



IMPACT OF CEO POWER ON COMPANY PERFORMANCE

**A THESIS SUBMITTED IN PARTIAL FULFILMENT FOR THE DEGREE OF
DOCTOR OF BUSINESS ADMINISTRATION AT HENLEY BUSINESS SCHOOL**

BY

SAMSON AMEDU

HENLEY BUSINESS SCHOOL

UNIVERSITY OF READING

JANUARY 2016

SCHOOL OF MANAGEMENT

DECLARATION

I confirm that this is my own work and the use of all materials from other sources has been properly and fully acknowledged.

NAME: SAMSON AMEDU

DATE: 12 JANUARY, 2016

SIGNATURE:

ABSTRACT

This study examines the impact of CEO power (formal and informal) on company performance. Does a relationship exist between the CEO's power and the company's financial performance (share price performance, return on assets and Tobin's Q)?

Over the past decades considerable work has been conducted by several researchers and scholars in the field of finance, investment, economics and accounting to determine the factors that influence a firm's share price and value in the stock market. Recent debates shows that scholars are still limiting themselves and yet to look beyond the traditional factors and their fields of discipline to a broader perspective including other possible behavioural determinants of share price performance. This research goes beyond the traditionally known determinants to investigate the impact of CEO power on three performance measures in the stock market.

The research, a cross-sectional study employed both primary and secondary data. Using survey research design, the research utilised a questionnaire to collect data from 391 professionals (respondents) in the market. The questionnaire is comprised of two scales, one scale was adapted from existing published research (The Board Assessment instrument) by Dulewicz and Gay (1995) designed to measure the personal competencies of Directors and a CEO power dimension scale designed by the researcher to measure other aspect of personal power. Building on extant literature, the research model was built and tested seven hypotheses related to each of the key variables. Seven were supported for share price performance, four for ROA and one for Tobin's Q. Three hypotheses were not supported for ROA and six for Tobin's Q.

The empirical investigation involved the use of factor analysis, reliability, correlation and hierarchical regression analysis to establish the relationship between CEO power and three company performance measures. Overall, the results of this study reveal that when the possible effect of firm size was controlled for, CEO power has a significant positive effect on company financial performance as measured by share

price performance, ROA and Tobin's Q. These results support the theories of agency, entrepreneurial, institutional, resource based, leader life cycle and contingency. They results support theoretical explanations and views that powerful CEOs are more likely to be innovative, to give force and direction to corporate strategy thereby increasing entrepreneurialism, to take risky strategic decisions that generate an average higher profits for shareholders than are less powerfully positioned CEOs (Haleblian and Finkelstein, 1983; Adams et al., 2005; Fahlenbrach, 2009; Emdadul et al., 2013). In addition, ability power is good, structural power and ownership power are in general harmful at some level, but can be made benign through effective external monitoring by institutional investors or through regulations (Kim and Lu, 2008). Finally, the results proved robust to tests for possible endogeneity.

The research study made a key theoretical contribution to the literature in fields of organizational behaviour and finance as it brought together a new and comprehensive CEO power model and a new set of CEO competencies and power rating scales. The development of the CEO power model has helped to explain the relationship between the variables under investigation. It has also improved the understanding of the factors that influence company financial performance. The study clearly supports the work of other authors (such as Haleblian and Finkelstein, 1983; Adams et al., 2005, 2009, Boyatzis, 2007; Kim and Lu 2008, 2011; Martinez and Stohr, 2005; Fahlenbrach, 2009; Luo et al., 2012; Emdadul et al., 2013; Abebe and Alvarado, 2013) that CEO power affects company value. Additionally, the findings from the new CEO competencies rating scale and power dimension scale used in the study, were both supported by Dulewicz and Gay's (1995) and Dulewicz and Herbert's (1999) work.

Finally, the research made a unique contribution to knowledge and practice. Findings offer practical investment and portfolio strategies. Suggestions can be used for design and selection of stocks for equity portfolios. The findings of this strand of research suggest that based on available evidence superior returns can be made and wealth preserved in the long run in emerging markets like Nigeria. This offers support to Siganos (2012), Elze (2012) and Emdadul et al., (2013). This study made a distinctive contribution by using exclusively Nigerian data in an emerging market.

This thesis is dedicated to my heavenly Father

ACKNOWLEDGEMENTS

My great thank you goes to my two supervisors, Professor Victor Dulewicz and Dr. Carol Padgett for their keen interest in the research. To Victor Dulewicz this thesis owes its completion to his advice that served to ensure the focus of the research and timely completion. His guidance, relentless support and tremendous speed in giving feedback. To Carol Padgett whose insight, critical review and constructive advice kept me on my toes, thereby unearthing valuable information from literature on which this thesis is based. I am also grateful to Dr. Richard McBain, Dr. David Ewers and Dr. Ben Van Den Assem for their encouragement.

My family's support is my greatest asset. A special appreciation to my wife Felicia for her daily dose of encouragement and support, she took over the running of the home, giving me the opportunity to fulfil an age old ambition. To my children, Deborah, Isaac, Joshua and Joseph and my sisters who each in their own way provided support while I was away. I love you and do thank you. Special thanks also goes to my parents, brothers and sisters for all their support.

My profound gratitude also go to my colleagues at Henley Business School, particularly, Yetunde Anyanya for her strong support and encouragement. Many thanks is due to Dr. Claire Collins, Becky Kite and Louise Hiller, at the DBA Programme Office. Particular gratitude is reserved for Dr. Christiana Jemade and Adeyinka Adewale for their support and graciously providing a home for me in London and Reading. Finally, a very special thank you to my spiritual Fathers (my Pastors), my Chairman, Directors and colleagues at Alangrange Securities Limited including Mr. Ralph Osayameh for their strong support and keeping the front office. Particular gratitude goes to Nkechi Goodness Anyanwu for her support and help with typing some of my academic documents.

TABLE OF CONTENTS

ABSTRACT.....	2
ACKNOWLEDGEMENTS.....	5
TABLE OF CONTENTS.....	6
LIST OF TABLES.....	9
LIST OF FIGURES.....	10
1. INTRODUCTION.....	11
1.1 The Research.....	11
1.2 Aim of the Study.....	12
1.3 Overview of the Research.....	13
1.4 Central Research Question.....	14
1.5 Structure of the Thesis	16
1.6 Contribution of the Study.....	17
1.7 Personal Motivation.....	20
1.8 Summary.....	20
2. LITERATURE REVIEW.....	21
2.1 Introduction.....	21
2.2 Literature Review Process.....	21
2.3 Context for the Research.....	24
2.4 The Role of CEO power on firm Outcome.....	38
2.5 Firm Performance.....	43
2.6 CEO power and Share price performance factors.....	45
2.7 CEO Power and portfolio Management Strategies.....	55
2.8 Gaps in the Literature.....	58
2.9 Contribution to Research Model.....	62
2.10 Summary.....	65
3. CONCEPTUAL DEVELOPMENT OF MODEL.....	67
3.1 Introduction.....	67
3.2 Conceptual Perspectives.....	67
3.3 Concepts and their Relationships.....	84
3.4 Contextual Factors that shape CEO power.....	86
3.5 Theoretical Perspectives.....	89
3.6 Conceptual Development of the Model.....	99
3.7 Research Hypothesis Development.....	106
3.8 Summary.....	114
4. RESEARCH METHODOLOGY	115
4.1 Introduction.....	115
4.2 Nature of Research.....	115
4.3 Philosophical Background.....	116
4.4 Research Strategy and Philosophy.....	118
4.5 Research Process.....	122
4.6 Research Design.....	123
4.6.1 Sampling Design.....	123
4.6.2 Instrumentation or Measures.....	128
4.7 Research Procedure.....	130
4.7.1 Data Collection Method.....	130

4.7.2	Administration of Instrument.....	132
4.7.3	Data Analysis Process.....	133
4.7.4	Data Preparation.....	134
4.8	Methodological Limitations.....	137
4.9	Summary.....	137
5.	METHODS OF ANALYSIS.....	139
5.1	Introduction.....	139
5.2	Operationalisation of Measures.....	139
5.3	Exploratory Data Analysis	145
5.4	Methods of Analysis	145
5.5	Summary.....	160
6.	ANALYSIS AND FINDINGS.....	161
6.1	Introduction.....	161
6.2	Common Method Bias Statistics.....	161
6.3	CEO Power Descriptive Statistics.....	162
6.4	Correlation and Multi-collinearity Statistics.....	163
6.5	Hypothesis Testing.....	165
6.6	Model Testing	172
6.7	Test of Model Fit.....	175
6.8	Robustness Test.....	175
6.9	CEO Power Portfolio Performance.....	178
6.10	Summary of Key Findings.....	179
6.11	Summary	181
7.	DISCUSSION OF FINDINGS.....	182
7.1	Introduction.....	182
7.2	Discussion of the Findings in Context of Concepts and Theory	182
7.2.1	CEO Tenure.....	182
7.2.2	CEO Founder.....	184
7.2.3	CEO Ownership.....	186
7.2.4	CEO Competencies (Result-Oriented).....	188
7.2.5	CEO Competencies (Cognitive).....	189
7.2.6	CEO Competencies (Inter-personal)	190
7.2.7	CEO Power Factor.....	192
7.3	Discussion of Model Testing.....	193
7.4	Discussion of the CEO Power Portfolio Performance	195
7.5	Implications of Findings for Practice.....	196
7.6	Implications for Academe.....	201
7.7	Summary.....	202
8.	CONCLUSION AND RECOMMENDATIONS.....	204
8.1	Introduction.....	204
8.2	Conclusion of the Research Study.....	204
8.3	Recommendations for CEOs and Portfolio Management.....	206
8.4	Limitations of the study.....	209
8.5	Contribution of the Study.....	211
8.6	Future Research.....	214
8.7	Overall Summary.....	215

REFERENCES.....	217
APPENDICES.....	245
A.1 Questionnaire.....	245
A.2 Demographic Background.....	252
A.3 Descriptive Statistics.....	256
A.4 Missing Value Analysis.....	258
A.5 Factor Analysis	261
A.6 Reliability Analysis.....	264
A.7 Correlation Analysis	266
A.8 Multicollinearity Testing.....	269
A.9 Common Method Bias Testing	276
A.10 Heteroscedasticity Testing	280
A.11A Regression Analysis Result (Share price Change).....	283
A.11B Regression Analysis Result (ROA).....	287
A.11C Regression Analysis Result (Tobin's Q).....	291
A.12A Regression Analysis Result (Controlling for Firm size) Share Price Change.....	295
A.12B Regression Analysis Result (ROA).....	300
A.12C Regression Analysis Result (Tobin's Q).....	305
A.13 CEO Power Portfolio Performance.....	310
B.1 Summary of Pilot Study.....	312

LIST OF TABLES

Table 2	
Table 2.1 Active Stock Investment Strategies.....	58
Table 3	
Table 3.1 List of Organisational and Corporate Governance Theories.....	90
Table 3.2 Specific Hypotheses to be tested	113
Table 4	
Table 4.1 Gender of Rater Respondents.....	128
Table 4.2 Profession of Rater Respondents	128
Table 5	
Table 5.1 Variable Definitions and Measures.....	144
Table 5.2 Rotated Component Matrix: CEO Competencies.....	147
Table 5.3 Rotated Component Matrix: CEO Power.....	148
Table 5.4 Reliability, Total Variance and Sampling Adequacy.....	149
Table 5.5 Instrumental Variable Descriptive.....	157
Table 6	
Table 6.1 Total Variance Explained.....	162
Table 6.2 Correlations between Dependent and Independent Variables.....	164
Table 6.2A Cohen's Guidelines for interpreting Correlation Values.....	165
Table 6.3A-C Standardized Test Statistics.....	166
Table 6.4 Hypotheses Testing Results.....	171
Table 6.5 Hierarchical Regression Model (Company Performance Measures).....	173
Table 6.6 Controlling for Firm Size	176
Table 6.7 Model Summary for Company Performance Measures.....	177
Table 6.8 Regression Beta Co-efficient of Company Performance Measures.....	177
Table 6.9 CEO Power Portfolio Performance.....	178

LIST OF FIGURES

Figure 1

Figure 1.1 Field of Study of the Thesis	15
Figure 1.2 Thesis Road Map	17

Figures 2

Figure 2.1 Literature Review Process	22
Figure 2.2 NSE All Share Index	52

Figures 3

Figure 3.1 CEO Power Model before Data Collection.....	103
Figure 3.2 CEO Power – Firm Performance Model.....	104

Figures 4

Figure 4.1 Modern Research Approach	119
Figure 4.2 The Research Process.....	122
Figure 4.3 The Sampling Design.....	124
Figure 4.4 Data Analysis Process.....	134
Figure 4.5 Overall Summary of Missing Values.....	136

Chapter 1. INTRODUCTION

This chapter provides an overview of the research, delineation of the key research question and structure of the thesis. Furthermore, the aims of the study, contribution of the study and personal motivation are succinctly discussed.

1.1. THE RESEARCH: CEO POWER AND COMPANY PERFORMANCE

Stock markets across the world are information driven. Given the fast changing financial landscape, market dynamism and investors' expectations it has become apparent that the factors that determine a firm's share price performance in the stock market go beyond traditionally known factors. In the western world and increasingly in emerging economies, the market performance of an organisation is primarily attributed to its CEO. How executives think and act, therefore, is being closely monitored by market actors (Abbas 2010). Understanding the determinants of firm performance is central to strategic management research (Rumelt et al., 1994) and CEO power is increasingly being viewed as a potential determinant.

A considerable amount of academic and practitioner research conducted in the last three decades in the field of organizational behaviour and management has centered on the characteristics of the top management particularly on the influence of the chief executive officer (CEO). In contrast stock market share price behaviour and market efficiency have largely dominated academic research and discussions of finance theorists and practitioners with a gulf continually separating these two broad disciplines. Recent debates shows that scholars are still limiting themselves and are yet to look beyond the traditional factors above and their fields of discipline to a broader perspective including other possible behavioural determinants of share price performance.

Malekzadeh et al., (1998) defines CEO Power as the power of the CEO to influence the Board's decisions and shape the strategy of the organisation. Pathan (2008) refers to CEO power as the CEO's ability to influence Board decisions. Several recent studies view CEO power, CEO dominance and CEO centrality as the same and the terms are often used interchangeably. Using the term CEO dominance, Liu & Jiraporn, (2010) note that CEO dominance indicates how much decision-making power is concentrated in the hands of the CEO.

Finance and accounting literature have identified several company financial performance measures such as share price performance, market capitalization, market to book ratio and Tobin's Q usually classified as market based performance measures on the one hand and return on asset (ROA), return on equity (ROE), net profit after tax (NPAT) also referred to as accounting based performance measures on the other.

Share price behaviour has been defined as share price changes or patterns (Fama, 1965:34). Some scholars defined it as share price movements or performance (Pettinger, 2012 and Malaolu et al., 2013). Others authors refer to it as the reaction or response of a company share price to an action, information or environment.

Return on Asset (ROA), the accounting based performance measure used in this study is sometimes referred to as 'Return on Investment' (ROI). The test using ROA captures whether CEO Power impacts accounting performance. ROA is defined as a measure of return on total investment in the firm and calculated as profit after tax divided by total assets (PAT/TA). While Tobin's Q is one of the shareholder value based outcome indicators. Watson and Head (2004) cited in Veprauskaite and Adams, (2013) note that Tobin's Q reflects the market performance of firms and is potentially a more stable (less myopic) measure of firm value. Tobin's Q is measured as the ratio of firms' market value to its book value, the test using Tobin's Q captures whether CEO Power impacts on market value.

1.2. AIMS OF THE RESEARCH

This inter-disciplinary study will draw the various disciplines together with the aim of finding or determining other (non-traditional) factors that influence share price performance in stock markets. Moreover, the inquiry into the impact of CEO power on company performance may help to determine whether money can be made or wealth preserved in the long term using the findings of this research. Additionally, the future aim, is to use the research outcomes to craft investment or portfolio strategies. Finally, to add to knowledge the outcome of the study by extending and integrating the literature in organizational behaviour, finance, investment and economics by shifting the focus from the current standpoint to a broader perspective. This research was not designed to test the impact of the traditional factors but a review of these

factors will be made in the literature review section to provide a good understanding of these factors. The focus of this investigation is on CEO power and its impact on company performance particularly share price performance, ROA and Tobin's Q. It was designed to test the relationship between CEO power in relation to share price performance, ROA and Tobin's Q.

1.3. OVERVIEW/NATURE OF RESEARCH

The research approach or methodology is to conduct empirical research using a positivist or quantitative and structured approach to answer the research question. The philosophy of positivism emphasizes quantifiable observations that lend themselves to statistical analysis (Remenyi et al., 2009). With regards to research tactics or method, the techniques used to collect evidence include questionnaire surveys while statistical methods was used to analyse data collected. The research was conducted in Nigeria.

1.3.2. Scope of the Problem

The relevant theories and constructs discussed in the literature on CEO power in relation to the phenomenon of the company's performance in the stock market and other traditional determinants of a firm's share price performance in the stock market provide a broad scope for further research. However, the investigation of the impact of CEO power in relation to the phenomenon of the company's performance from the perspective of CEO Board tenure, CEO founder, CEO ownership and CEO results-oriented competencies, CEO cognitive competencies, CEO inter-personal competencies and CEO personal power factors provide a manageable scope for further research. The work of Dulewicz and Gay (1995), Dulewicz and Herbert (1999), Adams (2004), Adams et al. (2005) Combs et al., (2007), Liu and Jiraporn (2010) and Nanda et al., (2013) are useful in developing the research model and methods for the study.

The research is not comprehensive (by excluding existing traditional factors) and, given the restriction of the scope of the problem to the key constructs, the researcher believes the study was manageable.

1.4. CENTRAL RESEARCH QUESTION

Prior studies show that no single research study has investigated the relationship between all the known CEO power variables or their impact on company performance particularly share price performance, return on asset and Tobin's Q. A bulk of academic research has examined intensely only the effect of formal power on firm performance. But how CEO power (formal and informal) affects the company performance has been largely ignored.

The research is a product of prolonged search for additional factors including non-traditional factors that influence share price performance and also to fill the gap by providing a comprehensive understanding of the relationships between power (formal (positional) and informal (personal) and performance. The literature review helps to define the research question in this study by asking the following question.

"To what extent does CEO power influence an organisation's performance?"

The type of investigation being conducted is by and large that of hypothesis testing in nature which include testing a new idea (the impact of CEO power on share price performance, ROA and Tobin's Q) and also to explain if the variables influence share price movement, ROA and Tobin's Q. This means the study will test the relationships between the defined constructs.

1.4.1. Key Research Constructs

The key constructs to be examined are demographics, CEO power variables such as, CEO Board tenure, CEO founder, CEO ownership and CEO results-oriented competencies, CEO cognitive competencies, CEO inter-personal competencies, other CEO personal power factors and share price movement, ROA and Tobin's Q. The study will investigate the seven propositions within the proposed CEO Power model. The study specifically aims at determining the extent to which CEO power influences share price performance, ROA and Tobin's Q and used existing scales to measure the variables.

As pointed out earlier, this investigation is not designed to test the impact of existing traditional factors that determine share price movement such as company specific factors, domestic factors, etc. However, the research will define and discuss these

concepts from a broader conceptual frame work but will not provide data. This step will facilitate the understanding of the traditional factors and key constructs. The focus of this investigation is CEO power and its impact on company performance. It was designed to test the relationship between CEO power in relation to company performance.

1.4.2. The Inter-Disciplinary Approach of the Thesis

Though the research topic can be broken down into two broad camps (Organisational behaviour and Finance) for purpose of convenience, it is actually a complex and highly inter-disciplinary area of study. The disciplines drawn together in this research study as it progressed are as follows; management, organizational behaviour, corporate finance, investment, accounting, corporate governance and economics as presented in figure 1.1.

In view of the inter-disciplinary nature of the study, the literature used for the thesis was drawn from all of the above mentioned disciplines in the course of the investigation of the research question. Finally it is important to note that despite the inter-disciplinary approach of the thesis, the study sits largely in organizational behaviour camp.

Field of Study of the Thesis



Figure 1.1 Field of Study of the Thesis

1.5. STRUCTURE OF THE THESIS

The thesis is organised into nine chapters.

Chapter 1. This current chapter provides an introduction to the research.

Chapter 2. Literature Review. This chapter reviews the literature on CEO power, corporate governance theories, share price behaviour, factors affecting share price movement and measures of share price.

Chapter 3. Research hypotheses and model. The chapter discusses and formalises at on the outset the research question followed by research hypotheses, model and measurement scales.

Chapter 4. Research methodology and research design. The chapter addresses the conceptual framework of the research. Specifically, philosophical assumptions, the research strategy and philosophy, research tactics and research design were covered.

Chapter 5. Data preparation and analysis. This chapter explains the preparations made and methods used to address the research question within the research framework.

Chapter 6. Findings and results. This chapter addressed the findings and result.

Chapter 7. Discussion of the findings. This chapter addresses discussion of the findings along with implications for practice and academic.

Chapter 8. Implications for Practice and academe. This chapter addresses and examines the implications for practice and academic.

Chapter 9. Conclusion. The limitations of the study and recommendation are dealt with in this chapter. Furthermore, the chapter addresses the conclusion of the research study, contribution of the study and future research before providing a final summary.

Appendices: The appendices provide additional information in respect of what was referenced in the study. These include: a copy of the measurement scales (questionnaire used), descriptive statistics, factor analysis, reliability analysis, correlation analysis, analysis of variance (ANOVA), common method bias testing,

multicollinearity testing, and regression analysis. In figure 1.2 the road map of the thesis is presented.

Thesis Road Map

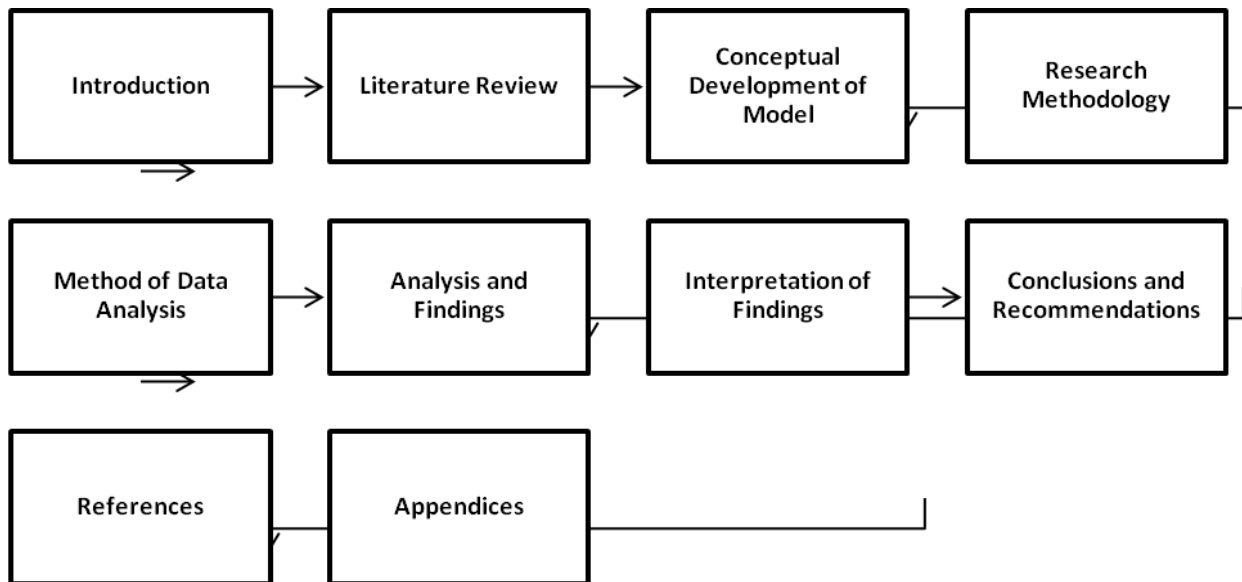


Figure 1.2. Thesis Road Map

1.6. CONTRIBUTION OF THE STUDY

The contribution of this study is theoretical, methodological, and includes knowledge and practice. Based on this framework, the contributions of this study are presented below.

