary
Ortivus	1996-05-14	Mats Paulsson	Lars Persson	Other
	2002-09-26	Leland G Foster	Mats Fischier	Voluntary
	2000-11-10	Raimo Issal	Michael Boris-Möller	Forced
	2003-11-26	Göran Bernhoff	Raimo Issal	Voluntary
Paradox Entertainment	2005-04-19	Anthony Sturuss	Göran Bernhoff	Voluntary
	1997-01-25	Åke Fredriksson	Gösta Wiking	Voluntary
	2003-05-28	Rickard Von Horn	Carl Schneider	Voluntary
	2006-12-01	Henric Wiklund	Ricard von Horn	Voluntary
PartnerTech	1998-03-24	Birger von Hall	Claes Levin	Other
Paynova	1996-01-10	Fredrik Arp	Rolf Börjesson	Voluntary
	2000-01-29	Mats Edlund	Björn Öräs	Voluntary
	2003-09-01	Erik Strand	Mats Edlund	Forced
	2007-06-14	Jonas Eriksson	Erik Strand	Voluntary
Peab	2005-01-12	Christer Johansson	Gerry Saglind	Voluntary
	2001-06-21	Christer Bergman	Peter Höjerback	Forced
	2006-07-20	Thomas Marschall	Christer Bergman	Voluntary
	1999-09-17	Jonas Wiström	Göran Lundin	Voluntary
Perbio Science	2002-08-21	Anders Englund	Jonas Wiström	Voluntary
	2007-10-30	Mats Lundberg	Anders Englund	Voluntary
	1998-01-07	Thomas Landberg	Erik Danielsson	Voluntary
	2000-02-24	Britt Sandberg	Thomas Landberg	Voluntary
Pergo	2001-05-09	Jan Forssjö	Britt Sandberg	Voluntary
	1999-08-18	Henrik Holm	Ulk Zetterberg	Voluntary
	2003-09-29	Peter Zakrisson	Monica Wallter	Voluntary
	2007-06-13	Michael Oredsson	Peter Zakrisson	Voluntary
Phonera	2005-06-28	Lars Wahlström	Alf Johansson	Voluntary
	2002-02-04	Nils Arthur	Lars Johansson	Voluntary
	1999-10-05	Gunnar Meller	Rolf Hilding	Voluntary
	2001-11-01	Rey Langels	Christer Bergquist	Forced
Platzer	1998-03-24	Birger von Hall	Claes Levin	Other
PLM	1996-01-10	Fredrik Arp	Rolf Börjesson	Voluntary
Poolia	2000-01-29	Mats Edlund	Björn Öräs	Voluntary
	2003-09-01	Erik Strand	Mats Edlund	Forced
	2007-06-14	Jonas Eriksson	Erik Strand	Voluntary
	2005-01-12	Christer Johansson	Gerry Saglind	Voluntary
Precio Systemutveckling	2001-06-21	Christer Bergman	Peter Höjerback	Forced
Precise Biometrics	2006-07-20	Thomas Marschall	Christer Bergman	Voluntary
	1999-09-17	Jonas Wiström	Göran Lundin	Voluntary
	2002-08-21	Anders Englund	Jonas Wiström	Voluntary
	2007-10-30	Mats Lundberg	Anders Englund	Voluntary
Prevas	1998-01-07	Thomas Landberg	Erik Danielsson	Voluntary
	2000-02-24	Britt Sandberg	Thomas Landberg	Voluntary
	2001-05-09	Jan Forssjö	Britt Sandberg	Voluntary
	1999-08-18	Henrik Holm	Ulk Zetterberg	Voluntary
Proact IT Group	2003-09-29	Peter Zakrisson	Monica Wallter	Voluntary
	2007-06-13	Michael Oredsson	Peter Zakrisson	Voluntary
	2005-06-28	Lars Wahlström	Alf Johansson	Voluntary
	2002-02-04	Nils Arthur	Lars Johansson	Voluntary
Probi	1999-10-05	Gunnar Meller	Rolf Hilding	Voluntary
Proffice	2001-11-01	Rey Langels	Christer Bergquist	Forced
ProfilGruppen	1999-10-05	Gunnar Meller	Rolf Hilding	Voluntary
Pronyx	1999-10-05	Gunnar Meller	Rolf Hilding	Voluntary
Prosolutions	2001-11-01	Rey Langels	Christer Bergquist	Forced

