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Abstract

This study investigates the impact of CEO turnover on earnings and asset quality during turnovers of CEO. We classify CEO turnover into three types: turnover in private-owned banks (POB), turnovers in government-owned banks (GOB) and turnovers as outcomes of mergers and acquisitions (M&As). Using findings based on the data of Taiwanese commercial banks, we demonstrate that the forcibly appointed CEOs exhibit big baths in earnings and asset quality, whereas the voluntarily appointed CEOs exhibit a big bath in earnings but not in asset quality. Compared with the CEO turnover in a POB, the appointed CEO in a GOB shows no big bath in either earnings or asset quality. Moreover, turnovers resulting from M&As do not induce big baths.

JEL Classification: C23, G21, G28, M41, M48



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