Theoretical Contribution

Though a new theory was not developed by this research, the research study on the impact of CEO power and company performance has made a key contribution to the fields of organizational behaviour (OB) and finance. It has brought together a new and comprehensive CEO power model. CEOs are influential and their decisions may affect the entire firm (Luo et al., 2012). Specifically, these findings provide a broad framework for examining CEO power and has improved our understanding of

CEO power and the relationship between the variables and share price performance through the development of a model of CEO power.

The development of the model helped to explain the relationship between the constructs under investigation. The CEO power model clearly supports the work of some authors (Adams et al., 2005 and 2009, Martinez and Stohr, 2005, Fahlenbrach, 2009) that CEO founder is positively related to firm performance. It also supports findings from other authors (Luo et al., 2012, and Combs et al., 2007) that tenure is related to CEO power. Moreover, the model supports and confirm the findings of Fahlenbrach, (2009) and Kim and Lu, (2011) that ownership affects firm performance. Furthermore, the model supports and confirms the findings of Boyatzis (2007) and Kim and Lu (2008) that ability-based power which encompass CEO competencies, expert and prestige, influence firms' performance.

Additionally, the findings from the new CEO competencies rating scale and power dimension scale used in the study were supported by Dulewicz and Gay's (1995) and Dulewicz and Herbert's (1999) studies and other extant literature (Finkelstein, 1992, Robins, 2005 and Ivancevich, 2005). A unique contribution of the study is that it has improved the understanding by finance and organisational behaviour academics and practitioners of the factors influencing share price performance.

Finally, most of the related studies were conducted in the United States, with only a few in United Kingdom and Australia. This study made a unique contribution by using exclusively Nigerian data in an emerging market. Research that examines the extent to which CEO power influences a company's performance can contribute new and potentially useful insights into the value of corporate governance and behavioural aspects/factors in equity based investment strategies which should be of interest to CEOs, investors, shareholders and regulators. In addition, whereas, other studies focused entirely on secondary data (publicly available data of listed firms), this study obtained both primary data through questionnaire survey and secondary data from both primary and secondary sources.

Methodological Contribution

This study took a unique approach both in terms of sample and methodology, and contributes to the existing body of literature on CEO power. Most prior studies have used longitudinal study design (panel data) whereas this study used cross-sectional study design (cross-sectional data). The sample used, as in many large cross-sectional studies, was taken from the whole population. A unique benefit of this approach is that repeated cross-sectional studies may be carried out in Nigeria or in other markets and much information can be collected about the variables in a cross-sectional study.

Contribution to Knowledge and Practice

This study contributes to the body of knowledge and practice in a number of ways. To the best of the researcher's knowledge, this is the first study to directly focus on the influence of manager characteristics such as CEO power on company performance in the Nigerian stock market. Prior studies in US, UK and Australia have concentrated on the effects of CEO or Board of Directors powers on bond rating, debt offerings, financial performance, corporate performance and bank risk taking. Other studies also concentrated on effects of Industry specific characteristics and Country specific characteristics on firm performance or organisational performance. This study has contributed to the Literature and extends research on the interfaces between CEO power, behavioural factors, stock market anomalies and portfolio management by providing evidence that CEO power is associated with firm's share price performance in the stock market. Furthermore, the findings of this research have offered practical suggestions on the design and management of equity investment portfolios. CEO power based strategy will compliment other existing strategies for equity portfolio selection.

In making a significant contribution to existing body of knowledge and practice, this strand of research would suggest that while evidence abounds that superior returns can be made in emerging markets like Nigeria, it does seem based on recent studies (Emdadul et al., 2013, Walker, 2013, Siganos, 2012, Kim and Lu, 2008, 2011, Fahlenbrach, 2009, Adams et al., 2009, Martinez and Stohr, 2005) that making gains in advanced markets (US and UK) is possible and a worthwhile venture. Hence portfolio investors (retail and institutional) with a higher appetite for risk should

consider this investment strategy for steady long term preservation of wealth and profit on their investment.

1.7. PERSONAL MOTIVATION

The author's profession is securities dealing, investment management and investment banking. This career dates back to 1994 after qualifying as a stockbroker and responsibilities include trading, sales, investment management, investment banking or corporate finance, business development and general management. Over the years, in the course of trading in the stock market and managing equity portfolios for clients' the author observed that the forces that influence share price performance are complex and beyond the traditional factors in finance literature. The desire to investigate and determine other non-traditional factors not reported in literature generated the author's interest to pursue the research topic which eventually was discovered to be of paramount interest to both practitioners including CEOs, regulators and academe. The personal experience, reflection upon my investment management practice, discussions with other professionals, mentors and prior literature form the foundation for this study. Following the recommendations of Sekaran (2003) and Remenyi et al., (2009), the author began an intensive, focused and systematic literature survey in finance, management, organizational behaviour and all related fields of discipline for evidence from identified data sources. Finally it is worth emphasizing that despite the interdisciplinary approach of the thesis, this research sits largely in organizational behaviour camp.

1.8. SUMMARY

In the foregoing chapter the research topic, aim of the research, overview of the research and central research question were discussed. Additionally, the structure of the thesis, contribution of the study and personal motivation for undertaking the research study were addressed. In the next chapter, the literature relating to the concept of power, CEO power, sources of CEO power, and competencies will be examined. Furthermore, the literature will review the role of CEO power on firm outcomes, firm performance and the link between CEO power and share price performance factors. Other important aspects to be discussed include gaps in literature and contribution to the research model.

Chapter 2. LITERATURE REVIEW

“Literature review will reveal the established and generally accepted facts of the situation that needs to be fully understood by the researcher; it will enable the researcher to identify and understand the theories or models, which have been used by previous researchers in the field. It should assist the researcher in identifying an unsolved problem in the field being studied that will become the focus of the research project” (Remenyi et al., 2009; Leedy, 1989)

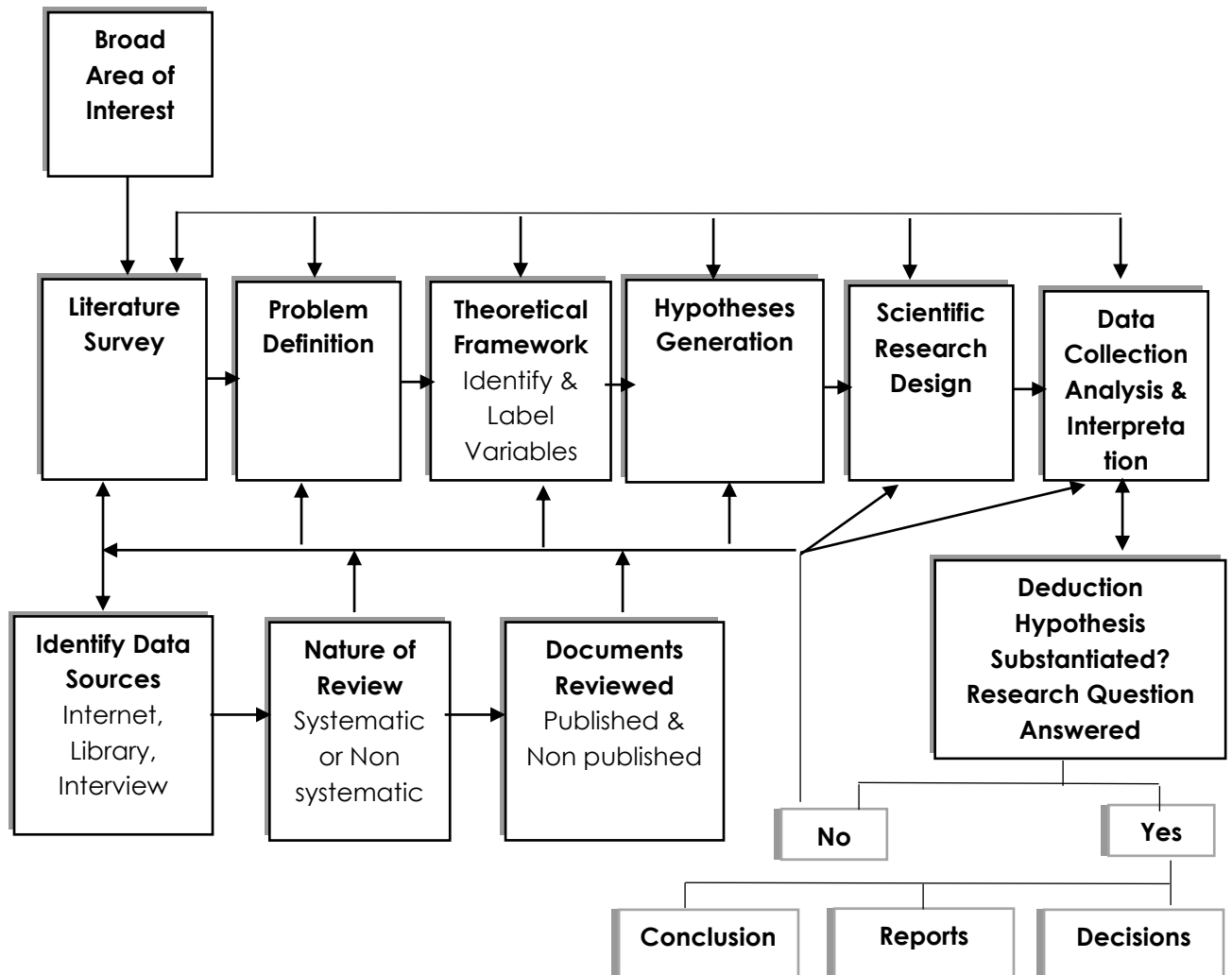
2.1. INTRODUCTION

In chapter 1 the overview of the research and structure of the thesis was discussed in addition to personal motivation, importance of the research, the central research problem and research question. This chapter will examine and discuss the literature, relating to the context for the research which includes power and CEO power, dimensions of power and sources of CEO power. Furthermore, the literature review will cover the role of CEO power on firm outcomes, firm performance and the link between CEO power and share price performance factors. Other key aspects that will be addressed include gaps in literature and contribution to the research model.

2.2. LITERATURE REVIEW PROCESS

Sekaran (2003:63) defines a literature review or survey as the documentation of a comprehensive review of the published and unpublished work from secondary sources of data in the areas of specific interest to the researcher. Remenyi et al., (2009) and Sekaran (2003) identified three steps of doing a literature review. This includes identifying data sources, documents to be reviewed and nature of the review. Building on the suggestions of these authors (Remenyi et al., 2009; Sekaran, 2003) and a large business and management research literature on literature survey, this approach for literature review was considered for this study. The diagrammatical illustration of the literature review process is presented in figure 2.1 below.

Literature Review Process



Adapted: Sekaran, U (2003) "Research methods for Business- A Skills Building Approach" (4th edn.), New York: John Wiley and Sons, (p. 57)

Fig. 2.1 Literature Review Process

Data Sources

The review of literature commenced in 2010 with the identification of relevant secondary sources of data in the broad area of interest or field of study. The relevant sources identified include electronic (internet or on-line) search of key bibliographic data bases and full text databases using key words related to the topical area of study. The online sources or electronic databases contacted include EBSCO,

Science Direct, ProQuest, Google Scholar, The Nigerian Stock Exchange database, Central Bank of Nigeria database, University of Reading and Henley Business School ARC databases. Other sources include library sources and unstructured interviews with Henley faculty instructors and members.

Nature of Review

Remenyi et al., (2009) note that 'the literature should be critically evaluated and not just accepted at face value'. It is useful to stress that it is the critical evaluation of the thoughts of several academics in related journals many of which are noted in the reference section and in the next sections of this chapter that led to the narrowing down, identification of the major areas of concentration in the research, the formulation of the final research question and building the conceptual framework and the constructs for the research. As the research progressed the review not only became more focused but as discussed by Sekaran (2003) was 'systematic and purposeful'.

Documents Reviewed

The researcher searched through published and unpublished materials such as academic and practitioner's journal articles, doctoral theses, conference papers and academic text books in the relevant fields of study. The key word search criteria used for CEO power included Power, CEO power, formal power, informal power and competencies, while for measures of company performance, the key word search were measures of company performance, Tobin's Q, return on assets (ROA), return on equity (ROE), share price performance and share price behaviour. The online searches were very beneficial as they helped the researcher to focus on materials and documents most important to the research study. Accessing these materials was relatively inexpensive and time saving.

The literature review using academically reviewed papers (journal articles) and academic text books, yielded several benefits including the following; It helped to explain the context and background of CEO power. The review was instrumental in identifying and highlighting the important variables of CEO power and documenting the important finding from previous research. It provided a foundation on which the theoretical framework for the new study will be built. In addition the review helped

to clarify and define properly the problem statement, and so formulation of the research question did not have to take a long time.

The review also provided a conceptual basis to develop testable hypotheses. The CEO power literature made a significant contribution to the development of the study model presented in the next chapter. Furthermore, the literature review aided the identification of appropriate research design, data collection and analysis methods to use for the research study. Finally, it helped to identify the limitations of the study and the area that further research needed to be conducted.

2.3 CONTEXT FOR THE RESEARCH

The literature identified 'power' as central to research on top management teams. In fact, the choice of unit of analysis in research on top managers and the issue of managerial power are two sides of the same coin (Finkelstein, 1992) and 'CEO power' as an important consideration in strategic management and organizational behavior. The literature (Lambert and Larcker, 1987; Core et al., 1999; Emdadul et al., 2013) also identified 'company financial performance' as the most important outcomes and consideration in finance within which this research takes place. Share price factors, the traditional determinants of share price performance was also reviewed. These provide the context for the research. Furthermore, the literature also provided a thorough review of their major constructs and relationships.

The focus of this research is CEO power and its influence on company financial performance. CEO power literature has identified seven major theoretical constructs, which are CEO tenure, founder, duality, sole insider, ownership, competencies and other personal power factors such as expert and prestige power while the company financial performance has about three major theoretical measures namely, Return on Asset, Tobin's Q, and Share price change. A number of models and constructs from the literature are reviewed and their contributions in developing the research model are presented.

The following section of this chapter examines power and CEO power and how they interact and how studying CEO power is so important for researchers in strategic management, organizational behavior and finance. Furthermore, a review of the

available relevant literature with respect to sources of power and the role of CEO power on firm outcome are presented below.

"The fundamental concept of social science is power, in the same sense in which energy is the fundamental concept in physics" Russell (1939).

2.3.1 POWER AND CHIEF EXECUTIVE OFFICER POWER

Scholars in strategic management, organizational behavior and finance have in the last ten years shown keen interest in top management power including CEO power and its relation to firm outcomes. Hence a vast body of knowledge (a large number of studies) exist regarding power. However, since the focus of this research is on impact of CEO power these will not be reviewed in detail and will only be referred to when appropriate. In this regard there is a variety of perspectives and definitions of power.

Dahl (1957) defines power as 'A has power over B to the extent that he can get B to do something B would not otherwise do'. This definition is consistent with the views of other scholars (Bass 1990; Ivancevich et al., 2005; Robbins 2005) and readily lend itself to the idea of influence and control. Finkelstein (1992) defines power as the 'capacity of individual actors to exert their will' and Yukl (1998) 'the ability to influence others' aligning with scholars such as MacMillan (1978) and Pfeffer, (1981). While the main value of these definitions lies in identifying a key word 'influence or control' the definitions in themselves have some limitations in that they are narrow and restricted. Power goes beyond influence. There seems to be an underlying assumption of no obstacle which may not be the case in real life situations.

Put differently, Mintzberg (1993) describes power as 'the ability and capacity to affect outcomes or get things done. In alignment with this perspective Pettigrew and McNulty (1995) state that power is the ability to produce intended effects in line with one's own perceived interest. These definitions clearly suggest the idea of influence, control and overcoming challenge. According to Schein (1985), power is the currency that buys changes in organizational outcomes: shapes goals, influences promotional decisions, resolves conflicts and brings about change in organisational structures. Pfeffer (1997) argues that in order to demonstrate influence and control,

most definitions of power now include the idea of 'overcoming resistance' suggesting a general agreement on broadening the definitions of power. In support of this view *therefore, it is useful to provide a broader definition of power as 'the ability or capacity to influence the behaviour of a person or group of persons to get things done or carry out your desires'*.

Power and influence are not the organization's last dirty secret, but the secret of success for both individuals and the organisations (Pfeffer, 1997). Power can be exercised in numerous settings and often carries negative meanings (Pfeffer, 1981). Since power can be abused and used selfishly, or it can be used constructively to revitalise the quality of life in organisations and subsequently the quality of products and services produced (Bloisi, Cook and Hunsaker, 2007), Ivancevich et al. (2005) contends that the study of Power and its effects is important to understanding how organisations operate. Power is a pervasive part of the fabric of organisations' life. Managers and non-managers use it. They manipulate power to accomplish goals, in many cases to strengthen their own positions. Child (1972) posits that power is central to strategic choice and recommend that researchers study power to understand what strategic choices are made.

Several other scholars (Mintzberg, 1983 & 1993, Tushman 1977, Finkelstein, 1992 and Haleblan and Finkelstein, 1993; Nanda et al., 2013) have advocated and supported the use of power in top management of the organization in different settings where uncertainty, turbulence, competition and economic downturn are greatest. This theoretical argument that identify power as a key concept is amply supported by several empirical studies in top managerial decision making (Carter, 1971; Pettigrew, 1973, Cameron, 1982 and Eisenhardt and Bourgeois, 1988) cited in Finkelstein, 1992. Carter's (1971) study focused on the importance of bargaining in the computer equipment company, Pettigrew (1973) in analyzing one firm's choice of a computer system, described how a conflict of preferences for competing manufacturers was solved using power. Finkelstein (1992) found that top managers are able to influence strategic outcomes to the extent they have power. That is top managers' power play a major role in strategic choice. He pointed out that in both a theoretical and an empirical sense, consideration of power in studies of the association between top

managers (CEOs inclusive) and organizational outcomes may represent a significant contribution to this research stream.

CHIEF EXECUTIVE OFFICER (CEO) POWER

Considering the healthy interest shown in the Chief Executive Officer's (CEO) power by organisational behaviour, strategic management and finance scholars and practitioners recently no single agreed definition of CEO power exist. Pearce and Zhara (1991) define power as the capacity of Directors or CEO to bring about the outcomes they desire through both formal and informal means. Malekzadeh et al., (1998) view CEO Power as the power of the CEO to influence the Board's decisions and shape the strategy of the organisation. In the same vein, Adams et al., (2005) view CEO power as the ability of the CEO to influence decisions. Pathan (2008) restricted the influence to 'Board decisions'. Though these definitions have merit in that they connote influence but are narrow as they clearly suggest only 'influence'. CEO power certainly extends beyond to 'influence'

According to Combs et al. (2007), CEO power refers to the potential for the CEO to leverage ownership or position to pursue her or his own goal. A CEO whose power remains unchecked by outside directors is more likely to take self-serving actions that decrease shareholders wealth (e.g. Dunn, 2004, Frankforter et al. 2000).

Several recent studies view CEO power, CEO dominance and CEO centrality as the same and are often used interchangeably. Using the term CEO dominance, Liu & Jiraporn, (2010) note that CEO dominance indicates how much decisions-making power is concentrated in the hands of the CEO. They suggested that when a firm's decision making power is more concentrated in the hands of the CEO, he would have more discretion to influence decisions and correspondingly have his opinions reflected more directly in corporate outcomes. This has both positive and negative implications for stakeholders, as CEOs could use this dominant role to either better adjust firm policy or to advance their own objectives (Liu & Jiraporn 2010). Bebchuck et al. (2009b) pointed out that the relative significance of the CEO in the top management team affect firm value. Also, Liu and Jiraporn (2010) argue that executives can affect firm outcomes only if they have influence over crucial decisions. Their findings showed that credit ratings are lower and yields spread higher for firms whose CEOs' have more decision making power.

Nanda et al., (2013) commenting on the viewpoints of authors such as (Haleblian and Finkelstein, 1993, Pfeffer, 1997 and Adams et al., 2005) observe a common thread and

define CEO power as the 'CEO's ability to overcome resistance and consistently influence key decisions within a firm'. While previous definitions connote 'influence only, or influence and control' for selfish goal which may be viewed as narrow in that it did not address the actual exercise of power and the issues that go with it which includes managers 'skill and willingness' (Mintzberg, 1983) to use the power in their position a broader definition in support of Nanda et al., (2013) has been provided. In this study *CEO power is defined as the 'capacity or ability of the CEO to influence important board decisions with a view to provide direction for the firm or achieve firm's outcomes'*. This definition is broader and important as it encompasses the idea of 'influence, control overcoming resistance and accomplishing a goal or purpose'.

CEOs have power, simply by virtue of the positions they hold and the significant resources they command. Firm-specific and CEO-specific characteristics make them more powerful and contribute to variability in CEO power, across firms and across time (Emdadul et al., 2013). Morck et al., (1989) define CEOs as powerful when no other person holds the title of president or chairman and no other person co-signs the letter to the shareholders in the annual report. Powerful CEOs tend to restrict the flow of information in high – velocity environments (Haleblian and Finkelstein, 1993, Eisenhardt and Bourgeois, 1988). According to these authors such restriction may occur when other team members fear reporting information or ideas that run counter to those preferred by a dominant CEO (Hambrick and D'Aveni, 1992).

Furthermore, CEOs may be more likely to have sufficient information with which to make high-quality decisions in stable environments or the CEO may be able to make quicker decisions. On the other hand, because problems in a turbulent environment require substantial information processing, information restriction can lead to poor performance as a powerful CEO may act more unilaterally with less input from the board or other top managers resulting in lower quality decisions. With excessive confidence in his own abilities he may also leave the firm overexposed to industry downturns (Haleblian and Finkelstein, 1993; Daft et al., 1988; Nanda et al., 2013).

This brief review of literature underscores the importance of power and CEO power in strategic decision making and in explaining the choices the CEOs make. Considering the importance of power to top managerial actions, this study is giving a clear attention to the role of power particularly, CEO power as distinct from top management power.

2.3.2. DIMENSIONS OF POWER

Power as a concept has multiple dimensions or different sides to it. Given the difficulty in observing all the sides or manifestation of the concept of power, several dimensions were proposed in literature. Several scholars (Finkelstein, 1992; Robins, 2005; French and Raven (1962; Bloisi, Cook and Hunsaker, 2007) have identified different sources of power and their various groups or dimensions.

In a unique and comprehensive study of power in top management teams, Finkelstein (1992) identifies four sources of power: Structural power, Ownership power, Expert power, and Prestige power as a stepping stone to understanding the concept of power.

Structural Power

Structural power or formal (positional) as cited in most literature is derived from formal organisational structure and hierarchical authority (Finkelstein, 1992; Bass 1984; Hambrick, 1981; Perrow, 1970; Larcker and Tayan, 2012,). As discussed by (Finkelstein, 1992) CEOs have high structural power over other members of dominant coalitions because of their formal organizational position. Structural power allows a manager or CEO to resolve disputes over strategy, acquisitions, organizational practices, and resource allocation in a manner consistent with his or her preferences. In this way, CEOs are able to give “the final word” on matters of disagreement.