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
Provobis	1996-08-30	Uwe Löffler	Rolf Lundström	Voluntary
Q-Med	2001-06-15	Bengt Ågerup	Per-Olof Wallström	Voluntary
Ratos	1998-05-28	Arne Carlsson	Urban Jansson	Voluntary
Realia	1995-04-04	Peter Möller	Anders Lövgren	Other
	1997-05-05	Sven-Arne Friberg	Peter Möller	Forced
	2002-04-23	Sven-Arne Friberg	Joakim Bierfeldt	Voluntary
	2003-07-09	Tomas Hopkins	Sven-Arne Friberg	Voluntary
Rederi AB Transatlantic Resco	2003-02-23	Håkan Larsson	Folke Patriksson	Voluntary
	1999-10-28	Torstein Johansen	Kjell Jacobsson	Voluntary
	2000-10-31	Kjell Jacobsson	Torstein Johansen	Voluntary
Retail and Brands	2001-09-25	Christel Kinning	Lars Tollemark	Voluntary
	2003-06-27	Mikael Solberg	Christel Kinning	Forced
RKS	2000-02-17	Ingemar Söderling	Sten Marthinsson	Voluntary
	2003-07-04	Jan Andersson	Ingemar Söderlind	Voluntary
Rottneros	1999-06-18	Lars Blecko	Jaroslav Havlicek	Other
R-vik Industrigrupp	1998-02-24	Jan Ove Forsell	Våge Svensson	Other
Rörvik Timber	2000-03-13	Erik Suudblad	Helge Sjöberg	Voluntary
	2001-11-27	Rolf Ekedahl	Thomas Asplund	Voluntary
	2004-04-06	Johan Hansen	Rolf Ekedahl	Voluntary
Rörvik Timber	2006-05-24	Per Rodert	Johan Hansen	Voluntary
Saab	2003-01-17	Åke Svensson	Bengt Halse	Voluntary
Salus Ansvar	2001-04-25	Viggö Östlund	Staffan Blomberg	Voluntary
	2007-10-31	Lennart Krän	Viggö Östlund	Forced
Sandvik	2002-01-16	Lars pettersson	Clas Åke Hedström	Voluntary
Sardus	2005-11-30	Per Strömberg	Ragnar Bringert	Voluntary
	2007-05-11	Christer Åberg	Per Strömberg	Voluntary
SAS	2001-11-23	Jörgen Lindegaard	Jan Stenberg	Forced
	2006-10-16	Mats Jansson	Jörgen Lindegaard	Voluntary
Sapa	1998-11-12	Staffan Bohman	Lars Westerberg	Voluntary
	2004-04-15	Kåre Wetterberg	Staffan Bohman	Voluntary
	2005-01-25	Dag Opedal	Finn Jebesen	Forced
SCA	2001-12-19	Jan Åström	Sverker Martin-Löf	Voluntary
Scandiaconsult	1997-09-02	Kristina Larsson-Götzén	Olof Hulthén	Forced
Scancem	1998-10-14	Bo Jacobsson	Sven Ohlsson	Forced
ScanMining	2002-04-24	Michael Nilsson	Kjell Moreborg	Voluntary
	2005-01-09	Olle Widingsson	Michael Nilsson	Forced
	2007-01-19	Jan Pettersson	Olle Widingsson	Voluntary
Scribona	2000-03-21	Lennart Svantesson	Örjan Håkansson	Voluntary
	2003-02-20	Tom Ekevall Larsen	Lennart Svantesson	Voluntary
	2006-12-20	Fredrik Berglund	Tom Ekevall Larsen	Forced
SEB	1997-03-18	Jacob Wallenberg	Björn Svedberg	Voluntary
	2004-12-15	Annika Falkengren	Lars H Thunell	Voluntary
Seco Tools	1999-08-10	Håkan Bergström	Jan Erik Forsgren	Voluntary
	2004-04-27	Kai Wärn	Lars Renström	Voluntary
Securitas Direct	2006-09-31	Alf Göransson	Thomas Berglund	Forced
Segerström & Svensson	1997-04-11	Staffan Jemdahl	Magnus Norman	Voluntary
	1999-02-16	Kurt Jofs	Staffan Jemdahl	Voluntary
Semcon	2006-05-17	Lars-Inge Sjöqvist	Hans Johansson	Voluntary
	2006-06-15	Henrik Sund	Lars-Inge Sjöqvist	Voluntary
Senea	1997-02-18	Christer Carlsson	Nils Jonsson	Forced
	2003-12-23	Bengt Sundling	Annette Brodin Rampe	Forced
	2000-07-20	Anette Brodin Rampe	Christer Carlsson	Voluntary
Sensys Traffic	2001-11-09	Anders Norling	Åke Sandlund	Forced
	2006-08-10	Harry Vasanen	Anders Norling	Voluntary
SHB	2001-04-24	Lars O Grönstedt	Arne Mårtensson	Voluntary
	2005-09-27	Pär Boman	Lars O Grönstedt	Voluntary

