**Governance with Multiple Firm Objectives: Evidence from Top Executive Turnover in China**

**JCF, Chang and Wong (2009)**

**Research Question:**

This study examines the turnover-performance links in China’s listed firms where the majority of their controlling shareholders are state-owned shareholders.

**Data sources**

We base our study on all firms listed by the Shanghai and Shenzhen Stock Exchanges from 1995 to 2000. For each firm, we obtain data on CEO turnovers from the China Corporate Governance Research Database (CCGRD) developed by GTA Information Technology Co.

Our search for the destination of departing CEOs is based on five data sources: the annual reports of firms, Infobank’s China Economic News Database, Infobank’s China’s Listed Firms Database, China’s

Listed Firms Database available at http://www. sina.com.cn, and Internet materials available at http://www.baidu.com.

* Table 1 documents the extent of turnover for all listed firms.
* Table 2 summarizes the distribution of turnovers across the stated reasons for our full and consolidated samples.
* Departing CEO information is reported in Table 3.

**Sample selection**

From 1995 to 2000, there are a total of 4,246 firm-year observations.

**Regression models**

We first estimate the baseline model for whole sample firms regardless their profitability conditions and then estimate the regressions for profit-making and loss-making firms separately.

Probability (Forced CEO turnover) = f (Performance, Control Variables) ……………… (1)

* Table 4 shows the regression results.

**Empirical results**

Descriptive statistics (for the merged dataset)

* Table 5 shows the summary statistics of the variables included in our model.
* Table 6 shows the average turnover rates as well as turnover rates by quartiles of performance for all sample firms, profit-making firms, and loss-making firms.

**Regression results on the determinants of turnovers**

* Table 7 reports the results of our six baseline models.
* Tables 8 and 9 report our estimates of turnover sensitivities to the performance of profit-making and loss-making samples respectively.
* Table 10 reports the implied probabilities of forced turnover based on estimates obtained from Tables 8 and 9.