Ownership Power:

Power accrues to managers in their capacity as agents acting on behalf of shareholders. Finkelstein (1992) contends that the strength of a manager's position in the agent-principal relationship determines ownership power. For example, all other things being equal, a top manager with significant shareholdings in an organization

will be more powerful than a manager without such a base of control. Hence managers with ownership power will gain some measure of control over boards of directors. In addition given the risk averse nature of most managers a manager that is able to effectively manage the uncertainty that flows from the board is often considered very powerful. The greater a manager's shareholding in an organization, the greater his or her control over other top management team, hence ownership is an important source of power (Daily and Johnson 1997).

Expert power

Several authors (Tushman and Romanelli, 1983, Mintzberg, 1983 and Finkelstein (1992) notes that the ability of top managers to deal with environmental contingencies and contribute to organizational success is an important source of power. Expert power arises from the ability to contribute to organisational success by implementing a particular strategic choice through functional expertise. In addition managers with relevant expertise are often sought out for their advice and power accrue best when a manager's expertise is in a field that is critical to an organisation. Finkelstein (1992) concludes that the more managers develop contacts and relationships with people in their work environment, the more their ability to cope with challenges and the more is their expert power.

Prestige power

Another key source of power is Prestige power. Prestige power represents personal prestige, status of reputation and/or others' perception of personal influence through contacts and qualifications. As discussed by other scholars (Dalton et al., 1968; Finkelstein, 1992; Larcker and Tayan 2012), Prestige power is derived from the positive perception that others have of an executive based on his or her reputation. Prestige power might accrue from educational background, institutional environments such as an affiliation with outside organizations or associations, government relations, personal relations with other "stars" or "elites," network connections, or prior success. Prestige in addition provides power through suggesting that a manager has gilt-edged qualifications and powerful friends. Furthermore, D'Aveni, (1990) posits that a firm's legitimacy depends in part on the prestige of its managers.

While the four dimensions of top managers' power in Finkelstein (1992) appear to offer researchers both a good framework and a measurement, other equally relevant dimensions of power were neither examined nor included in his study such as a manager's competencies. The study also has a few limitations that are worth noting. The results of the studies reported suggest the upper echelon theory (Hambrick & Manson, 1984) used seemed narrow and not sufficient and ought to be extended to encompass other theories and the idea that managerial power affects the association between top managers and organizational outcomes. Furthermore, the approach to measuring power suffers some limitations. Situational differences that may shift the balance of power was not considered. In addition no attempt was made to identify the factors that affect the relative importance of types of power.

Finally, Finkelstein (1992) concluded that further research is needed to consider both a firm's CEO and the rest of its dominant coalition in accessing if and how top managers affect organizational outcomes. This study examines all the four dimensions of top manager's power as well as CEO power and its effect on organizational outcome particularly company performance.

Five bases of power have also been proposed by French and Raven (1962) to understand how power is used in an organization and why some individuals have more than others. These bases include legitimate, reward, coercive, referent and expert power. Some of these bases such as legitimate, reward and coercive power are thought to accrue from the formal position the manager holds in the organization, whereas referent and expert power are derived from personal sources.

Robins (2005) divided the primary sources of power into two general groupings – formal and personal power and then broke formal into Legitimate (Position), Coercive, Reward and Information power while personal power was broken into Expert, Referent and Charismatic power. A manager's formal position may carry the power to exercise legitimate authority, the rights the manager hold in the organizational hierarchy, the ability to reward, punish or deprive and control of information. On the other hand, a manager's personal power may come from expertise, reference to others and charisma or personality.

In contrast to Robins (2005) other scholars such as Bloisi, Cook and Hunsaker (2007) contend that power arises from three non-mutually exclusive primary sources; position, personal behavior and situational forces. Yukkl and Taber (1983) as cited in Bloisi, et al., (2007) summarise key power sources as, a person's formal position may convey the power to exercise legitimate authority or control reward, alternatively, some people have personal sources of power, such as expertise, reference for others or networks of alliances- all essentially unrelated to organizational position. Finally, a person may seize a situational opportunity to exercise power, often drawing on associations with powerful persons, control of information or even coercion. Bloisi, Cook and Hunsaker (2007) observes that while a person often combines two or more power sources to exercise power in altering the behavior of others, two of these power sources are potentially enhanced if the organization empowers people at work.

Whereas the merit of these studies (Raven and French, 1962; Finkelstein, 1992; Robins, 2005; Bloisi, Cook and Hunsaker, 2007) lies in the dimensions of power identified, which has greatly improved researchers understanding of power, the issue as to the ideal number of sources (four, five, or seven) and grouping (of two or three) does not arise, there seems to be a general consensus in the literature (Han Kim and Lu, 2008; Malekzadeh et al., 1998; Liu and Jiraporn, 2010) that this sources can be broadly divided into two groups namely formal (position/structural) and informal (personal) power. In this study, this grouping is utilised as it effectively captures all the dimensions of identified sources of power in literature.

2.3.3. SOURCES OF CEO POWER

The concept of CEO power is inherently multidimensional. CEO power may come from many formal and informal sources (Pfeffer, 1992).

Formal Power

CEOs hold considerable authority simply because of their formal position at the top of the corporation, which gives them decision making authority as well as superior access to inside information (Larcker and Tayan, 2012). Some extend this power by holding the dual title of chairman and CEO. Structural power allows a CEO to resolve

disputes over strategy, acquisitions, organizational practices, and resource allocation in a manner consistent with his or her preferences. In this way, CEOs are able to give “the final word” on matters of disagreement. Other authors identified CEO Board tenure, CEO duality CEO sole insider, CEO ownership and CEO Founder (Combs et al. 2007, Hermalin and Weisbach, 1998, Adams et al., 2005).

CEO Board Tenure: Tenure is derived from an existing structure or formal position within an organisation. Tenure is viewed as a key ingredient in the process of building power. Combs et al., (2005). CEOs with longer tenure are viewed as more powerful than CEOs with short tenure on the board (Luo et al., 2012).

CEO Duality: When the CEO chairs the Board, the CEO accumulates both the titles of CEO and Chairman. This is one way by which the CEO acquires additional position power. Outside Director dominated boards confer duality to otherwise low-power CEOs in order to enhance unity of direction and offer a focal point for accountability (Finkelstein and D'Aveni 1994). However, when duality is conferred under an inside dominated board, the opportunity for CEOs to take unchallenged self-serving actions increases. When a CEO chairs the Board he is expected to have more influence over decisions since the Chairman often has an important role in strategic decision making (Adams et al., 2005).

CEO Founder: The CEO is a founder or co-founder of the company. Consistent with the management literature (Finkelstein.1992), CEOs who are also founders are considered to be more influential. Because of their long term involvement with the firm, they are able to have a strong influence on Board decisions. Adams et al., (2005).

CEO Sole Insider: CEO is the only insider on the Board. Consistent with the management literature, e.g. Ocasio (1994), Finkelstein (1992), a CEO of firms where s/he is the only insider on the Board is considered to have more influence power compared to where other managers sit on the Board with the CEO and participate in decision making. CEOs in firms with more than one inside manager on the Board are considered to have less influence power because other insiders may be rivals for the CEO's power and position.

CEO Ownership: Ownership is regarded as an important source of power (Daily and Johnson 1997). CEOs with ownership power can and do hold on to their positions beyond their point of effectiveness (Boeker 1992). CEO's with low ownership positions can be easily removed by a coalition of insiders or outsiders (Ocasio 1994). Larcker and Tayan, 2012 point out that Ownership power reflects the degree of economic or voting interest that an executive holds in the organization. Executives are ultimately responsible to the owners of the corporation. Therefore a CEO with significant ownership interest will have more power than a CEO with no ownership interest. Ownership power manifests itself in the boardroom where corporate matters are decided (explicitly or implicitly) by vote.

Informal (Personal) power

Personal power as cited in some literature is derived from the person or personal ability of the CEO. CEO personal or ability power is made up of expert, charismatic, referent and prestige power or the CEOs personal competencies. These powers are lumped together because they arise from the personal ability to effectively implement decisions (Hankim and Lu 2008, Dulewicz and Gay 1995, Dulewicz and Herbert, 1999 Finkelstein, 1992).

Expert power arises from the ability to contribute to organisational success by implementing a particular strategic choice through functional expertise. According to Larcker and Tayan (2012), expert power results from superior knowledge, experience, or access to information within the organization and in relation to the external environment. Expert power puts an executive in a position to resolve matters of uncertainty, thereby gaining influence over corporate choices. Expert knowledge is accrued through experience, education, and network connections within a relevant field. Expert power is often narrowly confined to a particular setting or industry.

Prestige power represents personal prestige, status of reputation and/or others' perception of personal influence through contacts and qualifications. As discussed by Larcker and Tayan (2012), Prestige power is derived from the positive perception that others have of an executive based on his or her reputation. Prestige power

might accrue from educational background, affiliation with outside organizations or associations, government relations, personal relations with other "stars" or "elites," network connections, or prior success. Prestige power is perhaps the most intangible manifestation of power because it relies on the assumption that these associations give legitimacy to an executive's ability or judgment.

A fundamental drawback of most studies on CEO power is that while the literature on CEO power has examined exhaustively how formal sources of CEO power explain corporate performance, the influence of CEO personal power especially CEO prestige and competencies has been largely ignored. This is surprising considering the fact that CEO competencies are other important sources of power. In this study, this very important personal source of CEO power is utilised to give a balance view of CEO power dimensions.

2.3.4. CEO COMPETENCIES

McClelland (1973) proposed over three decades ago that competencies are critical differentiator of performance. Pickett (1998) posited that the current and future success of an organization depends on the competencies of its Chief Executive Officer (CEO) and senior staff. It is the CEO who drives the organization to meet the demands of the organization's internal and external environments. Furthermore, Beck (2003) notes that the knowledge and the competence of the firm members are substantial success factors in world-wide competition.

Competencies have been defined by Lucia and Lepsinger (1999) as 'essential skills, knowledge and personal characteristics needed for successful performance in a job' (p. 1). This definition encompasses those concrete proficiencies, such as budgeting, fundraising, as well as less tangible capabilities, such as being honest and ethical. Pynes (1997) outlined knowledge as 'the information required for the position' (p. 77); skills as the 'specific observable competencies required to perform the particular tasks of a position (p. 77); and characteristics as 'attitudes, personality factors, or physical or mental traits needed to perform the job' (p. 78). As noted by Mamaqi et al., (2011), competence has been historically associated with

knowledge, skills, experience and attributes required to carry out a defined function effectively. According to Spencer and Spencer (1993), Competence is a group of personal characteristics that can lead to efficiency or excellent performance. In the same vein, competencies are interpreted to be "characteristics that are causally related to effective and/or superior performance in a job. This means there is evidence that indicates that possession of the characteristics precedes and leads to effective and/or superior performance on the job" (Boyatzis, 1982).

Personal Competencies

According to Boyatzis (2008), despite the widespread application of competency-based human resources management in the last 35 years, there are few published studies of the empirical link between competencies and performance. He asserts that there are even fewer published studies showing that they can be developed. He discussed in his findings that emotional, social and cognitive intelligence competencies predict effectiveness in professional, management and leadership roles in many sectors of society. Prior studies (Boyatzis and Ratti, 2008) also identified three clusters of competencies (emotional, social and cognitive intelligence competencies) that predict effectiveness in management and leadership roles in a variety of Italian organisations. The authors' definitions of these competencies are as follows:

1. Emotional intelligence competencies - refers to the ability to recognize, understand, and use emotional information about oneself that leads to or causes effective or superior performance. Emotional intelligence competencies include emotional self-awareness (knowing one's own emotions and recognizing their impact) and self-management (emotional self-control, adaptability or flexibility, achievement orientation and positive outlook)
2. Social intelligence competencies – refers to the ability to recognize, understand, and use emotional information about others that leads to or causes effective or superior performance. Social intelligence competencies includes social awareness (such as empathy and organizational awareness) and relationship management competencies (such as coach and mentor, inspirational leadership, persuasiveness, conflict management and team work).

3. Cognitive intelligence competencies – an ability to think or analyse information and situations that lead to or causes effective or superior performance. Cognitive intelligence competencies include systems thinking (perceiving multiple causal relationships in understanding phenomena or events) and pattern recognition (perceiving themes or patterns in seemingly random items, events or phenomena).

As discussed by Boyatzis and Ratti (2008), these competencies differentiate outstanding from average performers in many countries of the world. Other studies (e.g. Ryan, Emmerling and Spencer, 2008, Ramo et al., 2008, Young and Dulewicz, 2008) have strongly supported this view too.

Competencies serve a number of purposes. Hurd and McLean (2004) identified four. Competencies guide processes that impact the entire organization. These processes they point out can include employee evaluation, hiring, professional development and mentoring among others.

Knowledge of established competencies can be beneficial to the CEO and board members as it can guide them through the skills and knowledge they should observe in the CEO. Dubois (1996), cited in Hurd and McLean (2004), declared that knowing the requisite competencies of CEO provides a basis for CEO evaluation. Competencies can also serve as a benchmark for CEOs. They determine what skills and knowledge are needed to be successful in the organization. They can help with a better understanding of how to prepare future CEOs. In order for CEOs and board members to perform well or to be confident in their abilities to assume their responsibilities, they need to develop the competencies for the job. Hurd and McLean (2004) argue that a competency-based approach can help identify the skills CEOs and board members will need and deficiencies in their current base of knowledge. This information can move them to pursue relevant management courses or education that will enable them to perform well.

Furthermore, competencies impact the mentoring process. Rather than CEOs mentoring middle managers, to develop a similar skill set to their own, they can acquire more encompassing skills and knowledge that will be needed for the position. Hurd and McLean (2004) conclude that the overarching justification for the

need for competencies and implementing a competency-based performance culture in an organization is to improve efficiency and effectiveness. Competency-based performance can improve efficiency and effectiveness by linking an organisation's expenditure of human and fiscal resources to the achievement of its strategic goals and business objectives.

Although literature has demonstrated that competencies is a critical differentiator of performance, a shortcoming of most studies on competencies is that they are either introductory essays in nature laying foundation for other studies or many of the competency validation studies have been done by consultants who have little patience for the laborious process of documenting and getting the results published.

2.4. THE ROLE OF CEO POWER ON FIRM OUTCOME

Recent studies have examined thoroughly how top management teams, firm, industry and market level characteristics and corporate governance explain corporate performance, but the influence of the individual managers in shaping these outcomes has largely been left unaddressed. This is shocking considering the fact that the power CEOs wield can have significant consequences for firms (Nanda et al., 2013). CEOs are regarded as key factors in decision making in respect to investment, financing and other strategic decisions. As such their views of the firm clearly have a profound impact on corporate practices and outcomes (Liu and Jiraporn, 2010).

Past empirical research on the influence of managers particularly, the CEO on firm performance has yielded inconsistent results. Some scholars in their empirical work have contended that managers (CEOs) do not matter (Lieberson and O'Connor, 1972, Weiner, 1978, Thomas, 1988). The genesis of this perspective was the study published in the American Sociological Review in 1972 (Leadership and organizational performance: A study of large corporations) by American Sociologists Lieberson and O'Connor (1972) using variance decomposition methods, in which after comparing the contribution of the CEO effects of 6.5% to 14.5% variance explained with Industry effect of 18.6% to 28.5% variance explained and firm effect (22.6% to 67.7% variance explained) concluded that because the CEOs made less

of contribution to overall firm outcome, the CEO does not matter and this was supported by both Weiner (1978) and Thomas (1988). Other studies such as those by Hambrick and Mason (1984), Pfeffer and Davis-Blake (1986), and Romanelli and Tushman (1988) criticised the methodology used in that study and other related studies and present evidence showing that CEOs do in fact matter.

The CEO has been characterised as a firm's chief cogniser and decision maker (Calori et al 1994). Hambrick and Mason (1984) argued that firm strategies reflect the characteristic of its powerful actors, among whom the CEO is prominent. They also asserted that the firm's CEO has a profound impact on the strategic direction and performance of the firm. Moreover, empirical evidence has suggested that characteristics of CEO affect strategic decision processes (Peterson, et al. 2003) and strategic actions (Carpenter et al. 2001); Miller & Toulouse, 1986, Nadkarni & Narayanan, 2007) that have implications for firm performance. Finkelstein and Hambrick (1996) asserted that not only does the CEO have the overall responsibility for the firm's management but also that the CEO's characteristics are of serious consequence to the firm. Therefore, understanding the determinants of firm performance is central to strategic management research (Rumelt et al., 1994),

Furthermore, the impact of CEO power on firm outcomes has been subject of many empirical studies and the findings have been mixed. Using board independence as a measure of power, there are studies (Agrawal and Knoeber, 1996; Kein, 1998) that find a negative relation between board independence and firm value while other studies (see Weisbach, 1988; Daily and Dalton, 1992, 1993; Shivdasani and Zenner, 1997) find that independent boards add value to a firm in certain circumstances. However, other studies such as Baysinger and Butler (1985); Hermalin and Weisbach (1991); Mehran (1995) find no relation at all. Scholars (e.g. Haman and Freeman, 1989; Pfeffer and Salancik, 1978 and Dimaggio and Powell, 1983 using environmental organizational and legitimacy constraints find little relationship.

Focusing on the computer related industries, some studies (Haleblian and Finkelstein, 1993; Eisenhardt and Bourgeois, 1988) examined the effect of CEO power and their findings were inconclusive. For example Haleblian and Finkelstein (1993) find firms with dominant CEOs performed worse in the computer industry than the natural gas industry relative to firms with a broad power distribution. While Eisenhardt and

Bourgeois (1988) with a sample of eight firms found firms with a dominant CEO performed poorly in the micro-computer industry.

In contrast, the studies of Adams et al., (2005) reported that focusing primarily on the power the CEO has over the Board and other top executives as a consequence of his formal position and titles, (status as a founder and status as the Board's sole insider,) stock returns are more variable for firms run by powerful CEOs. The findings suggest that the interaction between executive characteristics and organisational variables has important consequences for firm performance.

Evidence from other studies investigating the effect of CEO power focus on concentration of titles and CEO founder was mixed. Interestingly, the studies of Fahlenbrach (2009); Adams et al., (2009); Villalonga and Amit (2006) found that CEO founders firms have higher firm values compared to non-founders while Yermack (1996) finds lower values for CEO founders.

Previous results on the study of board composition–firm performance relationship have been equivocal. There are two possibilities: either board composition does not materially affect firm performance or moderators exist. In the absence of theory offering a moderator, the former interpretation has been accepted (e.g. Dalton et al., 1998). When CEO power is measured via CEO ownership and duality, the results of the study of Combs et al., (2007) indicate that CEO power moderates the board composition–firm performance link.

Han Kim and Lu (2008) divided CEO power into three distinct dimensions (structural, ownership and ability based power) and examines how each affects entrenchment, pay sensitivity, and firm performance. They found ability power to be good, structural power and ownership power are in general harmful at some level, but can be made benign through effective external monitoring by institutional investors or through regulations. Concentration of structural, ownership and ability based power in CEOs appears to enhance firm performance, but only when external governance is strong.

Applying CEO's pay relative to other top executives with the firm as a measure of CEO power, Bebchuk, Cremers and Peyer (2009) pointed out that the relative significance of the CEO in top management team affect firm value. They report that

strong CEO dominance is associated with lower firm value as measured by Tobin's Q and with poorer accounting profitability. They contend that poor performance may be connected to agency conflict. Liu and Jiraporn (2010) provide empirical evidence that CEO power influences the cost of bond financing. Liu and Jiraporn (2010) argue that executives can affect firm outcomes only if they have influence over crucial decisions. Their findings showed that credit ratings are lower and yield spreads higher for firms whose CEOs' have more decision making power. In addition, the results of Bennedson, Perez-Gonzalez and Wolfenzon's (2010) studies provide strong empirical support for the idea that CEOs are extremely important to firm performance. The scholars first show that CEOs' own deaths and deaths in their families lead to economically and statistically large declines in firm performance as measured by firm profitability, investment, and sales growth. They find significant CEO effects across the size distribution of firms.

Numerous recent empirical studies present additional evidence that CEOs do matter or affect corporate outcomes. (Dowell, Shackell and Stuart, 2011; Kim and Lu, 2008, Pathan, 2009, Kim and Lu, 2011, Emdadul et al., 2013, Veprauskaite and Adam, 2013 and Mackey, 2014) In the study conducted by Dowell, Shackell and Stuart (2011) cited in Nanda et al., (2013) the authors focusing on the survival rate of internet firms during the crisis of 2000 to 2002 contend that CEO power is beneficial for firms facing a crisis in that more independent and smaller boards increase a firm's probability of survival when the firm's level of financial distress is high. Insignificant results were however found when a broader measure of CEO power was used.

Focusing on three settings of industry downturns (when firm is innovative, industry is competitive and characterized by high managerial discretion) Nanda, Silveri and Han, (2013) empirically investigated the relation between CEO power and decision making under pressure by examining firm performance when industry conditions deteriorate. They find that in these three settings powerful CEOs perform significantly worse than other CEOs during industry downturns suggesting contexts in which centralized decision making is potentially of greater concern.

In a different vein, Veprauskaite and Adam (2013) used an aggregate measure of CEO power to investigate the extent to which the autonomy of the CEO to make unilateral decisions could influence firm's financial performance in UK. They find that

CEO power is negatively related to financial performance. In contrast to this result however, Emdadul, Rahman and Lindsay (2013) report that there is strong evidence that firms with powerful CEOs perform better than other firms as measured by Tobin's Q. This difference is both economically and statistically significant. In the study, the authors constructed and used an aggregate measure of CEO power to investigate the relationship between CEO power and firm performance.

Mackey (2014) results suggest that in certain settings the CEO effect' on corporate-parent performance is substantially more important than that of industry and firm effects, but only moderately more important than industry and firm effects on business segment performance. By adopting new methodological approaches i.e. simultaneous ANOVA methodology in place of variance decomposition methodology (McGahan and Porter, 2002), CEOs can, in fact have a substantial impact, explaining as much as 29.2% of the variance in a firm's performance.

Though the merit of the recent studies reviewed lies in their findings, methodologies, and the measures of CEO power used, one important limitation of these studies is that the results may not generalize since the studies focused mainly on either small number of firms (Eisenhardt and Bourgeois, 1988), large firms or few industries (Bird, 1990; Halebian and Finkelstein, 1993); or relied solely on one theoretical lens (Finkelstein, 1992; Veprauskaite and Adam, 2013; Adams et al., 2005; Bebchuk, Cremers and Peyer, 2009; Liu and Jiraporn, 2010) to explain, support or challenge CEO power while ignoring other complimentary theories. Different or multiple theoretical arguments would have been used to enrich the intellectual arguments presented in the studies. Hirseh et al., (1987) contend that a strength of organizational research is its polyglot of theories that yields a more realistic view of organisations

Another fundamental drawback of these studies (Malekzadeh et al., 1998; Dulewicz and Herbert, 2004; Adams et al., 2005; Bebchuk, Cremers and Peyer, 2009; Pathan, 2009; Harijoto and Jo, 2010; Liu and Jiraporn, 2010) is that they focused entirely on one dimension of CEO power or formal sources of CEO power. The authors focused more on the impact of a few aspects of CEO power (formal or positional power, personal power) or on one or at most two measures of corporate performance. By ignoring other aspects of positional and personal power may affect possible

outcomes. Insignificant or weaker results may be found when a broader measure of CEO power is used for those studies.