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Siab	1995-03-27	Peter Augustsson	Mauritz Sahlin	Other
Sifab	1997-11-13	Rune Larsson	Kent Gravesen	Forced
Sigma	1997-08-28	Dan Oloffsson	Bernt Sjögren	Voluntary
SinterCast	2002-05-15	Steve Dawson	Bertil Hagman	Voluntary
Skanditek	1999-04-09	Patrik Tigerschiöld	Anki Forsberg	Voluntary
Skandia	1996-09-27	Lars-Eric Pettersson	Björn Wolrath	Voluntary
	2003-04-16	Leif Victorin tf	Lars-Eric Pettersson	Forced
	2003-11-14	Hans-Erik Andersson	Leif Victorin tf	Voluntary
	2006-02-14	Julian Roberts	Hans-Erik Andersson	Forced
Skanska	1997-04-15	Claes Björk	Melker Schörling	Voluntary
	2002-09-12	Stuart Graham	Claes Björk	Forced
SKF	1995-02-24	Peter Augustsson	Mauritz Sahlin	Voluntary
	1998-08-14	Sune Carlsson	Peter Augustsson	Forced
SkiStar	2002-08-09	Mats Årjes	Thorvald Sverdrup	Voluntary
SkyCom	2001-12-28	Viktor Pansell	Mikel Jannert	Voluntary
SkyCom	2003-03-24	Mats Löfgren	Viktor Pansell	Forced
	2003-12-30	Leif Danielsson	Viktor Pansell	Voluntary
Smarteq	2002-04-02	Cyril Malm	Jonas Svensson	Voluntary
	2003-08-08	Sven-Erik Nilsson	Cyril Malm	Forced
	2006-02-24	Lars Ericson	Sven-Erik Nilsson	Voluntary
Softronic	2000-09-15	Marianne Arosenius	Anders Eriksson	Voluntary
	2001-06-28	Anders Eriksson	Marianne Arosenius	Voluntary
Solitair	1995-05-02	Niklas Lund	Todd E Chambers	Forced
	1998-01-17	Umberto Crespi	Niklas Lund	Forced
Song Networks Holding	2002-03-07	Tomas Franzén	Ivar Strömberg	Voluntary
Spectra Physics	1996-04-26	Lars Spångberg	Ulf J Johansson	Voluntary
Spira	1997-06-03	Bo Lundqvist	Ulf Hjalmarsson	Voluntary
SRAB Shipping	2003-02-20	Rolf Hollmén	Lars Swahn	Voluntary
SSAB	1997-10-24	Torsten Sandin	Leif Gustafsson	Voluntary
	2000-10-26	Anders Ullberg	Torsten Sandin	Voluntary
	2005-12-22	Olof Faxander	Anders Ullberg	Voluntary
Stadshypotek	1995-12-14	Bertil Åberg	Lars Wohlin	Forced
Stena Line	1998-06-26	Bo Severed	Bo Lerenius	Voluntary
Stille	2003-09-27	Thomas Axelsson tf	Peter Follin	Voluntary
	2004-04-23	Claes Stenlander	Peter Follin	Voluntary
Studsvik	2001-09-14	Hans-Bertil Håkansson	Carsten Olsson	Voluntary
	2005-07-12	Magnus Groth	Hans-Bertil Håkansson	Forced
Strålfors	1995-12-20	Bengt Borndalen	Göran Angesten	Voluntary
	1999-03-22	Per Samuelsson	Bengt Borndalen	Voluntary
Sweco	1999-12-13	Wigon Thuresson	Lars Hansson	Voluntary
	2006-10-24	Mats Wäppling	Wigon Thuresson	Voluntary
Svedala	2000-01-10	Alf Göransson	Thomas Oldér	Forced
Swedbank	1999-10-05	Göran Ahlström	Reinhold Geijer	Forced
	2003-12-12	Jan Lidén	Birgitta Hedberg	Voluntary
Svedbergs	1997-11-25	Lennart Mårtensson	Sune Svedberg	Voluntary
	1999-03-08	Sune Svedberg	Lennart Mårtensson	Voluntary
	2000-04-19	Lars Svensson	Sune Svedberg	Voluntary
	2002-11-11	Jörgen Ekdahl	Lars Svensson	Voluntary
Swedish Match	1998-08-10	Lennart Sundén	Göran Lindén	Voluntary
	2004-03-19	Sven Hindrikes	Lennart Sundén	Forced
Svenska Orient Linien	2000-05-04	Hans Ericson	Kent Flodberg	Voluntary
Svensk fastighetsfond	2001-11-27	Claes Engman	Peter Fischer	Voluntary
SwitchCore	2001-08-24	Henric Isacsson	Per Andersson	Forced
	2005-12-21	Erwin Leichtle	Henric Isacsson	Voluntary
Sydskraft	1997-12-01	Lars Frithiof	Göran Ahlström	Voluntary
Syrico	2001-10-12	Jean Matti	Mikael Ohlén	Forced

