

CEO succession and new-firm performance: Does CEO origin matter?*

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Abstract

This study explores the impact of CEO succession on firm performance in new firms, using a dataset of Japanese firms for the period 2003-2013. Firms with experience in CEO succession are more likely to achieve higher sales growth than those without it. More specifically, such firms have superior growth performance a few years after CEO succession. In addition, this study distinguishes between the types of CEO succession, according to the origin of the successors of founder-CEOs (e.g., family, internal employee, and outside). We identify how the CEO origin matters for the performance of new firms when controlling for individual characteristics of founder-CEOs and their successors. The implications from managerial and policy perspectives are discussed based on the findings.

Keywords: New firm, CEO succession, CEO origin, firm growth, family firm, Japan.