Finally, other obvious limitations of these studies are that the methodology does not offer insight into the processes by which CEO power evolve. Furthermore, virtually all the studies relied on secondary data, data from US with a few from UK and there is virtual absence of cross-sectional analysis of the effect of CEO power on firm performance. The reliance on secondary data is related in part to the problems associated with gathering primary data and perhaps the factors affecting cross-sectional data analysis.

2.5. FIRM PERFORMANCE

The concept of firm performance is of vital importance to management research because explaining variation in performance is an enduring theme in the study of organizations (Hoopes et al., 2003; Gentry and Shen, 2010). Firm performance is conceived as a multidimensional concept that comprises different aspects such as financial performance, operational effectiveness, corporate reputation and organizational survival (Richard et al., 2009). Firm performance has also been classified into two dimensions, financial and non-financial performance (such as customer satisfaction, quality, attitudes of employees, innovation, and human resources development)

Financial performance, which is the focus of this research is viewed as the fulfilment of economic goals of the firm (Barney, 2002; Venkatraman and Ramanujam, 1986, Combs et al., 2005, Hult et al., 2008, Gentry and Shen, 2010) and also widely referred to in literature (Hillman, 2005) as the 'bottom line' is one of the most extensively studied areas of management research on firm performance. These authors (Hoskisson et al., 1999; Combs et al., 2005, Hult et al., 2008, Gentry and Shen, 2010; Aliabadi et al., 2013) notes that organizational researchers generally use either some of the most popular and most common accounting-based measures of profitability (such as revenues, operating income, earnings before interest and tax, net income, comprehensive income, earnings per share,) or ratios such as return on assets (ROA), return on investment (ROI), return on equity (ROE), and return on sales (ROS). Ratios are designed to improve the usefulness of performance indicators since absolute line item amounts from the income statement line may not be sufficient for

meaningful comparison. The most common stock market-based measures of performance are: share price, stock return, market to book ratio, price to earnings ratio and Tobin Q.

Historically, researchers in the early 1980s used accounting based profitability ratios such as ROA, ROS and ROE as measures of financial performance (Hoskisson et al., 1999). When in the mid-1980s, finance theories and market based performance measures were introduced into management research (see Bromiley, 1990 as cited in Gentry and Shen, 2010) many companies began adopting shareholder value maximization as the stated objective following the rise of shareholder activism in the 1990 (Useem, 1993). This development gave rise to the adoption of market based performance measures in management research and its subsequent use since then. (Hoskisson et al., 1999; Gentry and Shen, 2010).

Accounting measures have many advantages. These measures are simple to use, easy to understand and are based on audited figures. They also have notable disadvantages, in that they are historical and backward-looking, are based on historical costs, can be easily manipulated by changes in accounting policies, may be difficult to compare accounting measures across the companies due to different accounting policies, may encourage short-term decisions, give inadequate consideration to "intangible" assets such as intellectual capital, can be distorted by inflation, do not take into account the cost of capital, and do not take risk into account. The advantage of using market based performance measures is that they reflect value given by share prices. However, the share price may reflect market expectation rather than true performance. Also market imperfections can lead to over or under valuation of share prices unrelated to performance (Aliabadi et al., 2013).

Eritmur et al. (2003) and Jegadeesh and Livnat (2006) cited by Aliabadi et al., (2013) find that stock prices respond to earnings information contained in announcements, signifying that there is a relationship between accounting and market measures. However, the relationship between the two is not entirely clear. If the increase in earnings is assumed to be permanent, it could lead to higher stock price returns in the future for firms with "good earnings news" and lower stock price returns for firms with "bad earnings news". This leads to a positive relationship between accounting

measures and market measures, as pointed out by Foster, Olsen, and Shevlin (1984) and Chan, Jegadeesh, and Lakonishok (1996). If, however, the increase (decrease) in earnings is viewed as temporary or abnormal, it could result in a wave of contrarian stock sales (purchases), leading to a short-term decline (increase) in stock prices and returns after the earnings announcement. This results in a negative relationship between accounting and market measures, as pointed out by Chan (1988); Zarowin (1989); Aliabadi et al., (2013).

Even though both accounting-based and market-based measures are widely accepted as valid indicators of financial performance (Venkatraman and Ramanujam, 1986) there is an ongoing debate about their relationship in management research (Combs et al., 2005; Richard et al., 2009; Gentry and Shen, 2010). Theoretically, researchers generally conceptualise accounting measures as reflections of past or short-term financial performance, and market measures as reflections of future-long term financial performance (Hoskisson et al., 1994). However, there is no consensus about the relationship between past/short-term performance and future/long term performance. Venkatraman and Ramanujam, (1986) argue that these measures can be related because of the conflicts between achieving short term and long term economic goals.

While the focus of this research is not to establish or verify their relationship or join in the long running debate, it is worth noting that empirical findings are mixed. While some studies report a positive relationship between accounting and market based measures (Hoskisson et al., 1994; McGuire and Matta, 2003) others report a negative relationship (Keats and Hitt, 1988; Nelson, 2003) or no relationship at all (Chakravarthy, 1986; Hillman, 2005). Taking cognizance of the fact that neither accounting nor market based measures are perfect, many management researchers do not only accept them both as valid measures of financial performance but recommend the use of both measures. (Hoskisson et al., 1999; Gentry and Shen, 2010).

2.6. CEO POWER AND SHARE PRICE PERFORMANCE FACTORS

The topic of share price performance factors has recently received significant attention from scholars in finance, economics and accounting. They have

concentrated on such issues as company specific factors, domestic factors, industry specific factors, demand and supply factors and even global factors. However, one important area that has received little attention is the link between CEO power and share price performance factors. This is surprising, given the importance of CEO power to firm performance.

The term share price behaviour is subject to multiple interpretation or definition in the finance literature. Finance researchers and practitioners have defined share price behaviour as share price changes or patterns (Fama, 1965:34). Some scholars defined it as share price movements or performance (Pettinger, 2012 and Malaolu et al., 2013). Others authors refer to it as the reaction or response of a company share price to an action, information or environment.

There has been a significant growth in empirical research into the behaviour of share prices over the last fifteen years. The reasons for this growth as noted by Firth (1977) are ignorance of the working of the Capital Markets and the advent of computer data banks which have facilitated large scale empirical investigation.

The first two foundation blocks of standard finance or modern portfolio theory are one, investors are rational (rational expectation theory) and two, markets are efficient (efficient market theory). Existing evidence show that investment analysts and financial theorists often use random walk techniques to model behaviour of share prices on stock markets. Miller and Modigliani (1961) described investors as rational in 1961. Fama (1965) described markets as efficient in 1965. Finance theory assumes that investors are rational and risk-averse. That is, they prefer more return to less, but if offered two investments with the same return they will chose the one which is less risky. Also the assumptions have been that investors act rationally and without bias, and that at any point they estimate the value of shares based on future expectations. They also assume that all existing information affects the share price and new information appears randomly and affects the share price randomly.

Research studies (Shiller, 2003; Kiem, 2006; Statman 2010; Karz, 2014) have shown that prices do not entirely conform to random walks. The evidence on cross-sectional anomalies poses a significant challenge to well-established asset pricing paradigms (Fair, 2000, Kiem, 2006). Some of the significant price swings and variation from random walk emanates from seasonal and temporal patterns such as the

January effect, end of month effect, earnings season's effects etc. The quest to provide satisfactory explanations or account for factors that influence the price movements is partly responsible for the growing research interest into share price behaviour.

FACTORS INFLUENCING SHARE PRICE PERFORMANCE

Extant literature in the field of economics, investment, finance and accounting has studied exhaustively factors that influence a firm's share price in the stock market. Though several factors have been advanced as affecting share prices of listed companies in the stock market, most scholars', analysts' and academics' opinions are in much closer alignment that these factors can all be classified into the following six factors:

1. Company specific factors

Company specific factors are one of the most popular parameters influencing the share price of a quoted firm. Factors specific to the company or the fundamentals include; earning per shares (EPS), price earnings ratio (P/E ratio), corporate actions, debt-equity ratio, share buy-back and warrant exercise.

a) Earnings per Share (EPS – company profits)

Earnings per share represent the profit that the company made per share on the last quarter or financial year. As noted by Mitchell (2010), this is perhaps the most important factor for assessing the health of a company and it influences the buying tendency in the market, resulting in the increase in the price of a particular stock. Studies on stock market behaviour have generally found that stock prices incorporate earnings information, even though the magnitude of changes in stock prices does not reflect the magnitude of changes in earnings (Bodie, Kane & Matterson 1996, and Kothari 2001).

b) Price Earnings Ratio (P/E ratio)

The bulk of the studies over the 1990s has concentrated on **Price earnings ratio (P/E ratio)** which is another popular parameter of stock analysis. It is calculated by taking the share price and dividing it by the company's earnings per share. As noted by Kumar and Warne (2009) the P/E ratio gives an idea of what the market is willing to

pay for the company earnings. The higher the P/E ratio, the more the market is willing to pay for the company earnings. Some investors read a high P/E ratio as an overpriced stock which may be the case sometimes; however, it also indicates that the market has high hopes for this stock future and has bid up the price. Conversely, a low P/E ratio could mean a “sleeper” that the market has overlooked, known as value stock. Value/Contrarian fund managers have regarded a low P/E ratio as an indicator for stock selection. Several studies since Nicholson (1960) showed that companies having low P/E ratios on an average subsequently yield higher returns than high P/E ratio companies and this difference is regarded as the value premium.

Several practitioner literatures have reported that share price of companies that generate healthy incomes and profits year after year appreciate over a period of time which accounts for why value and growth fund managers buy and hold to such companies shares.

c) **Corporate Actions and other Information Announcement**

Existing literature (Kothari, 2010, Pauline, 2010) has noted that announcement of a company's corporate action influence the share price of a quoted company. The announcement of a dividend, bonus or a rights issue at a steep discount to current price influences the company's share price in the near term (Kavita Chavali and Nusratunnisa, 2013). Furthermore, a merger or acquisition announcement can send a company's share price soaring if it is perceived to be adding value to its business and vice versa. Similarly, an announcement that a company's CEO is dead or is involved in a massive scam results in prices spiraling down (Combs et al., 2007).

d) **Share buy-back and Warrant Exercise**

Share buy-back or stock repurchases are considered to have been a very important financial strategy for firms in the United States and Japan, particularly since the late 1990s. Hakateda and Isagawa (2004) report that since the Japanese government implemented new regulations allowing firms to repurchase their outstanding shares in the 1990s, stock repurchases are becoming a popular financial strategy among Japanese firms. An old practice in United States, Grullon and Micheal (2002), as cited by Hakateda and Isagawa (2004), note that over the past 20 years, stocks

repurchase expenditure in the United States grew at a much higher rate than cash dividends.

The market reaction in India is relatively higher than what the studies in the US and the UK have found, indicating that Indian capital markets are more undervalued and there is a greater degree of information asymmetry (Hyderabad, 2009). Several reasons have been given by companies that buy back their own shares, signaling it as the most popular explanation for open market repurchases (Comment and Jarrell, 1991 and Lakonishok and Vermaelen, 1995). Wansley et al. (1989) and Cudd et al. (1996) report that the fundamental reason has been to reduce the number of shares in issue so that fewer existing investors are entitled to a larger share of company's future earnings and as a result firming up the stock share price. Other reasons cited by Jagannathan and Stephens (2003) and Grullon and Michaely (2004) in Hyderabad, (2009) include to provide free cash flow. Share buybacks reduce the amount of free cash flow in the hands of managers and consequently reduce the agency cost incurred by the shareholders. Furthermore, capital structure adjustments, financing stock options, prevention of hostile takeovers, tax savings, etc., have been cited as other explanations for share buyback.

Warrant exercise is another important financial strategy for firms' particularly in advanced markets and a company specific factor that influence the share price behaviour in stock markets. Warrants give the investor the right to buy shares from a company after the exercise date at a pre-determined price. As a result, the company's earnings will be diluted as more shares are sharing the same profits pie. In practice, the share price will fall by the same proportion of the number of exercise shares. If for instance the exercise share is 25% (a ratio of 1:4) of the existing number of shares, the share price will equally fall by 25%.

e) **Debt – Equity Ratio**

Studies over the 1990s that have concentrated on **debt - equity ratio** (Kumar & Warne 2009) note that the ratio of a company's debt to equity is a company specific factor that influences the share price behaviour in stock markets.

2. Industry specific Factors

Some practitioner literature and empirical studies have reported the performance of the overall sector that a company belongs to could have a direct effect on share

prices. Pauline (2010) notes that the retail sector in United States, for example, which is currently taking a beating due to the slump in consumer expenditure has created a snowball effect on most retail companies. Virtually all the quoted textile and aviation firms on the textile and aviation sectors of the Nigerian Stock Exchange have delisted and closed down because of the challenges facing these sectors. Similarly, with the global financial market meltdown and the crash of the Nigerian Stock market in 2008, the banking and other financial institutions sector was brought to its knees as banks and other financial institutions declared huge loses year on year until 2010 when the Federal Government through the Central Bank of Nigeria intervened to save the sector from collapse by setting up Asset Management Corporation of Nigeria (AMCON) to take off all the bad debts and toxic assets on the books of the banks that was affecting their performances and market performance.

3. Domestic Factors

Ample empirical evidence supports the contention that domestic factors which include government/regulatory policies (macro-economic variables), political development, performance of the economy, War and natural disaster, competition and strike actions influence the behaviour of share price in the stock market (Bodie et al., 1996 and Malaolu et al., 2013),

a) Government and Regulatory Policies

Government policies are unpredictable, unstable and to some extent inconsistent and change at short notice. Kothari (2010) notes that government policies are unpredictable and can change at short notice. To tackle shortages in essential commodities (flour, rice, cement, petroleum products etc.), government may resort to imports to cool commodity prices in domestic market. This affects the profitability of domestic companies and has a direct bearing on their share prices at least in the short term.

Regulatory Policies

Generally, markets react promptly and uncharacteristically to change in regulatory environment and policies. Specifically, change in macro-economic variables or monetary policies relating to interest rates, inflation and currency fluctuation have a

strong influence on share prices. Some empirical studies (Haroon and Jabeen, 2013, Singh et al., 2011, Olukayode and Akinwande, 2009 and Saryal, 2007) have reported that interest rates and inflation play a key role in influencing stock market trends. Bull markets are usually associated with low interest rates, and bear markets with high interest rates. Interest rates are influenced by the demand for capital; high interest normally indicates that the economy is thriving and that shares are probably expensive. Low interest rates indicate low demand for capital, thus liquidity builds up on the economy, driving shares prices down. Other studies (e.g. Maysami and Koy, 2000, Maysami et al., 2004, Erdogan and Ozlale, 2005, Daferighe and Aje, 2009 and Malaolu et al., 2013) conclude that Inflation, gross domestic prices (GDP) and currency fluctuations are other equally important factors to note for its influence on share prices.

b) **Political Development**

This refers to changes in government (ideologies and leadership). Changes in government from military to civil rule or from autocratic to democratic, socialist inclined to capitalist inclined ideologies may have a strong bearing on share prices. Empirical evidence supports the fact that changes in government have strong influence on stock markets (Pettinger, 2012 and Morck et al., 2000). As discussed by Pettinger (2012), Stock markets dislike shocks that could threaten economic stability and future growth. Therefore, they will tend to fall on news of terrorist attacks or spikes in the price of oil. They will tend to fall during political instability or political uncertainty during general elections and changes in government (ideologies and leadership) which may make it difficult to pursue strong economic policies. Usually this factor is noted to affect all listed securities in the market. For example, there was visible leap in the stock market after the change in government in Nigeria in 1999 from military rule to democratic rule; the NSE All share index grew from 4,916.21 in May 29, 1999 to 28,078.80 in December 31, 2012 (471% increase) despite the global financial market meltdown. Political development is a factor that impacts on all the listed shares irrespective of the sector or classification.

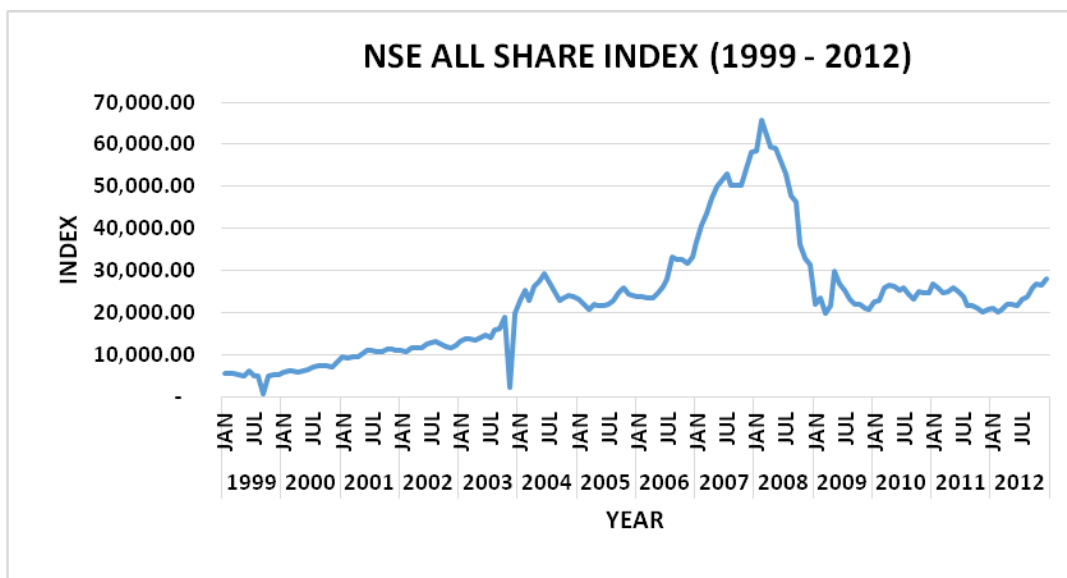


Figure 2.2. NSE All Share Index

c) Performance of the economy and economy life cycle.

Existing practitioner literature and studies (Bodie et al., 1996 and Pettinger, 2012) note that the performance of the economy in periods of growth, boom, decline and recession has a strong influence on stock markets generally. Traditionally, share prices are higher when a country's economy is doing stronger and lower when the country experiences poor economic performance.

d) Wars and Natural Disasters

Wars and natural disasters influence the behaviour of share price in the stock market (Bodie et al., 1996). Uncontrolled natural or environmental circumstances directly affect company production. Stock markets worldwide react promptly to outbreaks of war and natural disasters including earthquakes, Tsunamis, earth tremor etc.

e) Competition and Strike Action

Malaolu et al., (2013) identify competition and workers' strike action as other factors influencing share price movement.

4. Demand and Supply Factors

A great deal of academic and practitioner literature in economics, investment, finance and accounting has also agreed that basic economic concepts of demand and supply factors are the most popular determinants of share price

performance in the stock market. Mitchell (2010) notes that increased demand for stocks results in a rise in share price and ultimately a high price. The more people want to buy shares of a company, the higher the demand and so an increase in the share price. This increase in demand drives the share price up as there is only a limited supply of stock available. Conversely, once the demand for the shares drop, the supply is increased and there is downward pressure on the share price. Also, an increased supply of stocks results in a fall in demand and a fall in share price.

These studies show that *Internal factors* that influence the demand and supply are; Performance of the company, Attractiveness of the company (consistent returns, good growth prospects and good management), Company news and announcement and Performance of the overall sector. While *External factors* that influence the demand and supply include; Economic trends, (interest rates, inflation, GDP), Globalization and Geo-political – terrorist attacks (Kothari 2010)

5. Global Factors

Several recent practitioner studies are increasingly recognizing global factors such as Global recession/economic meltdown, Globalization, Geo-political events and foreign portfolio inflows and outflows as determinants of share price performance in the stock market.

a) Global recession/economic meltdown

Kothari (2010) asserts that in today's environment, the fortunes of companies are highly dependent on external factors. The recent crisis in the financial markets is fresh in everyone's memory. The recession that gripped the United States economy in early 2008 took its toll on industries and companies across the globe.

b) Globalization

Globalization has created more interconnected stock markets, thus resulting in the performance of major overseas markets having an impact on local stock markets. (Bodie et al., 1996 and Mitchell 2010, Pettinger, 2012).

c) Geo-political events

Geo-political events, such as terrorist attacks could also cause stock markets across the world to move up or down (Kothari 2010 and Pettinger, 2012)

d) Foreign portfolio inflows and outflows

Foreign portfolio inflows and outflows are increasingly determining share price performance in the stock markets (Kothari 2010)

6. Perception Factors (Investor behaviour)

Recent practitioner and academic studies have also identified investors' behaviour or perception factors as an important factor that affect a firm share price in the stock market (Statman, 2000, Pettinger, 2012 and Malaolu et al., 2013). Investor's mood, feeling and sentiments generally account for over-confidence and expectations, bandwagon effects and herd mentality. Such factors include;

a. Investors' perception of **the company** in relation to benefits (dividend payouts and bonus issue). Investors perceive a company to be either conservative or liberal depending on their dividend payouts and bonus issue.

- Investors' perception of the company in relation to marketability or liquidity of company shares.
- Investor's perception of the company in relation to share price (High/Low/Moderate). Investors usually perceive shares to be high, low or moderate.

b. Perception of **the market** (shallow/deep, open/closed, developing/Developed). Investors always perceive the market they invest in to be shallow or deep, open or closed, developing or developed.

c. Perception of **the economy** (recession/recovery/growth rate). Investors always examine the economy of the country they invest in based on the state such as recession, recovery, or current and future level of growth or performance before making investment decisions.

d. Perception of **the country** (in relation to risk and transparency). Investors also always perceive the market they invest in alongside country risk and transparency.

One important weakness of the studies (Maysami and Koy, 2000, Erdogan and Ozlale, 2005, Daferighe and Aje, 2009, Singh et al., 2010, Haroon and Jabeen, 2013) is that by restricting the factors to only the field of financial economics, it suggests narrowness, or minimalist, tautological, lacking in rigour and may not yield a generally accepted result.

Another major drawback is that these studies (Bodie, et al., 1996; Kumar & Warne 2009; Mitchell 2010; Pauline 2010; Kothari 2001; Malaolu et al., 2013) either rely solely on one economic theoretical perspective or assumptions (efficient markets or demand and supply) or the old traditional factors neglecting to consider other theories or a broader perspective including other possible behavioural determinants. As pointed out by Hirsch et al., (1987) economics assumptions (efficient markets) are too restrictive and relying heavily on its single-perspective style is to risk doing second-rate economics without contributing first-rate organizational research. This strand of research looks beyond the traditionally known determinants to investigate other possible factors such as CEO power. As discussed in chapter 1, this investigation is not designed to test the existing traditional factors discussed above. However, the literature review served to define and discuss these concepts from a broader conceptual frame work so as to facilitate the understanding of the traditional factors and key CEO power constructs.

2.7 CEO POWER AND PORTFOLIO MANAGEMENT STRATEGIES

The decision concerning which portfolio management strategies to adopt depends on the price efficiency of the market. Market efficiency hypothesis states that security prices fully reflect all available information (Fama, 1991). When a market is price efficient, investment strategies pursued to outperform a broad based stock market index will not consistently produce superior returns after adjusting for risk and transaction costs (Fabozzi et al., 2011).

Efficient Market Hypothesis (EMH)

Efficient market hypothesis (EMH) a cornerstone of modern portfolio theory declares that all stocks are properly priced and that abnormal returns cannot be earned by searching for mispriced stocks. Additionally, because future stock prices follow a random walk pattern, they cannot be predicted. This means that financial markets are 'price efficient or informational efficient'. That it is impossible to consistently outperform the market by using any information that the market already knows except through luck (Elze, 2011).