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Tatura	2001-11-08	Lars af Hällström	Olof Hermelin	Voluntary
	2003-06-10	Sverker Lundqvist	Lars af Hällström	Forced
	2005-09-09	Hans Dahlin	Mats Olsson	Other
	2007-05-31	Urban Trolle	Hans Dahlin	Voluntary
Technology Nexus	2005-01-28	Christina Detlefsen	Mikael Jacobsson	Voluntary
	2006-07-14	Peter Gille	Christina Detlefsen	Voluntary
Tele2	1996-09-26	Anders Björkman	Håkan Ledia	Voluntary
	1999-03-23	Lars-Johan Jarnheimer	Anders Björkman	Voluntary
Teleca	2001-12-10	Nick Stammers	Dan Olofsson	Voluntary
	2004-05-19	Dag Sundström	Nick Stammers	Voluntary
	2006-04-11	René Svedsen-Tune	Dag Sundström	Voluntary
TeliaSonera	2000-10-11	Marianne Nivert	Jan-Åke Kark	Voluntary
	2002-04-08	Anders Igel	Marianne Nivert	Voluntary
Teligent	1999-12-20	Krister Skålberg	Ulf Lindstén	Voluntary
	2002-05-06	Ulf Lindstén	Krister Skålberg	Forced
	2005-08-23	Pekka Peltola	Ulf Lindstén	Voluntary
	2006-01-16	Tomas Duffy	Ulf Lindstén	Voluntary
Thalamus Networks	2002-05-08	Jan Norman	Jan Tideli	Voluntary
	2004-05-25	Pär-Ola Andersson	Jan Norman	Voluntary
	2005-12-12	Fredrich Dahlman	Pär-Ola Andersson	Forced
	2007-04-10	Kristina Englund	Fredrich Dahlman	Voluntary
Ticket Travel	2000-05-23	Dag Tveterås	Anders Holst	Voluntary
	2002-10-30	Mats Frid	Dag Tveterås	Voluntary
Tivox	2003-06-10	Lennart Käll	Mats Frid	Forced
	1999-03-24	Rolf Axelsson	Brivio Thörner	Voluntary
	2003-10-15	Mats Ivarsson	Rolf Axelsson	Forced
	2005-01-17	Jan Orest	Mats Ivarsson	Voluntary
Traction	2001-08-14	Petter Stillström	Bengt Stillström	Voluntary
TradeDoubler	2007-01-26	William Cooper	Martin Henricson	Voluntary
Trelleborg	1999-02-05	Fredrik Arp	Kjell Nilsson	Forced
	2005-06-09	Peter Nilsson	Fredrik Arp	Voluntary
Tricorona	1996-02-05	Paul Hammargren	Tore Hallberg	Voluntary
	2003-06-18	Björn Grufman	Paul Hammargren	Forced
	2006-10-27	Niels von Zweigbergk	Björn Grufman	Voluntary
Trio	2001-01-25	Sverker Hannervall	Anders Berg	Forced
	2004-01-07	Michael Stubbing tf	Sverker Hannervall	Voluntary
	2004-05-07	Anders Leideman	Michael Stubbing	Voluntary
Trustor	1995-12-28	Per-Olov Norberg	Carl-Gunnar Olson	Voluntary
	1997-05-20	Lindsay Smallbone	Per-Olov Norberg	Other
TurnIT	2001-09-12	Kent Karlsson	Peter Enström	Forced
TV 4	1998-05-18	Torbjörn Larsson	Christer Forsström	Forced
	2001-11-08	Jan Scherman	Thorbjörn Larsson	Voluntary
United Tankers	1996-06-03	Lennart Simonsson	Buster Hultman	Forced
Utfors	2002-12-18	Björn Johan Flakstad	Jan Werne	Forced
VBG Group	2001-01-01	Anders Birgersson	Richard Persson	Forced
Wedins Skor & Accessoarer	2004-11-11	Ingrid Osmundsen	Roland Nilsson	Voluntary
	2006-06-06	Per Thelin	Hans Johansson	Voluntary
Ven Cap Industrier	1995-04-26	Salvatore Grimaldi	Lars Kärvang	Forced
Verimation	1997-06-13	Magnus Johansson	Magnus Warbert	Voluntary
Westergyllen	2000-04-27	Göran Brorson	Sture Öster	Voluntary
Wihlborgs	1996-02-12	Bengt Madsen	Bo Forsén	Forced
Vitrolife	2003-01-03	Magnus Nilsson	Peter Svalander	Voluntary
VLT	1996-08-27	Lennart Foss	Anders H Pers	Voluntary
WM-Data	1997-02-17	Lars Harrysson	Tord Wilke	Voluntary
Volvo	2001-03-12	Crister Stjernfelt	Lars Harrysson	Voluntary
	1997-01-27	Leif Johansson	Sören Gyll	Voluntary