Fama's (1970) review divided market efficiency into three categories or form: Weak form, Semi strong form and Strong form.

- Weak-form efficiency entails that the price of the security reflects the past price and trading history of the security.
- Semi-strong form efficiency means that the price of the security fully reflects all public information (including historical price and trading patterns).
- Strong-form efficiency means that the price of the security fully reflect all information that is publicly available or known to only insiders such as the firms' Directors and managers.

Adherents of this school of thought contend that it is a waste of time to search for undervalued or mispriced stocks or to try to predict patterns in the market using fundamental or technical analysis. This view was widely acknowledged up until the late 1980s, when another school of thought behavioural finance emerged.

There is an extensive empirical research available that consistently confirmed some market patterns that do seem to lead to abnormal returns, thus violating the efficient market hypothesis, particularly the semi-strong EMH which avers that abnormal returns cannot be achieved by studying and by using available public information on companies and their stocks and any other variable that may affect the stock prices such as macroeconomic factors. Some studies have documented evidence to the effect that investors who select stocks on the basis of fundamental security analysis (which consists of analyzing financial statements, the quality of management, and the economic environment of a company) achieved positive abnormal returns. Value investing is a classic example of value anomaly that have been cited in most finance literature. Earlier studies such as those of (Basu, 1977, Jegadeesh and Titman, 1983, Kiem, 1983, Chan et al., 1991, Fama and French, 1992, 1998) show that stocks with low P/E ratio, price to book ratio, high dividend yield and company size outperform other stocks. Other recent studies include Davis et al., (2000), Chan and Lakonishok (2004), Kiem (2006), Elze (2012) and Siganos (2012).

Fabozzi et al., (2011) contend that documented evidence based on the activities of insiders (executives and directors in their firms) has generally revealed that this group often achieves higher risk-adjusted returns than the stock market. Of course, insiders could not consistently earn those high abnormal returns if the stock prices fully reflected all relevant information about the values of the firms. Thus, the empirical

evidence on insiders fails to support the notion that the market is efficient in the strong-form sense.

The implication of these findings for investing in stocks is simple. Investors who strongly believe that pricing inefficiencies exist in the market and that there is some type of gain to be made after taking into consideration transaction costs and risk should pursue an active strategy. As discussed by Siganos (2012) a trader exploits a strategy as long as the returns exceed the trading cost. Furthermore, investors who believe that the market prices stocks efficiently, and cannot be successful should not bother to attempt to outperform the market, hence should pursue a passive strategy. According to modern portfolio theory, the market portfolio offers the highest level of return per unit of risk in a market that is price efficient (Fabozzi et al., 2011)

As demonstrated in finance literature (Bodie et al., 2011; Fabozzi et al., 2011) Stock investment strategies can be classified into two broad categories: active strategies and passive strategies. A passive strategy is a strategy that does not attempt to outperform the market. Active strategies are those that attempt to outperform the market by one or more of the following: (1) timing market transactions, such as in the case of technical analysis, (2) identifying undervalued or overvalued stocks using fundamental security analysis, or (3) selecting stocks according to one of the market anomalies.

Numerous studies have identified and examined different active equity investment strategies. While it is not the researcher's intent in this chapter to provide a comprehensive review of these strategies, a summary of the various stock investment strategies is useful and is presented in the table below while the relationship between CEO power and these portfolio management strategies will be discussed in later sections.

TABLE 2.1: ACTIVE STOCK INVESTMENT STRATEGIES

S/NO	STOCK INVESTMENT STRATEGIES	AUTHORS
1	Growth strategies - Higher earnings	Fama and French (1992), Lakonishok, Shleifer and Vishny (1994)
2	Value strategies - Low price to book (P/B ratio) - low price earnings (P/E ratio) - low price to cash flow, - Low price to sales - High dividend yield	Fama and French (1992), Capaul et al., (1993), Lakonishok, Shleifer and Vishny (1994) Graham and Dodd (1940, 2003, 2005)
3	Contrarian strategy - Low valuation to book value	De Bondt and Thaler (1985)
4	Dividend yield	Litzenberger and Ramaswamy (1979), Miller and Scholes (1982)
5	Technical strategies - Simple filter rule - Relative strength (price momentum or persistence) - Market overreaction - Moving averages	Fabozzi et al., (2011), Bodie et al., (1997, 2013)
6	Fundamental strategies - Earnings surprises - Low P/E ratio	Fabozzi et al., (2011), Bodie et al., (1997, 2013)
7	Market anomaly strategies - Small firm effect - Low P/E effect - Neglected –firm effect - Calendar effects - Following insider activity - Momentum and reversal strategies	Basu (1977), Banz (1981), Reinganum (1981), (Hawawini and Keim (2000), Jegadeesh and Titman (1993) Keim (1983), Blume and Stambaugh (1983) Siganos (2012)
8	Risk-based strategies - Risk parity - 1/N strategy - Most diversified portfolio - Minimum variance - Diversified risk parity strategies	Lohre, Neugebauer and Zimmer (2012) Haugen and Baker (1991) Qian (2006, 2011) Millard et al., (2010), Choueifaty and Coignard (2008)
9	Global Investing	Lin, Hoffman and Duncan (2009)

2.8 Gaps in the Literature

The CEO power literature opens new directions for future research. The most relevant of these are as follows:

Consideration of Power in Studies

Finkelstein (1992) notes that in both a theoretical and an empirical sense, consideration of power in studies of the association between top managers and organizational outcomes may present a significant contribution to this research stream. That is further research is needed to consider both a firm's CEO and the rest of its dominant coalition in accessing if and how top managers affect organizational outcomes. Harjoto and Jo, (2007) have also pointed out that further research is needed to test the hypothesis that other CEO power measures influences firm performance.

A comprehensive CEO power Model

Bird (1990) asserts that future research is needed and should move in two directions. An empirical test of CEO power model is required. A real test of the model requires a rigorous examination which explores both the model's structure and process. Second, further theoretical elaboration of the process is required. In addition, Combs et al., (2007) pointed out that future inquiry is needed to examine the extent to which different sources of power affect the board composition–firm performance relationship differently. Future inquiry might focus on other CEO attributes that might moderate the effect of board composition on firm performance, such as locus of control (Combs et al., 2007)

Although a multidimensional conceptualization of power was not used in their study, Van der Laan (2010) suggests that further research is needed to capture other aspects of power, not included in the study that are able to capture the social dynamics in the board room. Liu and Jiraporn (2010) contend that the degree of CEO power likely influences the severity of the agency cost of debt which in turn affect how debt securities are priced. This study focuses on structural power (CEO duality or concentration of titles) and sole insider. Additional research is required for the impact of other forms of CEO power on cost of bond financing.

CEO Power measures

Although the four dimensions of top manager's power appear to offer researchers both a framework and a measurement methodology that may greatly facilitate

empirical work, Finkelstein (1992) posits that more work may be needed to refine each of the measures. Adams et al., (2005) used three measures for CEO power namely, CEO duality, sole insider and founder and monthly stock returns as their main firm performance measures. Further research is needed to test the impact of other CEO power measures such as tenure, ownership, CEO ability etc. on corporate performance.

Large Sample

Haleblian and Finkelstein (1993) notes that to study team size and CEO dominance more effectively requires data on a greater number of industries than the two examined by them. Although they found that CEO dominance influenced firm profitability differentially across environments future work could focus on the strategic implications of CEO dominance. Nanda, Silver and Han, (2013) observes that studies investigating the impact of CEO power focus mainly on formal power sources or specific industry or few industries with mixed results. 'A drawback of such studies is that the results may not generalize since the studies mainly focus on a relatively small number of firms from one or two industries'. Further research is needed to test or focus on 'a more general setting' including an exogenous industry-wide down turn

Construction of CEO power Index

The measurement of power has been a major stumbling block in investigations of the phenomenon in the literature (March, 1966; Pfeffer, 1981; Finkelstein, 1992). Because there have not been many attempts to measure CEO power, special emphasis has been placed on the development of objective indicators of CEO power including more recently an an aggregate measure (an index) with which to investigate the relationship between CEO power and firm performance. Additional research is needed to develop a comprehensive CEO power index that measures a CEO power over several dimensions (Adams et al., 2005; Nanda et al., 2013)

Furthermore, Udueni, (1998) called for researchers in the UK to construct power variables from publicly available information and use it in conjunction with independent outside director to create a relative power variable as a good proxy for board composition. Future work on the board should go not only beyond

executive/non- executive classification but consider that CEO influence of the nomination of outside director could adversely affect independence.

Use of Multiple theories

Perrow (1980) and others have criticized agency theory for being excessively narrow and having few testable implications. Hirseh et al., (1987) and Eisenhardt, (1989) have concluded that further research should be undertaken in new areas including complementary theories. Dulewicz and Herbert (2004) pointed out that the three theories (Agency, stewardship and stakeholders) investigated are individually and collectively inadequate or incomplete at least as far as unitary boards are concerned. The lack of robust evidence to support the presently prevailing normative prescription and structural theories of corporate governance suggests the need for a more imaginative model by which to understand board behavior.

Adams (2004) identified seventeen corporate governance theories in which studies on power play could be grounded but focused almost entirely on power circulation theory. He concluded that additional research is needed to 'merge governance theories with relevant complimentary areas' or use a combination of theories to explain power and or performance.

Firm Performance Measures

Lambert and Larcker (1987) and Gentry and Shen (2010) have pointed out that future research is needed to consider an analysis of the use of accounting and market measures of performance in a firm rather than CEO executive compensation contracts. Emdadul, Rahman and Lindsay, (2013) concluded that additional research is needed to apply other firm's performance measures other than the Tobin's Q that was utilized to further verify their result. Further research could also be carried out by applying alternative instrumental variables.

CEO Power in other Geographical Settings

Veprauskaite and Adams, (2013) have suggested that since few studies are available in UK with respect to the relation between decision-making power of CEOs and the financial performance of UK listed companies and results of such studies are inconclusive, this indicates the need for further research. Several scholars (Anderson and Reeb, 2003; Dahya and McConnell, 2005; Villalonga and Amit, 2005) have

concluded that additional research would be needed in a different geographical setting and different from U.S. companies.

Data Sources

Virtually all studies with the exception of Finkelstein (1992) utilize only secondary data. This may be largely associated with the problems of obtaining primary (survey) data and the possible unwillingness of top managers to respond to a questionnaire on as sensitive a subject as power (Finkelstein, 1992).

The present study builds on CEO power literature, by taking into cognizance the several research gaps identified in literature. This study then differs largely in approach from previous studies by considering a broader range of indicators of CEO power (using both positional and personal power factor measure, a multi-factor measure). As the CEO power literature demonstrates, there is no single source of power for CEOs because CEO power results from a combination of several sources of power (Finkelstein, 1992; Emdadul et al., 2013). In addition, this research draws a framework from multiple organizational theories in support of Hirseh et al., (1987) and Eisenhardt (1989). It is believed that the use of multiple theories will offers a new theoretical advance that helps explain prior equivocal findings. In addition, primary data will be considered in addition to secondary data widely used in literature. Finally, using a unique dataset from Nigeria, virtually all the sectors listed in the Nigerian stock market will be examined in the study compared to selected sectors commonly used in literature.

2.9. CONTRIBUTION TO RESEARCH MODEL

Prior studies on power (Bird, 1990; Robins, 2005; Ivancevich, 2005) have noted two potential sources of power, namely formal (positional) and informal (personal). In searching the contemporary literature relating to CEO power that developed a model, only one theoretical model was identified (Bird, 1990) which discusses the influences upon CEO power. Although the paper did not provide empirical evidence or relate CEO power to firm performance, it was considered as it made a conceptual contribution to the model.

Finkelstein (1992) identified four sources of power, namely structural, ownership, expert and prestige power. This paper, whilst not presenting a theoretical model of power, does address the four types of power within the top management team and were included in the formulation of the proposed CEO power model. Structural power is based on the hierarchical position and formal organizational structure in the firm. It is also known as legitimate or hierarchical power (Hambrick, 1981). Ownership power is based on the percentage shareholding of the CEO or top management. Individuals in the board that own significantly higher equity have the capacity to exercise greater influence over the decision making process (Molz, 1988; Gibbs, 1993; Rediker and Seth, 1995). Expert power accrues to an individual based on his/her competences, experience, and ability to drive the firm to success, prosperity and growth (Udueni, 1999). It is also derived from access to information within the organization, and in relation to external environment, education and network connections within a relevant field (Larcker and Tayan, 2012). Prestige power is derived from the positive perception that others have of an executive based on his or her reputation. Prestige power might accrue from educational background, affiliation with outside organisations or associations, government relations, network connections or prior success (Larcker and Tayan 2012). Other key conceptual contribution to developing the research model came from the following studies.

Dulewicz and Gay (1995 and 1999) significantly contributed to the model by providing the measurement of CEO personal competences by developing a Director Assessment Scale. The CEO competences rating scale used in the research was derived from the Director Assessment scale.

Malekzadeh et al's.,(1998) research contributed to the model in that they identified and focused mostly on two sources of power, structural and ownership power and analyzed how it influence the market's reaction to antitakeover charter amendments. Malekzadeh et al., (1998) also made a theoretical contribution to the model.

Dulewicz and Herbert's (2004) research made a theoretical and conceptual contribution to the model with respect to identifying the three widely used Board behaviour theories. (Agency, Stewardship and Stakeholder theories).

Adam's (2004) contribution to the research model is with respect to identifying constructs to explain and measure CEO power. Besides using prior research to develop and employ an objective measures of CEO power, this study constituted the first full scale examination of Finkelstein's (1992) measure as a proxy for CEO power since development. The study attempted to model power changes between CEO – BOD over time via longitudinal examination.

Adams et al., (2005) research contribution to the model is that they identified the broad sources of CEO power in addition to providing a deep insight to measuring CEO power to influence decisions. Their work focused mostly on structural power (formal or positional power), particularly the power the CEO has over the Board and other top executives as a consequence of his formal position and titles, status as a founder, and status as the sole insider on the Board. Their paper provided evidence that structural power, a form of CEO power is related to performance variability.

Combs et al., (2007) research made an important theoretical and conceptual contribution to the model with respect to identifying the relevant governance theories as well as discussing the three most widely researched sources of CEO power (Board tenure, ownership and duality).

Bebchuck et al., (2007) contributed to the model by developing and employing a validated objective measure of CEO power called CEO's Pay Slice. Bebechuk et al., (2007) used the term 'CEO centrality' to refer to relative importance in terms of ability, contribution, or power that the CEO has within the team of top executives. The paper is an empirical study of CEO centrality and how it relates to firm value and behaviour. Their proxy for CEO centrality is the CEO's Pay Slice (CPS), which they defined as the percentage of aggregate top five total compensation captured by the CEO. Bebchuk et al., (2007) note that because higher CPS will tend to reflect a greater relative importance of the CEO within the executive team. CPS can serve as a proxy for the CEO centrality within the top team. Bebchuk et al., (2007)

provided an important conceptual contribution to the development of the model for the proposed research.

Hankim and Liu (2008) made a unique contribution to the research model in that they provided a clear conceptual model for assessing and understanding how power affects firm governance and performance. They broke down CEO power into three dimensions; structural power, ability power and ownership power. Hankim and Liu (2008) provided an important conceptual contribution to the development of the model for the proposed research.

Liu and Jiraporn (2008; 2010) in addition to supporting a unifying theoretical and conceptual model, contributed to the model by identifying and employing validated objective measure of CEO power (CEO's Pay Slice) developed by Bebchuk et al., (2007). Liu and Jiraporn (2008) constructed a comprehensive CEO Power score by adding 1 to the score when one of the following criteria is met: the CEO is the Chairman of the Board, the CEO is the President (MD), the CEO has the status of a founder; the CEO is the only insider on Board and CEO is the only person who signs the letter to shareholders in the annual report. Liu and Jiraporn (2008 and 2010)'s work is very important in developing the objective measure of CEO power in the research model.

Pathan's (2009) contribution to the research model is with respect to identifying the constructs of CEO power as well as providing a strong support for unifying theoretical and conceptual model of three sources of CEO power (CEO duality, CEO founder (internally hired) and CEO sole insider.

2.10. SUMMARY

This research grew out of two major conceptual considerations in organizational behaviour, namely power in organisations particularly CEO power and the impact of CEO power on corporate outcomes. The literature identified these as the context for this research in addition to providing the source from which the conceptual basis of this study emanated. The chapter afforded the opportunity for a thorough review of CEO power, the sources of CEO power and firm performance. Furthermore, this

review helped to identify gaps in literature or a number of areas for further research as well as providing the foundation for the development of the research model in chapter 3. The chapter concludes with major contributions to the research model.

Chapter 3. CONCEPTUAL DEVELOPMENT

3.1. INTRODUCTION

The previous chapter reviews in detail the literature relating to CEO power and company performance and gaps in literature. Chapter 3 proceeds to consider the conceptual and theoretical assumptions of CEO power, the contextual factors that shape CEO power and the development of the conceptual model and hypotheses. The purpose of this section is to present the dominant theoretical concepts, and theoretical perspectives of CEO power as a foundation for the proposed model of CEO power and subsequent discussion will highlight the relationships and the influence of these theoretical concepts in relation to the development of the model. In addition, the objective of this chapter is to bring together the concepts, theories, empiricism, academic debates and important findings in related contemporary studies that were useful in the development of a model as well as the development of testable hypotheses. Finally, the hypotheses for the study are presented and discussed.

3.2. CONCEPTUAL PERSPECTIVES

The theoretical concepts which are of paramount importance in the CEO power literature are CEO tenure, founder, ownership, duality, sole insider, ability and CEO competencies. These concepts are key inputs in the model developed for the current study. Many strategic management and organizational behavior scholars (Hambrick and Fukutomi, 1991; Finkelstein, 1992; Mock et al., 1988, Dulewicz and Gay, 1995; Hermalin and Weisbach, 1998; Allgood and Farrell, 2000; Adams et al., 2005; Dahya and McConnell, 2005; Boyatzis, 2007; Combs et al. 2007; Fahlenbrach, 2009; Han Kim and Lu, 2011; Abebe and Alvarado, 2013) agree that these concepts are the fundamental dimensions or sources of CEO power. The following is a brief review of these concepts.

3.2.1 CEO Tenure

Tenure is derived from an existing structure or formal position within an organisation. Tenure is viewed as a key ingredient in the process of building power (Combs et al.,

2005). CEO tenure increases the CEO's influence over the board and thus increases CEO power (Linck, Netter and Yang, 2008; Nanda et al., 2013). CEOs with longer tenure are viewed as more powerful than CEOs with short tenure on the board (Luo et al., 2012)

Emadatul et al., (2013) argued that all four of Finkelstein's sources of managerial power would potentially be enhanced through the passage of time in the CEO's chair. Expert power and prestige power would be enhanced, especially for time spent beyond an initial period in the role when most companies would be willing to give CEOs an opportunity to prove themselves. Ownership power could increase with time, especially for smaller firms where CEOs might accumulate meaningful ownership positions after a few years of equity-based remuneration. Structural power might also improve as the CEO makes organisational changes that strengthen his or her position. Whether this increased tenure-based power is positive for performance or otherwise is unclear. Certainly the experience, firm-specific knowledge, and expertise that a CEO accumulates with tenure are potentially very valuable for the firm. However evidence does not suggest that this potential is often realised.

Major Research Findings

Hermalin and Weisbach (1991) cited by Emadatul et al., (2013) show that CEO tenure does not seem to affect profitability until CEOs have been on the job for more than 15 years, when profitability suffers with each additional year of service. Brookman and Thistle (2009) find evidence that risk of termination starts decreasing when CEO tenure is greater than thirteen years and that this reduction in the risk of termination does not affect firm value. Hermalin and Weisbach (1998) developed a model of the balance of power between the CEO and other directors that predicts board independence declines over the course of a CEO's tenure. They found Entrenchment is positively related to CEO tenure.

In a related study, Hambrick and Fukutomi, (1991) contend that there are discernible phases, or seasons, within an executive's tenure in a position, and that these seasons give rise to distinct patterns of executive attention, behaviour, and, ultimately, organizational performance. The five delineated seasons are 'response to mandate', 'experimentation', 'selection of an enduring theme', 'convergence',

and 'dysfunction'. In addition they posit some harmful effects of extremely short and extremely long CEO tenures. Hambrick and Fukutomi, (1991) in addition to developing the leader life cycle theory proposed an inverted curvilinear (U-shape) relationship between the tenure of the CEO and company performance. Meaning that CEO tenure can have both positive and negative effects on firm performance.

Allgood and Farrell (2000) aggregated CEO tenure into three categories namely; new CEO (tenure of less than 4 years), intermediate CEO (tenure of 4 through 10 years) and old CEO (tenure greater than 10 years). A CEO begins his/her tenure as an outsider hire, an insider hire, or a founder. They found a negative relation between CEO tenure and firm performance and forced turnover throughout an inside CEO's tenure

Furthermore, scholars such as Simsek (2007), Sounder, Simsek and Johnson (2012) argued that the impact of CEO tenure on firm performance is a complex phenomenon that goes beyond the simple, direct effects. 'To get a holistic view of the causal linkages between CEO tenure and firm performance, it is important to explore the underlying mechanisms that explain how CEO tenure matters' (Simsek, 2007). Specifically, their model suggests that CEO tenure indirectly influences performance through its direct influences on TMT risk-taking propensity and the firm's pursuit of entrepreneurial initiatives.

Nourayi and Mintz (2008) partitioned CEO tenure into four groups to examine pay-performance relationships. Based on years of experience as the firms CEO tenure was categorized into one to three years (group 1), four to six years (group 2), Seven to fourteen years (group 3) and 15 years or more (group 4). The study examined the influence of CEO experience on the pay-performance relationship. The study findings indicate that compensation of less experienced CEOs is more likely to be influenced by the firm's performance. Also cash and total compensation respond differently to the measures of performance.

More recent empirical work by Wulf et al., (2010) show that a uniform leader life cycle as proposed by previous research does not exist. Rather, based on arguments from institutional theory and circulation of power theory they point to the relevance of power dynamics for the relationship between CEO tenure and performance. The

study results show that distinct leader life cycles result for CEOs with long tenure and CEOs with short tenure. Specifically, for long-tenured CEOs they find a slow increase in performance during the early tenure which then increases strongly and later declines again, whereas the life cycle of short-tenured CEOs is characterized by strong performance increases during the early tenure followed by a sharp decline. Moreover they find evidence that a longer CEO tenure leads to higher overall firm performance.

Zheng (2010) used CEO tenure and the percentage of equity based compensation for CEOs to test the managerial power effect, portfolio consideration effect, career concern effect and learning effect. The author distinguished between those CEOs who began their tenure as an outside hire and those CEOs who start as an inside hire. This study examined the different patterns of compensation structure over CEO tenure between inside CEOs and outside CEOs. The percentage of equity based compensation increases during early years of tenure for outsider CEOs and decreased during the later years of tenure for inside CEOs.

In another study, Dikoli, Mayew and Nanda, (2011) pointed out that CEO tenure captures more certain and superior ability rather than a CEO's power over firm owners (CEO entrenchment power explanation), CEO tenure is indicative of both certainty and superiority of CEO ability. They found that CEO tenure is positively associated with key firm governance characteristics. Some CEOs exhibit superior performance relative to CEOs who were dismissed, suggesting CEO survival is associated with performance and ability rather than or in addition to CEO entrenched power explanations. Finally, the results also show that CEO tenure predicts key firm governance characteristics, over and above previously identified determinants of these characteristics. These results suggest that CEO tenure is indicative of both the certainty and superiority of CEO ability.

Luo, Kanuri and Andrews (2012) argued that the underlying channels or mechanisms that explain how CEO tenure matters or influences firm performance are firm-employee and firm customer's relationships. They found that CEO tenure has a positive linear association with firm employee's relationship but an inverted u-shape association with firm customers relationship strength. Industry uncertainty moderates the effects and firm employee and firm customer relationship strength indicates the effects of CEO tenure on firm performance.

The major drawback with some of the CEO tenure studies lies with research study design. The results may be limited by the temporal nature of their sample. Because most of the research design were cross-sectional (Nourayi and Mintz, 2008; Simsek, 2007) conclusions must be inferred with caution. Longitudinal research design may provide additional insight to the CEO tenure and its influence on firm performance.

Another important limitation is that, because of the restrictive nature of the study to CEOs in some of the studies it remains to be seen whether or not some of the findings can be generalized to larger, publicly owned firms. In addition because findings of most studies have been derived for U.S. companies the results may differ to other geographical settings.

The proposed model for this study uses CEO tenure as a source of CEO power. The use of tenure is widely supported in the CEO power literature (Combs et al., 2007; Emdadul et al., 2013; Nanda et al., 2013). CEO tenure is regarded as a key CEO power building block as demonstrated in the literature.

3.2.2 CEO Founder

The CEO is a founder or co-founder of the company. Consistent with the management literature (Finkelstein, 1992), CEOs who are also founders are considered to be more influential. Because of their long term involvement with the firm, they are able to have a strong influence on Board decisions (Adams et al., 2005; Morse et al., 2011). CEO Founders stay much longer in office than non-founders (Palia and Ravid, 2008). Founders create their organizations, yet are often expected to eventually become liabilities to these same organizations. (Narayanan et al., 2000). A significant portion of past empirical research shows that CEOs, through their status as founders, are able to exercise wide-ranging control over the firms' operating and strategic decision making processes. Emdadul et al., (2013) shows that the unique status of the founder-CEO is positively and significantly valued by the marketplace.

Major Research Findings

Narayanan et al., (2000) using firm size and firm age to moderate the relationship between CEO founder status and firm performance, find that while CEO's founder status is not significantly related to stock performance, founder management is positively related to stock performance among smaller and younger firms and negatively related to stock performance among larger and older firms.

Furthermore, Anderson and Reeb, (2003) show that when firms are run by founder-CEOs they enjoy significantly higher market valuations. The study show that family firms perform better than non-family firms. Additional analysis reveals that the relation between family holdings and firm performance is nonlinear and that when family members serve as CEO, performance is better than with outside CEOs. The results also suggest that family ownership is an effective organizational structure. In well-regulated and transparent markets, Family ownership in public firms reduces agency problems without leading to severe losses in decision-making efficiency.

Employing the agency setting, Villalonga and Amit (2005) posit that family ownership creates value only when the founder serves as CEO of the family firm or as Chairman with a hired CEO. Dual-share classes, pyramids, and voting agreements reduce the founder's premium. When descendants serve as CEOs, firm value is destroyed. Furthermore, they argue that classic owner-manager conflict in nonfamily firms is more costly than the conflict between family and nonfamily shareholders in founder-CEO firms.

Adams, Almeida and Ferreira (2009) identified the unique relationship founders have with their firms, differentiated the relationship between firm performance and founder CEO status. Not only may firm performance be different when the founder is in charge, but performance may also affect founder CEO turnover in a different manner than it affects the turnover of professional CEOs. They found strong evidence that founder-CEO status is endogenous in a performance regression. Using an instrumental variable approach to solve for apparent endogeneity, Adams et al. (2009) also document a positive causal effect of founder-CEOs on firm performance and market valuation.

Considering how fundamental the CEO founder dimension is, Palia and Ravid (2008) show that founder CEOs have a much higher stock ownership than non-founder CEOs. Higher share ownership has been taken to suggest that managers are entrenched. Shleifer and Vishny (1986), Hartzell and Starks (2003), and others, suggest that large block holders can monitor management, thereby assisting in constraining CEO power and ability to stay in office. As literature often argues that leverage helps constrain managers, a higher leverage ratio could suggest a lower degree of entrenchment. Palia and Ravid (2008) found founder-led firms have significantly less leverage than firms headed by non-founder CEOs. They also found that founder-led firms have a significantly higher proportion of insiders on their board than non-founder firms, suggesting that founders might have more control of the board. Founders also involved in nominating directors more often than non-founders. Founder-led firms tend to have smaller boards along with higher proportions of insiders. These boards according to the authors meet less often than non-founder-led firm boards, suggesting less monitoring by the board, all else being equal. Overall, Palia and Ravid (2008) argue that some of the available evidences although not all, seems to support the idea that founders are entrenched.

The study show that original founders are generally more entrenched than their counterparts in non-founder-led firms. Founders tend to be less responsive to performance incentives and generally more entrenched. At the same time, founders' led firms are more valuable.

Fahlenbrach (2009) contends that Founder-CEO differ from successor-CEOs in several aspects. Successor-CEOs include inside CEOs and outside CEOs. Founder-CEOs are less likely to be removed from office than successor-CEOs., they possess intrinsic motivation and long term approach and may pursue the optimal shareholder value maximizing strategy. Founder-CEOs possess more organizational specific skills, different attitude to risk and by virtue of equity stake can potentially reduce principal-agent problem. The study which considered the founder CEOs, investment decisions and stock market performance found that founder CEO firms invest more in research and development, have higher CAPEX and more focused mergers and acquisitions. Founder CEO firms not only have a higher valuations but also better stock market performance and they make different investment decisions.

In contrast to most empirical studies that found a strong positive impact of founder CEOs, exploring two opposing theoretical explanations of CEO founder leadership (entrepreneurial and resource based theories) Abebe and Alvarado, (2013) examined the relationship between founder CEO status and firm performance. The study found a statistically significant performance difference between founders led and non- founder led firms. Founder led firms performed worse than those led by non-founder CEOs.

The limitations of most of the CEO founder studies reviewed in this study are the inability of the studies to explore in detail the mechanisms that facilitate the negative impact of founder-CEOs on firm performance. In addition, it is unclear how some of the estimates of the value effects of family ownership, control, and management reported in some studies (Anderson and Reeb, 2003; Villalonga and Amit, 2005) would change if evaluated on a different sample or different geographical setting different from U.S. companies.

The model used in this study took into consideration CEO founder as another source of CEO power. The use of founder is widely supported in the CEO power literature (Finkelstein, 1992; Halebian and Finkelstein, 1993; Malekzadeh et al., 1998; Adams et al., 2005 and 2009; Liu Jiraporn, 2010; Emdadul et al., 2013; Nanda et al., 2013). A source of CEO power that has more consistently been found to be positive for firm performance is CEO founder.

3.2.3 CEO Duality or Plurality

When the CEO chairs the Board, the CEO accumulates both the titles of CEO and Chairman. This also includes concentration of titles vested in the CEO as a measure of CEO power (Nanda et al., 2013). This is one way by which the CEO acquires additional position power. When a CEO, who is also chairman, additionally holds any one, or more, of a number of other senior posts (titles), including Chief Operating Officer (COO), president, and Chief Financial Officer (CFO). Each of these roles on their own is an influential leadership role within the firm. As such when combined with the CEO-chair they arguably confer much greater power on the CEO-chair (Emdadul, et al., 2013).

Harjoto and Jo, (2007) refers to CEO dualities as when the CEO is chair of the board or CEO-nomination committee member and CEO pluralities when CEO is chair of the board, and a chair or a member of the nomination committee. Outside Director dominated boards confer duality to otherwise low-power CEOs in order to enhance unity of direction and offer a focal point for accountability (Finkelstein and D'Aveni 1994). However, when duality is conferred under an inside dominated board, the opportunity for CEOs to take unchallenged self-serving actions increases. When a CEO chairs the Board he is expected to have more influence over decisions since the Chairman often has an important role in strategic decision making (Adams et al., 2005). Nanda et al., (2013) contend that duality and triality indicate that the CEO has greater power. Emdadul et al., (2013) notes that the CEO and chairman roles have responsibilities that overlap in many respects, at least in appearance, but also differ in key ways. Jensen (1993) points out that "the function of the chairman is to run board meetings and oversee the process of hiring, firing, evaluating, and compensating the CEO." In the presence of CEO-chair duality this important function is badly compromised. CEO-chair duality would also give CEO's much greater say on the workings of the board.

Major Research Findings

The effect of CEO duality on firm value has been subject of much empirical study and the findings have been mixed. Jensen (1993) suggests that in situations where CEOs have the power to control the board this ultimately reduces the CEO's and company's performance. In contrast with these views Brickley et al. (1997) provide evidence in support of CEO-chair duality being efficient and consistent with shareholders' interests. They further suggest that legislative reforms against CEO-chair duality are misguided.

Abdullah (2004) investigated the internal corporate governance structure among Malaysian listed companies prior to the 1997 financial crisis. The study findings generally show that both the board independence and the CEO duality either singly or jointly, are not related to firm performance. Elsayed (2007) argues that the relationship between CEO duality and corporate performance should not be viewed as monotonic. Rather it should be considered as a dynamic relationship that

may vary with corporate characteristics and or industry context. This study explored to what extent CEO duality, as a proxy for board leadership structure can affect corporate performance. The findings reveal that board leadership structure has no direct impact on corporate performance. Though additional analysis demonstrate that the impact of CEO duality varies with industry type and firm performance a result that is supportive of both agency theory and stewardship theory. In addition, when firms are categorised according to their financial performance, CEO duality attracts a positive and significant coefficient only when corporate performance is low.

In a recent study, Harjoto and Jo (2007) provided a proposed model of CEO duality or plurality and corporate performance using a life cycle theory. The study findings suggest that CEO power concentration is beneficial in a firms' early stage, but harmful in a firm's later stage at which firms require checks-and-balances as opposed to dictatorship. In addition, the impact of external monitoring by institutional ownership on firm value and performance is more effective than those of independent board and block holders' ownership. Thus, it is concluded that the lifecycle theory strongly supports the relation between CEO power concentration and firm performance.

Abels and Martelli (2011) examined the dual CEO relationships that exist in large corporation within the USA. The 2008 study revealed that, though declining 60.6% of CEOs had dual roles.

A major limitation in studies on CEO duality or plurality is that most have focused on the top 500 companies in the USA, based upon sales revenue, limiting the study to large corporations within the USA.

The preliminary model used in this study considered CEO duality as another source of CEO power.

3.2.4 CEO Sole Insider:

CEO is the only insider or top management executive on the Board. Consistent with the management literature, e.g. Ocasio (1994), Finkelstein (1992), a CEO of firms where s/he is the only insider on the Board is considered to have more influence power compared to where other managers sit on the Board with the CEO and

participate in decision making. CEOs in firms with more than one inside manager on the Board are considered to have less influence power because other insiders may be rivals for the CEO's power and position.

When the CEO is the only insider on a company's board it is likely that he or she will be more powerful than other top managers who do not sit on the board. This implies that the board is predominantly composed of outsiders and as asserted by Fama and Jensen (1983) such a board display additional independence from a CEO. Emdadul (2013) argue that this structure is likely to deliver increased power to a CEO who at least has substantial control over the information flow to and from the board when they are the only insider.

Major Research Findings

The impact of CEO sole insider on firm value has been subject of much empirical study and the findings have been inconsistent. Hermalin and Weisbach (1991) found no relation between the board composition and firm performance. Even if such a link exists, the authors contend that if such a relationship exists, it is small with little economic significance.

Dahya and McConnell (2005) found that boards with a greater proportion of outside directors make better CEO hiring decisions. The authors found that boards with greater proportion of outside directors or companies that added directors to conform to the Cadbury standard exhibited a significant improvement in operating performance both in absolute terms and relative to various peer group benchmarks. They also found a statistically significant increase in stock prices around announcements that outside directors were added in conformance with this recommendation. The results strongly suggest that adding outside directors, at least up to three, led to improved performance by UK firms and increased value for shareholders.

A fundamental drawback of these studies is the question of whether the results from those few firms can be generalized to other countries that have similar practice. Dahya and McConnell (2005) suggest future studies by others will be required to address this.

3.2.5 CEO Ownership:

The agency relationship that is central to ownership power suggests that shareholdings are relevant indicators of power. Managerial shareholdings reduce board influence and the accompanying uncertainty that powerful boards can create for dominant coalition (Finkelstein, 1992). Ownership is regarded as an important source of power (Daily and Johnson 1997). CEOs with ownership power can and do hold on to their positions beyond their point of effectiveness (Boeker, 1992). CEO's with low ownership positions can be easily removed by a coalition of insiders or outsiders (Ocasio 1994). Larcker and Tayan (2012) point out that Ownership power reflects the degree of economic or voting interest that an executive holds in the organization. Executives are ultimately responsible to the owners of the corporation. Therefore a CEO with significant ownership interest will have more power than a CEO with no ownership interest. Ownership power manifests itself in the boardroom where corporate matters are decided (explicitly or implicitly) by vote.

Major Research Findings

Empirical work on the association between managerial ownership and firm performance is abundant, even though there is mixed evidence that they are related. A key moment in the long running controversy was provided by Demsetz and Lehn (1985). They found no significant relationship between ownership concentration and firm performance. Furthermore, Demsetz and Lehn (1985) argued that the level of managerial ownership is determined by riskiness of the firm measured by the volatility of the stock price. The scope for moral hazard is greater for managers of riskier firms, which therefore means that those managers must have greater ownership stakes to align incentives. In contrast, Morck, Shlefer and Vishny, (1988) conducted a piecewise linear regression and found a significant non-monotonic relationship. Tobin's Q first increases, then declines, and finally rises slightly as ownership by the board of directors rises. They found that for levels of managerial ownership up to 5% the convergence of interest effect dominates and the link between ownership and firm performance is positive. For ownership levels between 5 – 25% the entrenchment effect holds sway and the link between managerial ownership and firm performance is negative. They found the link turning positive again with ownership above 25%.

Himmerlberg, Hubbard and Palia (1999), employing a new specification, found no significant link between managerial ownership and firm performance after controlling for firm fixed effects and observed firm characteristics. They contend that 'Managerial ownership is endogenously determined by the contracting environment and the hump shape relation is spurious'. Managerial ownership is determined by both observed and unobserved firm heterogeneity.

Utilising another specification (CEO ownership in place of insider share ownership) to replicate the study of Himmerlberg, Hubbard and Palia (1999), Han Kim and Lu, 2011 showed that the association became significant. The study examines how CEO ownership interacts with external governance in affecting firm valuation and risk taking. The results support the hypothesis that CEO ownership has identifiable effects on CEO effort and risk taking when external governance is weak. Kim and Lu (2011) find the relationship between CEO ownership and firm performance is hump-shaped and significant, being positive at lower levels, with an inflexion point at the 26% level, and driven by firms which have weak external governance mechanisms.

The limitations of these studies lies in the fact that they are focused more on very large and older corporations neglecting smaller younger firms. According to, Morck, Shlefer and Vishny (1988), in newer, faster growing firms, managerial holdings probably play a more important signalling or compensation role than they do in the firms used in these studies. Another drawback is that these studies also essentially assume a good deal of homogeneity on the boards, whereas a complex story is appropriate.

The model used in this study took into consideration CEO ownership as a key source of CEO power. Furthermore, the nature of data in this study reflected both large and small listed firms. The use of ownership is widely supported in the CEO power literature (Finkelstein, 1992; Haleblian and Finkelstein, 1993; Malekzadeh et al., 1998; Adams et al., 2005 and 2009; Veprauskaite and Adams, 2013; Emdadul et al., 2013; Nanda et al., 2013). CEO ownership is an important source of CEO power that has consistently been found in literature.

3.2.6 CEO Ability

CEO ability power as cited in some literature is derived from the expertise, charisma, reference, and prestige power of the CEOs. Ability-based power consists of what Finkelstein (1992) defines as expert and prestige power. Expert power arises from the ability to contribute to organizational success by dealing with environmental contingencies. Several components of its task environment can create uncertainty for an organisation, such as its customers, suppliers, competitors, and the government. The more the CEO has developed contacts and relationships with these stakeholder the greater the ability to deal with them and the greater the expert power. CEOs with the relevant expertise may have significant influence on a particular strategic choice. Prestige power represents personal prestige, status of reputation, and/or others' perception of personal influence through contacts and qualifications. As discussed by Larcker and Tayan (2012), Prestige power is derived from the positive perception that others have of an executive based on his or her reputation. Prestige power might accrue from educational background, affiliation with outside organizations or associations, government relations, personal relations with other "stars" or "elites," network connections, or prior success. These powers are lumped together because they arise from the personal ability to effectively implement decisions (Hankim and Lu 2008, Finkelstein, 1992).

Major Research Findings

Studies on how CEO ability affect firm value are scanty and evidence on the relationship between CEO ability and firm performance is mixed. Finkelstein (1992) study provides evidence for the predictive validity of the power dimensions developed including expert and prestige power dimensions.

Tosi, Misangyi, Fanelli, Waldman, and Yammarino (2004) found no direct relationship between CEO charisma and organizational performance as measured by shareholder return or return on assets but found a positive moderating effect of perceived environmental uncertainty for the relationship between CEO charisma and shareholder return. Unlike the study of Tosi et al., (2004), Waldman, Javidan, and Varella (2004) found that CEO charisma was related to subsequent organizational performance as measured by net profit margin and return on equity, but these

authors found no support for a moderating effect of perceived environmental uncertainty.

Agle, et al., (2006) found that organizational performance was associated with subsequent perceptions of CEO charisma but that perceptions of CEO charisma were not associated with subsequent organizational performance, even after they incorporated the potential moderating effect of environmental uncertainty.

A more recent study by Han Kim and Lu, (2008) found that Concentration of ability based power in CEO appears to enhance firm performance, but only when external governance is strong. They find ability power to be good, structural power and ownership power are in general harmful at some level, but can be made benign through effective external monitoring by institutional investors or through regulations.

Although CEO ability studies have recently improved in the size of sample used (Agle, et al., 2006; Han Kim and Lu, 2008), they do have limitations. An important limitation is the self-selected nature of the sample. Some of the studies were unable to determine if their sample was skewed for CEO charisma and, thus, it is possible that their sample was overly populated with CEOs who agreed to participate in the research because they considered themselves to be charismatic. Another limitation is that their samples consisted solely of individuals from large firms; this restriction of range might have constricted the relationships revealed. In view of the dearth of studies in this area, Finkelstein (1992) and other scholars have called for further studies in respect of other possible sources of CEO personal power, the use of larger samples and extending such research to small firms.

In developing a model for this study CEO ability was taken into consideration as a source of CEO personal power. The use of ownership is supported in the CEO power literature (Finkelstein, 1992; Agle, et al., 2006; Han Kim and Lu, 2008).

3.2.7 CEO COMPETENCIES

Competencies is regarded as an important source of CEO personal power and a critical differentiator of performance (McClelland (1973; Boyatzis 2007). Empirical studies on the relationship between CEO competencies and firm value are sparse

but evidence on the relationship between CEO competencies and firm performance is less contentious.

Major Research Findings

According to Boyatzis (2007), there are few published studies of the empirical link between competencies and performance. He asserts that there are even fewer published studies showing that they can be developed. He discussed in his findings that emotional, social and cognitive intelligence competencies predict effectiveness in professional, management and leadership roles in many sectors of society. Prior studies (e.g. Boyatzis and Ratti, 2008) also identified three clusters of competencies (emotional, social and cognitive intelligence competencies) that predict effectiveness in management and leadership roles in a variety of Italian organisations.

Dulewicz and Gay (1995) and Dulewicz and Herbert (1999) conducted extensive work on personal competences as the main source of personal power. In a unique and widely published study on Personal Competencies of Directors the authors (Dulewicz and Gay, 1995, Dulewicz, McMillan and Herbert, 1995) presented the Directors Standards Model which examined the contribution of directors personal competencies and knowledge (CEOs included) using a checklist classified into six groups of competencies, as an input, organizing and running the board (the process) and the tasks of the board including the CEO and indicators of good practice as an output. The third section of the Directors Standard Model (building an effective board and personal competencies) used a structured questionnaire (Board Assessment Questionnaire: Personal Qualities of Directors) describing 38 personal competencies developed by the authors. The study identified 36 key competencies out 38 assessed for the Managing Director/CEO, 38 for the Chairman, 32 for Executive Directors and 9 for Non-Executive Directors.

Although an important finding is that most, if not all of the primary competences are relevant to successful performance overall in each role, all 38 competences were at least *relevant* for successful performance of the Chairman and Chief Executive/MD roles, according to the majority of respondents. The main findings to emerge are that 27 important competencies were perceived as crucial for the Chief

Executive/MD role, which was the only role in which Directors are definitely required to show *Imagination, Openness and Assertiveness*, to be effective at *Planning* and to demonstrate *Energy and Determination*. A major finding of this study is that each board is unique, therefore the choice of relevant competencies for a particular board appointment is a matter for the board making the appointment aided by their professional adviser.

In a seven year follow up study to identify those competencies (skills, abilities, values) and personality characteristics which are associated with current success and rate of advancement, Dulewicz and Herbert (1999) identified a small number of competencies and personality factors which are statistically significantly correlated with two new generic indicators of ROA and current seniority. Specifically, they identified 12 independent higher-order factor, called supra-competencies associated with long-term managerial success.

Hurd, and McLean (2004) identified the competencies that CEOs for public parks and recreation agencies need in order to perform their duties. This study was to determine if a competency framework could be developed and if so what competencies should be included. Developed CEO competency framework consisting of 3 levels of specificity including 6 general competency categories, 20 primary competencies and 72 specific competencies.

A major drawback of these studies is that there has not been further studies to replicate these studies or a new study into the actual performance of CEOs. In addition, some of the studies are essentially either exploratory or designed to lay a foundation for additional studies.

In developing a model for this study CEO competencies was taken into consideration as a source of CEO personal power. The use of competencies is supported in literature (Finkelstein, 1992; Dulewicz and Gay, 1995; Agle, et al., 2006; Han Kim and Lu, 2008).

3.3. CONCEPTS AND THEIR RELATIONSHIPS

A review of literature demonstrates little empirical attention to power concepts and their relationships. The few available (with the exception of Finkelstein, 1992) studies examined only the relationships of formal or structural power concepts, ignoring personal power concepts and their relationships. This deficiency is surprising given the importance of power relationships to firm performance. As demonstrated in the CEO power literature (Finkelstein, 1992; Malekhzadeh et al., 1998; Robins, 2005; Adams et al., 2005) CEO founder, tenure, duality, sole insider, and ownership are linked to formal power, while prestige and competencies are related to personal power. All the aforementioned concepts however are linked to CEO power.

In a unique study conducted by Finkelstein (1992) to test the predictive validity of the power dimensions by examining how consideration of power improves the predictability of important strategy variables they found out that perceived power was positively correlated with structural, ownership, prestige, and expert power, significantly in three of the four cases. Only the correlation with expert power failed to reach significance. The magnitude of correlations indicates that, among the three objective power measures for which significant results were found, differences existed. Structural power was most strongly associated with perceived power, supporting the importance of managers' legitimate power. Interestingly, it was prestige power that demonstrated the next highest correlation, with ownership power exhibiting a weaker (though still significant) association.