Company	Date of Change	Appointed CEO	Departing CEO	Turnover Reason
XANO Industri	2003-02-07	Sune Lantz	Thord Johansson	Voluntary
XPonCard Group	1997-04-18	Tomas Salzmann	Magnus Ehrensträhle	Forced
Zodiak Television	2001-06-06	Niklas Nyman	Ted Connolly	Voluntary
	2003-04-15	Patrik Svensk	Olle Langenius	Voluntary
Ängpanneföreningen Öresund	2002-06-27	Jonas Wiström	Gunnar Grönkvist	Voluntary
	2007-01-13	Stefan Dahlbo	Mats Qviberg	Voluntary

3. Industry Sector Categorization

The Energy sector comprises companies whose businesses are dominated by either of the following activities: the construction or provisioning of oil rigs, drilling equipment and other energy related services and equipment, including seismic data collection. Companies engaged in the exploration, production, marketing, refining and/or transportation of oil and gas products, coal and other consumable fuels.

The Materials sector encompasses a wide range of commodity-related manufacturing industries. Included in this sector are companies that manufacture chemicals, construction materials, glass, paper, forest products and related packaging products, and metals, minerals and mining companies, including producers of steel.

The Industrials sector includes companies in which business is dominated by one of the following activities: the manufacture and distribution of capital goods, including aerospace & defense, construction, engineering & building products, electrical equipment and industrial machinery. Commercial services and supplies include printing, employment, environmental and office services. Transportation services include airlines, couriers, marine, road and rail and transportation infrastructure.

The Consumer Discretionary sector encompasses those industries that tend to be the most sensitive to economic cycles. The manufacturing segment includes automotive, household durable goods, textiles & apparel and leisure equipment. The services segment includes hotels, restaurants and other leisure facilities, media production and services, and consumer retailing and services.

The Consumer Staples sector comprises companies whose businesses are less sensitive to economic cycles. It includes manufacturers and distributors of food, beverages and tobacco, and producers of non-durable household goods and personal products. It also includes food & drug retailing companies as well as hypermarkets and consumer super centers.

The Health Care sector encompasses two main industry groups. The first includes companies that manufacture healthcare equipment and supplies or provide healthcare related services, such as distributors of healthcare products, providers of basic healthcare services, and owners and operators of healthcare facilities and organizations. The second group includes companies primarily involved in the research, development, production and marketing of pharmaceuticals and biotechnology products.

The Financials sector contains companies involved in activities such as banking, mortgage finance, consumer finance, specialized finance, investment banking and brokerage, asset management and custody, corporate lending, insurance, financial investment and real estate including REITs.

The Information Technology sector covers the following general areas: technology software & services, including companies that primarily develop software in various fields such as the internet, applications, systems, database management and/or home entertainment, and companies that provide information technology consulting and services, as well as data processing and

outsourced services; technology hardware & equipment, including manufacturers and distributors of communications equipment, computers & peripherals, electronic equipment and related instruments; and semiconductors & semiconductor equipment manufacturers.

The Telecommunications Services sector contains companies that provide communications services primarily through a fixed-line, cellular, wireless, high bandwidth and/or fiber optic cable network.

The Utilities sector encompasses companies considered electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power.