Emadadul et al., (2013) recently argued that all four of Finkelstein's sources of managerial power would potentially be enhanced through the passage of time in the CEO's chair. Expert power and prestige power would be enhanced, especially for time spent beyond an initial period in the role when most companies would be willing to give CEOs an opportunity to prove themselves. Ownership power could increase with time, especially for smaller firms where CEOs might accumulate meaningful ownership positions after a few years of equity-based remuneration. Structural power might also improve as the CEO makes organisational changes that strengthen his or her position. Whether this increased tenure-based power is positive for performance or otherwise is unclear. Certainly the experience, firm-specific

knowledge, and expertise that a CEO accumulates with tenure are potentially very valuable for the firm.

Their study shows that each of the potential variables (founder CEO, CEO title concentration, CEO tenure, sole insider, classified board, and CEO ownership) have economically and statistically significant explanatory power for Tobin's Q except CEO Only Insider which was then dropped from the list of possible inclusions in their aggregate measure of CEO power.

The correlations between Founder CEO, CEO Tenure and CEO Ownership were comparatively high, with that between founder CEO and CEO tenure being the highest at 0.47. They argued that founder CEO is redundant because the majority of founder CEO firms could be expected to have CEOs who have been in the role for more than 10 years, especially when all firms in the sample are S&P 500 firms and by definition large. However they retained both founder CEO and CEO tenure because they believed that a long serving CEO is even more powerful if they are also a founder of the firm, and that a founder of the firm is even more powerful in the CEO's chair if they have served in that role for some time. They took a similar approach to CEO Ownership, believing it to have a compounding effect on CEO power when combined with founder CEO and/or CEO tenure. They argued further, that while a correlation coefficient of 0.47 is relatively large in the current context, it was not excessive when considered in the broader context of econometric analysis in general.

A major drawback in CEO power literature lies with the focus of the studies. The virtual absence of comprehensive studies that examine both formal and informal (personal) power, and their concepts and relationships. Most of the studies focus primarily on the power the CEO has over the board and other top management as a result of his/her formal position and titles, status as a founder, long tenure on board, status as the board sole insider and shareholding. The personal power concepts particularly CEO competencies and their relationships will be considered in this study.

3.4. CONTEXTUAL FACTORS SHAPING CEO POWER

Power is a relative concept that can only be understood in a particular context (Emerson, 1967). The context in this study includes the top management executives particularly the CEO. As suggested in literature, organisation activities and interactions with the environment serve to influence the CEO power relationship. These activities are labelled and used in literature (Isabella, 1992; Meyer, Brooks and Goes, 1990; Adams, 2004) as trigger events or factors affecting individual and firm strategic decision making process. Other authors (Hambrick and Abrahamson, 1995; Haleblan and Finkelstein, 1993) describe these factors as environmental constraints and opportunities or environmental changes that can impact managerial power and levels of managerial discretion in organisations.

As noted by some scholars (Finkelstein, 1992; Thompson, 1987; Crozier, 1964) power accrues to top managers who can cope with uncertainty and are uniquely positioned to do so. Uncertainty arises from two major sources namely internal sources such as other top management executives, managerial discretion, board members and CEO tenure. External sources include the firm's task and external environments such as environmental turbulence or stability, environmental discretion, government and sector regulations, competition, etc. Both internal and external sources of uncertainty affects CEO power.

Finkelstein (1992) posits that top executives in the organization can generate uncertainty by holding conflicting preferences that can confuse strategic direction. Power will accrue to executives that can manage this uncertainty by controlling the firm's decision agenda, present viable alternative course of action or control the flow of information. In addition, boards of directors can generate uncertainty for the top management teams particularly the CEO. Board members with significant outside shareholdings have the power and can dictate direction to the CEO and top management thereby curtailing the discretion of the CEO and top management. However, executives that can control outside dominated board in respect of strategy and reduce uncertainty can accumulate power.

CEO tenure and managerial discretion are other contextual factors that have bearing on CEO power. In a study to examine the effects of greed on shareholder's wealth, Haynes (2015) depended on contextual factors such as strong board of

directors, CEO tenure and managerial discretion to determine whether they make the situation worse or better. The author found that although the pursuit of extreme wealth by top managers can lead to lower firm performance and loss of shareholder value, a powerful board or long CEO tenure can moderate the relationship between greed and shareholder return. According to Haynes (2015) 'some CEOs appear to direct more of the firm's resources toward themselves than others and this occurs more when managers have a lot of discretion or have a short tenure or if the board is weak. Negative effects of executive greed on shareholder's wealth decreased as CEOs experience more time in their role'

Firm size, complexity, firm risk and prior firm performance are identified in the literature as other factors that affect CEO power. Demsetz and Lehn (1985) used cross-sectional data to show that the level of managerial ownership is determined by the riskiness of the firm, measured by the volatility of the stock price. They argue that the scope for moral hazard is greater for managers of riskier firms, which therefore means that those managers must have greater ownership stakes to align incentives. They also point out that riskiness makes it costlier for managers which therefore means that those managers must have greater ownership stakes to align incentives. Himmerlberg et al., (1999) and Huse (2005) included factors such as firm size and ownership dispersion and types. They emphasized the need to pay more attention to these variables as they impact CEO power. In most large firms decisions are more clearly the product of consensus among top executives. As discussed by Adams et al., (2005) if different individuals have different opinions, then the distribution of decision making power within the firm may affect which decisions are made. Managerial decisions may or may not affect firm outcomes, but if they do, both executive's characteristics and organizational variables could influence firm performance.

Other contextual factors that shape CEO power include firm life cycle, sector regulation, competitive conditions, industry settings and mergers and acquisition (Nanda et al., 2013; Nicholson and Kiel, 2007; Mille-Millesen, 2003; Malekzadeh et al., 1998; Zald, 1969). CEO power is likely to vary based on different organizational characteristics, the first is in relation to the different phases of organisation's development (life cycle stages), the second in relation to activity (mergers and acquisitions in times of crises, and transformation and when the organization identity

is questioned). The third is in relation to sector regulation (for example firms' in the financial services and technology sectors).

Managerial power depends on the degree of environmental turbulence or stability in an organization's environment. Halebian and Finkelstein, 1993 argue that the degree of environmental turbulence or stability greatly influences the information-processing requirements of a top team and the complexity of managerial work. Turbulent environments increase information-processing needs by creating new opportunities and crises that often necessitate strategic and structural adaptations (Galbraith, 1973). Hence, as an environment grows more turbulent and a firm's decision-making tasks grow more difficult, managers have greater information processing requirements. In contrast, Kotter (1982:29) cited by Halebian and Finkelstein (1993) found that top managerial information and decision-making requirements in stable environments were "more standardized and routine" than in turbulent environments.

Furthermore, Halebian and Finkelstein (1993) contend that environments differ in the degree of discretion they confer to top management teams. In high discretion environments, top teams have a high degree of control over outcomes, so it makes sense to posit team effects on performance. But when environmental discretion is low, it is not clear that team characteristics such as size and power distribution get translated into performance outcomes.

Nanda et al., 2013 investigated the relation between CEO power and decision-making under pressure by examining firm performance when industry conditions deteriorate. They focus on three settings where the net effect of CEO power is likely to be more consequential: when the firm is innovative when the industry is competitive and when the industry is characterized by high managerial discretion. In these settings powerful CEOs are found to perform significantly worse than other CEOs during industry downturns -- suggesting industry settings have a bearing on CEO power. Finkelstein (1992) argues that the key bases of power for executives are the ability to cope with internal and external sources of uncertainty. Therefore, the types of power that accrue to executives that can manage their uncertainties are structural power, ownership, expert and prestige power.

3.5. THEORETICAL PERSPECTIVES

Several CEO power studies show that several organizational or corporate governance theories have been used to structure CEO power and corporate governance proxies. These theories range from upper echelon (dominant coalition), agency, stewardship, stakeholder, managerial hegemony and institutional theories. Other most recent theories include entrepreneurial, resource based view, leader life cycle, strategic decision process and power circulation theories. Different theories have been used to either support or challenge CEO power and the question of whether CEO power is good or bad. A few of these organizational or corporate governance theories date back to 18th century. Adams (2004) reports that previous research examining CEO and Board of Directors power relationships and their effect on organisational performance were grounded in several theoretical streams, each based on examining specific aspects of power relationships between organisational actors. Dulewicz and Herbert (2004) identify some of the relevant theories to include, Agency, Stewardship and Stakeholder theory, while Michels (1962) added power circulation theory.

A Literature review by Finkelstein and Hambrick (1996) evaluating the theoretical foundations of the 146 corporate governance studies conducted between 1980 and 1994 found 17 predominant theories were used to investigate governance and strategic leadership with those of upper echelons theory, agency theory, stewardship, strategic process theory, managerial hegemony theory, and managerial fit perspectives being cited the most. Interestingly, each of the major theories is based on different assumptions, contribute to varying perspectives of power and control within the organisations and therefore lead to different conclusions regarding the distribution of and uses of power among organisational leadership entities (Adams, 2004). The list of some of these theories is presented in Table 3.1 below.

TABLE 3.1: ORGANISATIONAL AND CORPORATE GOVERNANCE THEORIES

S/NO	CORPORATE GOVERNANCE THEORIES	AUTHORS
1	Agency Theory	Ross, 1973. Jensen and Meckling, 1976.
2	Black Box Theory	Zahra and Pearce, 1989
3	Board Behaviour Model	Roberts et al., 2005
4	Upper Echelon Theory or Dominant Coalition	Hambrick and Mason, 1984 Pearce, 1995
5	Governance Theory	Donaldson, 1990
6	Institutional Theory	Meyer and Rowan, 1977; Pfeffer, 1981; Eisenhardt, 1988
7	Intellectual capital framework	Nicholson and Kiel, 2004
8	Leader Life Cycle Theory	Hambrick and Fukutomi, 1991
9	Management Hegemony Theory	Pfeffer, 1972, Herman, 1981
9	Managerial Fit Theory	
10	Power Circulation Theory	Michels, 1962. Pareto, 1968; Ocasio, 1994,
11	Procedural Justice Theory	Sapienza, Korsdaard, Goulet and Hoogendam, 2000
12	Resource Based Theory	Zahra and Pearce, 1989 Daily and Dalton (1992) Willard et al., 1992
13	Social Network Theory	Gulati and Westphal, 1999
14	Stakeholder Theory	Jones and Wicks, 1999, Keasey, Thompson and Wright, 1997, Freeman, 2010
15	Strategic Decision Process Theory	Bourgeois, III and Eisenhardt, 1988
16	Stewardship Theory	Donaldson, 1990 a&b & Muth & Donaldson, 1998
17	Structural Based Theory	Daily and Dalton, 1995, Daily et al., 2003
18	Entrepreneurial Theory	Jayaraman et al., 2000; Nelson, 2003

A review of the following most relevant theories (agency, stewardship, stakeholder, power circulation institutional theory, leader life cycle, entrepreneurial, and resource based theory) in literature however, will be useful.

Agency Theory

One of the most widely discussed and tested approaches in measuring CEO power is agency theory. Agency theory considers relationships where responsibility is delegated from principals to agents. The relationship is a contract under which one or more persons, the principals, engage another person, the agent, to perform some services on their behalf. This involves delegating authority to the agent (Dulewicz &

Herbert, 2004). In agency theory terms, the owners are principals and the managers are agents. Agents (managers) are assumed to be self-interested, risk averse and possess goals that diverge from those of the principal (shareholders) (Eisenhardt 1989). Thus, principals must align agent interest with their own through some combination of incentives that tie agent rewards to principals' outcomes and direct monitoring of agents behaviour (Combs et al. 2007).

This theory holds that managers will not act to maximise the returns to shareholders unless appropriate governance structures are implemented in the large corporation to safeguard the interests of shareholders (Jensen and Meckling 1976). According to agency theory, the agent, in this relationship, will be a self-interest optimiser. In other words, executive managers will take decisions with the aim of optimising their wealth and/or minimising their risk at the expense of shareholders' value. Therefore, it has been argued that internal and external monitoring mechanisms need to be implemented to lessen divergence in interests between shareholders and the management (Jensen and Meckling, 1976; Fama and Jensen, 1983; Elsayed, 2007).

This theory emphasizes that shareholders need to develop a system of checks and balances to ensure the CEO (as a representative of management) performs and managing appropriate risk-taking consistent with what is underlined by shareholders as principals. This system will legitimize the shareholders' power to monitor managerial activities and set a relevant boundary to mitigate unfavorable managerial actions and behaviors. Consequently, setting-up the corporate governance structures is expected to minimize these agency conflicts with the absence of shareholders in routine managerial activities (Jensen and Meckling, 1976; Zainal et al., 2013).

Recent thinking about strategic management and business policy has been influenced by agency theory. Agency theory has guided much of the Board composition – firm performance literature. The board of directors has an important function here and in particular the relationship between the chairperson and the chief executive officer is key (Tricker 1984). Shareholder interests will be safeguarded only where the chairmanship of the board is not held by the CEO or where the CEO has the same interests as the shareholders through an appropriately designed

incentive compensation plan (Williamson 1985; Donaldson and Davis, 1991). Overall, agency theory is an important, yet controversial theory (Eisenhardt 1989). Agency theory generally does not predict a positive effect of CEO power on firm performance but given the controversial nature of the theory and the long running debate, two different views or relationships (either positive or negative) are proposed in respect of CEO power and firm performance in literature.

Stewardship Theory

This theory argues a view of managerial motivation alternative to financial motivation of agency theory (Donaldson 1990a, 1990b; Barney 1990). It propounds that there is no conflict of interest between managers and owners and that to be successful the organisation requires a structure that allows coordination to be achieved most effectively (Dulewicz and Herbert, 2004). The theory assumes that what motivates managers goes beyond financial consideration. It includes factors such as need for advancement, respect for authority, work ethic and intrinsic job satisfaction. Stewardship theory argues shareholder interests are maximised by shared incumbency of these roles.

As discussed by Donaldson and Davis (1991), stewardship theory focuses not on financial motivation of the CEO but rather on facilitative, empowering structures, and holds that CEO duality will enhance effectiveness and produce, as a result, superior returns to shareholders than separation of the roles of chair and CEO. For example, Donaldson and Davis (1991) claim that, "The executive manager, under this theory, far from being an opportunistic shirker, essentially wants to do a good job, to be a good steward of the corporate assets" (p. 51). The explicit premise of stewardship theory is that the structure of the firm is the main determinant that can assist (or otherwise) the executive manager to implement his or her plans and objectives effectively (Elsayed, 2007). The practice of CEO duality which started in U.S. has been vigorously criticised and calls made to create separate incumbents of the roles of CEO and board chair to restore industrial performance and shareholder returns (Kesner and Dalton, 1986). This practice has since been strongly discouraged in the UK and in Nigeria by the capital market regulators (Securities & Exchange Commission and The Nigerian Stock Exchange).

According to Padgett (2012:47) the key difference between the two approaches (agency and stewardship) is that agency theory is based on the idea that managers are motivated by extrinsic rewards, that is by monetary rewards given by the firm, while stewardship theory is grounded in the importance of intrinsic rewards. It argues that people seek personal growth and fulfillment. They can achieve this at work when they have the opportunity to be involved in decision-making and thereby feel they are making a difference to the organization. In stewardship theory managers assume that the shareholders will reward them for producing high returns, so their preferences are aligned with those of the shareholders. In agency theory managers use the shareholders to make themselves better off.

Stakeholder Theory

This theory evolved in response to the need for the Board to consider the wider interests of society (Dulewicz and Herbert, 2004). They cited Jones and Wicks (1999)

as premising the theory on the fact that; the corporation has relationships with many constituent group (stakeholders) that affect and are affected by, its decisions; the theory is concerned with the nature of these relationships in terms of both processes and outcomes and focuses on managerial decision making; and the interest of all legitimate stakeholders have intrinsic value, and no set of interests is assumed to dominate the others.

According to stakeholder theory, managers have an ethical duty towards stakeholders, and that they should not consistently subordinate the needs of one group to another. It recognizes that each stakeholder has access to a unique information set and can therefore contribute something distinct to the governance process (Padgett, 2012:87). The author identifies five key (primary) stakeholders namely, shareholders, employees, customers, lenders and suppliers. Other stakeholders' referred to as secondary stakeholders include society and environment.

Leader Life Cycle Theory

Leader life cycle theory developed by Hambrick and Fukutomi (1991) assumed that the first phases of a CEO's tenure are characterized by performance gains mainly through learning, openness and high task interest. In later stages of a CEO's tenure,

i.e. after approximately six years, however, performance is likely to decrease as the CEO's commitment to an obsolete paradigm increases and the use of information sources as well as task interest decreases (Hambrick, Geletkancz & Fredrickson, 1993). Hambrick and Fukutomi (1991) proposed five phases in a CEO's tenure which they named 'response to mandate', 'experimentation', 'selection of an enduring theme', 'convergence', and 'dysfunction'. According to Hambrick and Fukutomi's (1991) paradigm of CEO tenure seasons, the temporal characteristics associated with CEO tenure can affect firm performance. Fundamentally, the paradigm posits that 'there are discernible phases, or seasons, within an executive's tenure in a position, and [those] seasons give rise to distinct patterns of executive attention, behavior, and ultimately, organizational performance' (Hambrick and Fukutomi, 1991: 719).

Hambrick and Fukutomi (1991) argue that an inverted curvilinear relationship exists between these five seasons of a CEO's tenure and firm performance. They base their argument concerning the performance impact of tenure on inverse influence of learning and adaptation. On the one hand, learning, i.e. increasing task knowledge leads to positive performance effects on a diminishing scale particularly in the first two seasons. These positive effects are, however, outweighed over time by progressively increasing costs of a mismatch between the paradigm which the CEO has selected and environmental conditions (Henderson, Miller & Hambrick, 2006).

The leader life cycle theory has received support in three empirical studies (Miller & Shamsie, 2001; Giambatista, 2004; Henderson, Miller & Hambrick, 2006). Nevertheless, the results of these studies raise the question if a uniform leader life cycle as proposed by Hambrick and Fukutomi (1991) actually exists. Henderson, Miller and Hambrick (2006), for example, found different durations of CEO tenures in dynamic and stable industries. Karlsson, Neilson and Webster (2008) even reported very diverse tenures of CEOs within the same industries.

Entrepreneurial Theory

The entrepreneurial-based theory generally assumes that founder CEOs are more committed and motivated to perform their best and are less opportunistic. In addition, because of their intrinsic motivation, it is less costly to compensate founder-

CEOs. Founder-CEOs are deeply involved in setting the initial organizational architecture of the firm including structure, culture and strategy (Baron et al., 1999; Abebe and Alvarado, 2013). They are more likely to possess a substantial amount of technical and market expertise as well as a deep understanding of the industry within which the firm operates (Jayaraman et al., 2000; Jain and Tabak, 2008). Founder-CEOs often have institutional legitimacy, extensive social capital and also serve as a symbolic leader to the external environment (Bamford et al., 2006). According to the authors, such external legitimacy could help the firm since it could potentially bring valuable resources in addition to conferring market confidence on the firm's leadership capability (Nelson, 2003). Nelson (2003, p. 710) referred to this as "founder imprinting." Often, founder-CEOs demonstrate deep passion, articulated vision, and personal commitment to the firm because of their involvement from the firm's inception, bring a high level of personal attachment and long-term commitment to the firm's leadership. They tend to own a considerable amount of equity of the firm (Abebe and Alvarado, 2013). The entrepreneurial-based explanation generally suggests a positive and significant influence of founder-CEOs on firm performance

Resource Based Theory

The Resource based view rests on the premise that larger and more complex corporations require a specific type of managerial skill set that may not be readily available among founder-CEOs. Accordingly, this view emphasizes the evolutionary nature of managerial competence in a firm's life cycle and argues that a founder-CEO's entrepreneurial, hands-on style of management is not suitable to large, established firms (Willard et al., 1992; Wasserman, 2012; Abebe and Alvarado, 2013). Along with the managerial competence mismatch that can be created in founder-CEO led firms (Daily and Dalton, 1992), some scholars also point out the tendency of founder-CEOs to be complacent, myopic, or even narcissistic (e.g. Mintzberg and Quinn, 1991; Ranft and O'Neill, 2001; Abebe and Alvarado, 2013).

As Ranft and O'Neill (2001, p. 128) cited by Abebe and Alvarado (2013) put it, founders "value the organization as an extension of their own identities, and will maintain the organization to fit their sense of personal identity beyond the point that

others might define as reasonable. The maintenance of the organization in a founder's personally preferred state is a direct illustration of hubris and narcissist behaviour." Willard et al. (1992) argued that founder-CEOs did not have the ability to deal with the complexity of growing firms. They also observed that founder-CEOs sometimes did not know when they had to yield to professional managers. Similarly, Daily and Dalton (1992) contended that founder-CEOs do not have the managerial capacity to effectively perform in large, established firms. Founder-CEOs, due to their intense psychological commitment to the firm, are more likely to pursue decisions that are in line with their past decisions despite the fact that these decisions may not be effective or appropriate for the firm's changing business realities (Jayaraman et al., 2000; Kroll et al., 2007). Accordingly, founder-CEOs are often inclined to make conservative strategic decisions such as product market diversification. The resource-based explanation generally suggests a negative and significant influence of founder-CEOs on firm performance (Abebe and Alvarado, 2013).

Institutional Theory

Institutional theory developed by Pfeffer (1981) and Meyer & Rowan (1977) assumes that a CEO's power increases over his tenure because of three main effects – the commitment to a once chosen course of action, the institutionalization of beliefs and practices, and the establishment of a growing network of contacts. Institutional theory is a model of the institutionalization and perpetuation of CEO power.

According to Meyer and Rowan (1977) this institutionalization has on the one hand a positive effect on performance resulting from increased legitimacy. With growing institutionalization, a company enjoys a higher degree of legitimacy in its environment. This legitimacy brings advantages regarding the access to resources, to new customers or to investors, since trust in the organization increases and on the other hand a negative effect that reflects inefficiencies as a consequence of sticking to obsolete rules. Companies with a high degree of institutionalization tend to implement and stick to inefficient rules which in turn has a negative impact on performance Overall, institutional theory, like leader life cycle theory, proposes an inverted curvilinear relationship between the tenure of a CEO and performance. While the institutionalization of the CEOs power in the beginning of his tenure leads

to an increase in performance, at a certain time in his career the negative effects prevail and performance decreases again. Overall, the argumentation of institutional theory closely resembles that of leader life cycle theory.

This institutional perspective also implies that there is a tendency to involve homogeneous individuals in organization i.e. board members may come from similar background and thus reducing the effective function of the audit committee. Yet, it may interrupt the effectiveness of boards' performance as they tend to rationalize their legitimacy by reducing challenges to each other. In the other word, the institutional theory emphasizes how governance mechanisms fulfil ritualistic roles that help legitimize the interactions among the various actors within the corporate governance mosaic (Cohen et al., 2008; Turtle and Dillard, 2007; Zainal et al., 2013).

Power Circulation Theory

This theory was developed to explain political dynamics among societal elites (Michels 1962) and was extended to the corporate governance context by Ocasio (1994) and Shen and Cannella (2002). Combs et al. (2007) citing Ocasio noted that the theory portrays the top management level of organisations as inherently political, characterised by shifting coalitions and continual power struggles. According to Combs et al., Power circulation theory suggests that power erodes and dissipates over time due to political obstacles arising from an increasing number of enemies and rivals as one rises in the firm. Power circulation is a product of the interplay of two forces, obsolescence and contestation. Obsolescence implies that CEOs' become stagnant and outdated because of their ties to past decisions (Miller 1991). Contestation arises from other executive officers who are viewed as rivals for the CEO's position (Pfeffer, 1981). In power circulation theory, CEOs are viewed as potentially vulnerable leaders of a dominant managerial coalition. While CEO's authority is accepted, other executives are highly motivated to detect and react to shortcomings of the CEO because each of them may have the potential to become CEO and accrue greater prestige and wealth if the incumbent is replaced (Henderson and Fredrickson, 2001).

Contingency Theory

The theory used in this approach is a basic contingency theory of leadership effectiveness developed by Fiedler (1967). The author proposed that three important situational dimensions are assumed to influence the leader's effectiveness. They are: Leader-member relations; the degree of confidence the subordinates have in the leader; the loyalty shown the leader and the leader's attractiveness. Task structure: the degree to which the followers' jobs are routine as contrasted with non-routine. Position power: the power inherent in the leadership position. It includes the rewards and punishments typically associated with the position, the leader's formal authority (based on ranking in the managerial hierarchy), and the support that the leader receives from supervisors and the overall organization.

According to the theory, maximum performance is believed to occur when the person's capability or talent is consistent with the needs of the job demands and the organizational environment (Boyatzis, 1982). Furthermore, Boyatzis (2007) posits that the person's talent is described by his or her: values, vision, and personal philosophy; knowledge; competencies; life and career stage; interests; and style. Job demands can be described by the role responsibilities and tasks needed to be performed. Aspects of the organizational environment that are predicted to have an important impact on the demonstration of competencies and/or the design of the jobs and roles which include: culture and climate; structure and systems; maturity of the industry and strategic positioning within it; and aspects of the economic, political, social, environmental, and religious milieu surrounding the organization.

There are three clusters of competencies differentiating outstanding from average performers in many countries of the world (Bray et al., 1974; Boyatzis, 1982; Kotter, 1982; Luthans et. al., 1988; Howard and Bray, 1988; Campbell et al., 1970; Spencer and Spencer, 1993; Goleman, 1998; Goleman et al., 2002). They are: (1) cognitive competencies, such as systems thinking and pattern recognition; (2) emotional intelligence competencies, including self-awareness and self-management competencies, such as emotional self-awareness and emotional self-control; and (3) social intelligence competencies, including social awareness and relationship management competencies, such as empathy and teamwork. Finally, Boyatzis (2007) argues that emotional, social and cognitive intelligence competencies

predict effectiveness in professional, management and leadership roles in many sectors of society. Based on the above, it is proposed that:

This study is grounded in agency, leader life cycle, entrepreneurial, resource based institutional, power circulation and contingency theories in order to establish a theoretical foundation for the study. Since there is no single theory in literature that is considered to provide a wide ranging clarification on CEO power and its influence on firm performance, the attempt to engage these perspectives is expected to offer important insights or better understanding of CEO power as well as to update the theoretical and technical aspects of CEO power literature. As noted by Hirsch et al., (1987) and Eisenhardt (1989) a strength of organizational research is its polyglot of theories that yields a more realistic view of organisations. The choice and use of multiple theories is widely supported in literature (Kosnik, 1987; Eisenhardt, 1988; Agle, et al., 2006; Zainal et al., 2013; Singh and Harianto - in press).

3.6 CONCEPTUAL DEVELOPMENT OF THE MODEL OF CEO POWER

3.6.1 Research Model and Constructs

A brief description of the constructs examined in the conceptual model are as follows. The first seven variables are viewed as primary determinants of CEO Power while company performance is the dependent variable.

CEO Board Tenure: Tenure is derived from an existing structure or formal position within an organisation. Tenure is viewed as a key ingredient in the process of building power (Combs et al., 2005). CEO Tenure refers to the number of years of service that the CEO has held that position within the organization (Finkelstein & Hambrick, 1996; Hambrick & Fukutomi, 1991; Miller, 1991). Prior conceptual corporate governance studies (Hambrick & Fukutomi, 1991; Miller, 1991 Hill and Phan, 1991; Wulf et al., 2010; Dikoli et al., 2011; Luo et al., 2012) propose a significant relationship between tenure in a leadership position and the power associated with the position and firm performance.

CEO Founder: The CEO is also one of company founders. Consistent with the management literature. (Finkelstein, 1992) CEO's who are also founder are considered to be more influential because of their long term involvement with the firm, they are able to have a strong influence on Board decisions (Adams et al., 2005; Morse et al., 2011). CEO Founders stay much longer in office than non-founders (Palia and Ravid, 2008). Extant studies (Narayanan et al., 2000; Anderson and Reeb, 2003; Villalonga and Amit, 2005; Adams, Almeida and Ferreira, 2009; Fahlenbrach, 2009; Abebe and Alvarado, 2013) propose a significant relationship between CEO founder, CEO power and firm performance.

CEO Ownership: Ownership is regarded as an important source of power (Daily and Johnson, 1997). Managerial shareholdings reduce board influence and the accompanying uncertainty that powerful boards can create for dominant coalition (Finkelstein, 1992). CEO's with ownership power can and do hold on to their positions beyond their point of effectiveness (Boeker, 1992) CEOs with low ownership positions can be easily removed by a coalition of insiders or outsiders (Ocasio, 1994). This study posits ownership variable impacting both CEO power development and retention. Modeling ownership as impacting CEO power – firm performance is consistent with past empirical studies (Morck, Shlefer and Vishny, 1988; Han Kim and Lu, 2011; Emdadull, Rahman and Lindsay, 2013) which propose a significant relationship between CEO ownerships, CEO power and firm performance.

CEO Result oriented competencies: CEO result oriented competences is regarded as a key source of personal power. As demonstrated in organizational behaviour literature, (Dulewicz and Herbert, 1999) CEOs who are practical, focused, resilient and concentrates on achieving organisational performance in face of adversity or unfairness, pressure or opposition are considered to be more influential, they are able to have a strong influence on Board decisions. This study posits: CEO result oriented competences variable impacting both CEO power development and retention. Modeling CEO result oriented competencies as impacting CEO power – firm performance is consistent with extant studies (Boyatzis, 2007; Han Kim and Lu,

2008) which propose a significant relationship between CEO results oriented competences and CEO power and firm performance.

CEO Cognitive Competencies: CEO cognitive competences is another major source of personal power. Prior studies in the organizational behaviour literature, (Boyatzis, 2007; Dulewicz and Herbert, 1999:15) argue that CEOs who possess strategic perspective (rises above the detail to see the broader issues and implications; takes account of wide-ranging influences and situations both inside and outside the organization before planning or acting) and analysis and judgement are considered to be more influential and are able to have a strong influence on Board decisions. Prior studies (Boyatzis, 2007; Han Kim and Lu, 2008) propose a significant relationship between CEO cognitive competences and CEO power and firm performance.

CEO Interpersonal Competencies: CEO Interpersonal competences is another important source of personal power. Prior literature (Waldam, Javidan and Varella, 2004; Boyatzis, 2007; Dulewicz and Herbert, 1999:15) contend that CEOs who are persuasive (Influences and persuades others to give their agreement and commitment; in face of conflict, uses personal influence to communicate proposals, to reach bases for compromise and to reach an agreement) and self-motivated are thought to be more influential; they are able to have a strong influence on Board decisions regarding strategy and direction. Prior studies (Waldam, Javidan and Varella, 2004; Agle, et al., 2006; Han Kim and Lu, 2008) propose a significant relationship between CEO Interpersonal competences and CEO power and firm performance.

CEO Power Factor: This is derived from the expertise, charisma, reference, and prestige power of CEOs. It is also referred to as ability-based power in literature. Expert power arises from the ability to contribute to organizational success by dealing with environmental contingencies. CEOs with the relevant expertise, charisma and reference power may have a significant influence on a particular strategic choice or firm performance (Waldam, Javidan and Varella, 2004; Agle, et al., 2006). Prestige power represents personal prestige, status of reputation and/or others perception of personal influence through contacts and qualifications. CEO Prestige is viewed as a key source of personal power. As demonstrated in strategic

management literature (Finkelstein, 1992; Han Kim and Lu, 2008) and pointed out by Larcker and Tayan (2012), Prestige power is derived from the positive perception that others have of an executive based on his or her reputation. Prestige power might accrue from educational background, affiliation with outside organizations or associations, government relations or prior success. This study posits that CEO power factor or CEO Prestige variables impact both CEO power development and retention. Modeling CEO power factor and or CEO Prestige as impacting CEO power – firm performance is consistent with extant studies (Finkelstein, 1992; Waldam, Javidan and Varella, 2004; Han Kim and Lu, 2008) that propose a significant relationship between CEO Prestige and CEO power and firm performance.

CEO Power: Based on the research of Hambrick and Mason (1984), Finkelstein and Hambrick (1996), Adams et al., (2005), Han Kim and Lu (2008), Bebchuk, Cremers and Peyer (2009), Liu and Jiraporn (2010), Bennesen, Perez-Gonzalez and Wolfenzon (2010), Dowell, Shackell and Stuart, 2011, Emdadul et al., 2013, and Veprauskaite and Adams (2013) the CEO is modeled and considered as the most powerful and dominant individual member of the top management executives of a firm. This study examines CEO Power from the perspective that as the power of the CEO increases, the CEO's ability to directly influence the strategic direction of the firm also increases (Daily & Johnson, 1997; Finkelstein & Hambrick, 1996). Following prior research, seven dimensions of CEO Power are examined in this research; these include CEO tenure, founder, ownership, CEO result oriented, cognitive, interpersonal competencies and prestige power (Emdadul et al., 2013; Adams et al., 2005; Han Kim and Lu, 2008; Daily & Johnson, 1997; Finkelstein, 1992).

Company Performance: Financial performance, which is the focus of this research is viewed as the fulfilment of economic goals of the firm (Barney, 2002; Venkatraman and Ramanujam, 1986; Combs et al., 2005; Hult et al., 2008; Gentry and Shen, 2010) and also widely referred to in literature (e.g. Hillman, 2005) as the 'bottom line' is one of the most extensively studied areas of management research on firm performance. Firm performance as measured by share price performance, ROA and Tobin's Q serve as the dependent variables of interest in this study. Following the recommendation of several authors (Hoskisson et al., 1999; Combs et al., 2005, Hult et al., 2008, Gentry and Shen, 2010; Aliabadi et al., 2013) both accounting and

market-based performance measures are employed in this. Daily and Johnson (1997) note that “reliance on multiple performance measures is important, as no one indicator reasonably captures firm financial performance” (p. 107).

3.6.2 The Research Model

Further to the review of literature on CEO power, and theories, the following research models (figures 3.1 and figure 3.2) were developed. The model shown in Figure 3.1 was constructed before data collection. While the model shown in figure 3.2 was fine-tuned after data collection and preliminary analysis. CEO ability was subdivided into three variables (CEO Result oriented competencies, CEO Cognitive Competencies and CEO Interpersonal Competencies) while the variables of CEO duality and sole insider were dropped following the full compliance of listed companies with regulatory directives on corporate governance practices in Nigeria. The basic function of the model is to identify the construct assumed to determine company performance as measured by share price performance, ROA and Tobin's Q. The arrows represent the hypothesized relationships between variables.

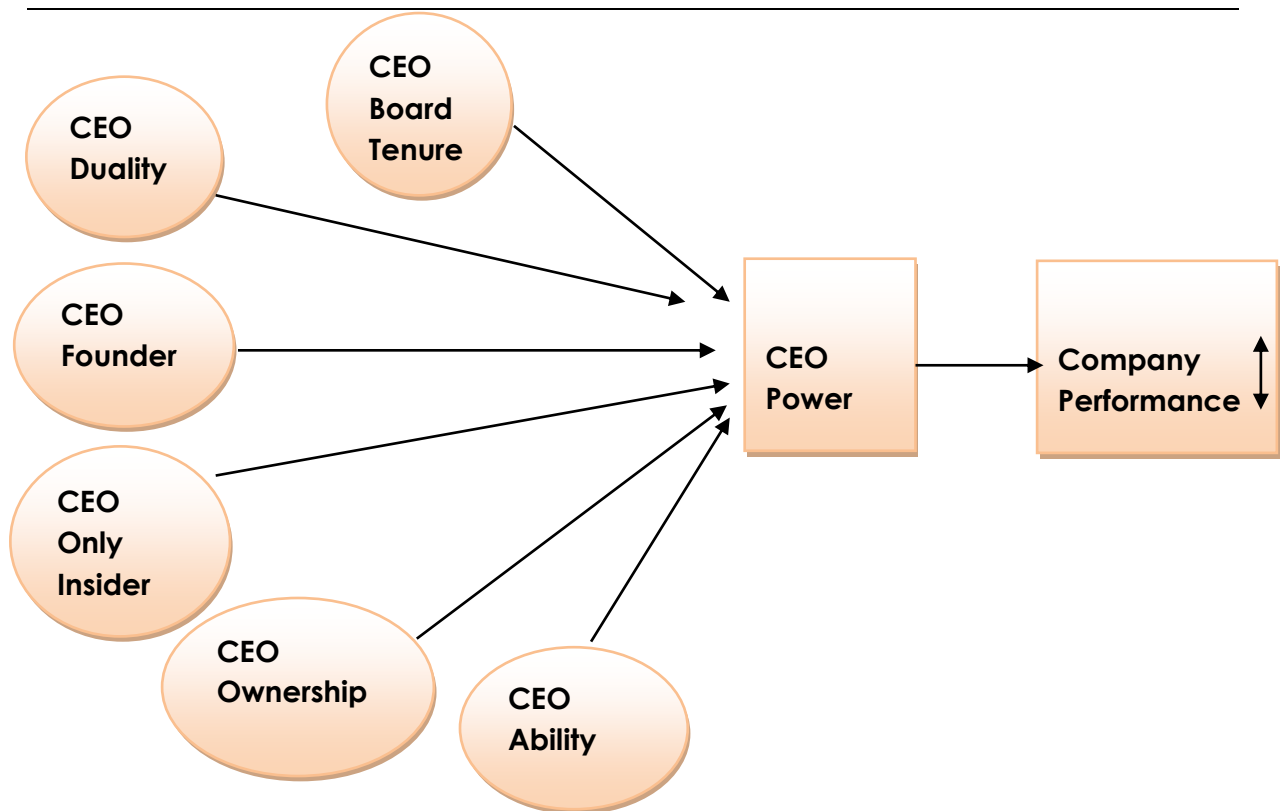
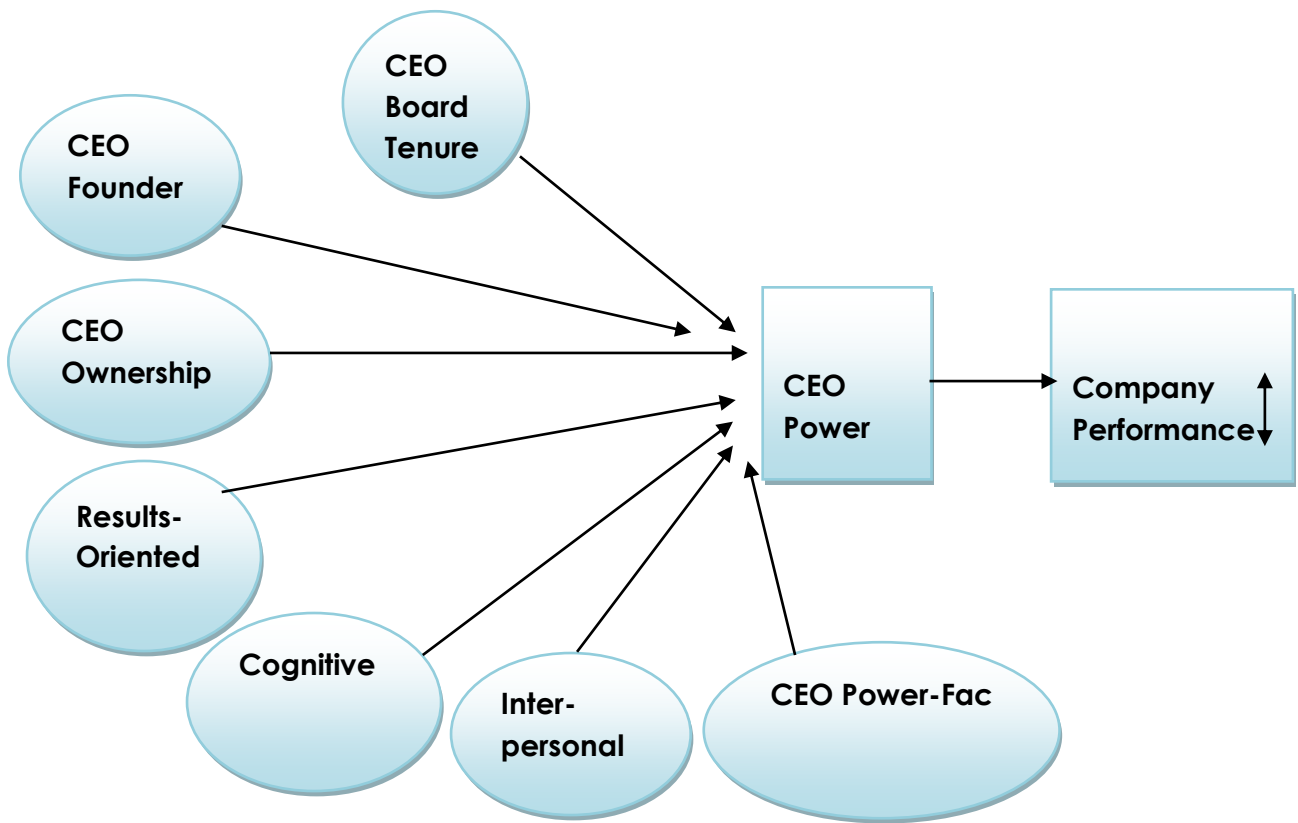


Figure 3.1 CEO Power Model – before data collection



*Firm Size will be utilised as Control Variable in the Studv.

Figure 3.2 CEO Power – Firm Performance Model

3.6.3 Model Specification

The model that was employed to examine the relationship between CEO power and the performance of Nigerian publicly listed companies is a multiple regression model. (Wu, Lin, and Lin-Lai, 2007; Lambert and Larcker, 1987; Core, Holthansen and Larcker, 1999; Van der Laan, 2010). The dependent and independent variables are components presented in figure 3.2. The regression model used in the study is expressed and presented below.

$$Y (\text{performance}_{it}) = (a + b_1x_{1i} + b_2X_{2i} + b_3X_{3i} + b_4X_{4i} + b_5X_{5i} + b_6X_{6i} + b_7X_{7i}) + e_{it}$$

The variables in the equation are;

Subscript i = denotes ith firm (i = 1 to 154); t = denotes tth year (2012)

Construct Y (Performance) is the dependent variable (share price change, return on assets and Tobin's Q of firm i in year t)

"a" is the y-intercept which indicates the point at which the regression plane intersects the y-axis when the values of the predictor scores are all zero.

The terms b1, b2 to b7 are all regression coefficients which are used as multipliers for the corresponding predictor variables (i.e. X1 to X7).

Construct X1 to X7 are independent variables (X1 = CEO Tenure; X2 = CEO Founder; X3 = CEO Ownership; X4 = CEO Results-oriented competencies; X5 = CEO Cognitive; X6 = CEO Interpersonal; X7 = CEO Power Factor

e = The disturbance term is specified as an error term comprising of firm specific effects (firm size) Firm size is the size of firm i in year t.

3.7. RESEARCH QUESTION

A review of CEO power literature has shown that CEO tenure, founder, duality, sole insider, ownership, CEO competencies including other power variables such as expert, charismatic, referent, and prestige power are fundamental variables or constructs in CEO power and that by virtue of the fact that they are sources of CEO power there is a relationship between them. Prior studies show that no single research study has investigated the relationship between all these variables or their impact on company performance particularly share price performance, return on asset and Tobin's Q. A bulk of academic research has examined intensely only the effect of formal power on firm performance. But how CEO power (formal and informal) affects the company performance has been largely ignored. Therefore, an understanding of the relationship between all the constructs is unclear or ambiguous and hence no model in the literature has explicitly explained the interaction of all the relationships between positional and personal variables.

This research was a product of prolonged search for other factors that is, non-traditional factors that influence company performance such as share price performance as well as to fill the gap identified above by providing a comprehensive understanding of the relationships between all the constructs of formal (positional) and informal (personal) power. The literature review helped to define the research question in this study. That is;

“To what extent does CEO power influence a company's performance?”

3.8. RESEARCH HYPOTHESIS DEVELOPMENT

At the centre of this study is the testing of seven hypotheses. The research hypotheses were derived following the literature review and the design of the research model. One general hypothesis was considered for the research study followed by seven hypotheses which are presented below;

The domain of agency theory commonly used in CEO power literature is a relationship that mirrors the basic agency situation of a principal and an agent who are engaged in cooperative behaviour but have differing goals and differing attitudes toward risk. Example of such relationships are board and shareholders' relationships, and relationship between a firm's CEO and its shareholders (Eisenhardt, 1989; Jensen and Meckling, 1976). In general, CEOs are assumed to maximize their own interests, which may be detrimental to the interest of the shareholders; the greater the degree of decision making discretion retained by a CEO and the more severe are information asymmetries between the CEO and the owners, the greater the likelihood of weak governance and of non – value adding decisions being made (Brown and Sema, 2007; Veprauskaite and Adams, 2013). Hence to mitigate this shortcoming, internal and external monitoring mechanism should be implemented to lessen the divergence in interest (Jensen and Meckling, 1976; Fama and Jensen, 1983). Several mechanisms were proposed in literature, the owners should set up a broad structure to monitor management actions, advise the CEO and get external resources that are vital to build corporate capabilities. Furthermore, they should establish managerial incentive contracts to link executive compensation to agreed performance targets as a way to improve the traded value of firms (Elsayeed, 2007; Johnson et al., 1986; Morse et al., 2011).

Despite these measures, it is argued by several scholars (Combs et al., 2007; Liu and Jiraporn, 2010; Bebchuck et al., 2009; Adam et al., 2005, 2009) that when CEO accumulate both formal and personal power over the board the effectiveness of directors can be endangered and firm value damaged. Furthermore, powerful CEOs can use their power to make personal gains (e.g. increasing the rate of perk consumption) at the expense of shareholders, pursue projects that may not add value to shareholders. Drawing on this perspective, agency theory predicts a negative relationship. That is;

A1 CEO power is likely to be negatively related to company's performance

Other scholars (Haleblian and Finkelstein, 1983; Adams et al., 2005) argue against the negative perspective or connotation of agency theory and propose a positive influence of a strong CEO on firm performance. They posit that a dominant CEO can give force and direction to corporate strategy thereby increasing entrepreneurialism and reducing the risk of delays and disputes that often come with more democratic board level decision making. In addition, they argue that more powerful CEOs are more likely to be innovative, to take risky strategic decisions that generate an average higher profits for shareholders than less powerfully positioned CEOs (Fahlenbrach, 2009; Adams et al., 2005; Veprauskaite and Adams, 2013; Emdadul et al., 2013). Relying on this perspective, the theory predicts a positive relationship. That is;

A2 CEO Power is likely to be positively related to company's performance

General Hypothesis

CEO Power (positional and personal) will be significantly (positively/negatively) related to company performance.

Specific Hypotheses

CEO Tenure-Based Hypotheses-

Extant studies investigating CEO tenure and power – performance relationship have been supported by theories such as leader life cycle, institutional, dominant coalition

and managerial hegemony theories. A common thread that runs through these theories is that as CEO tenure increases, CEO power often increases as well. There is an improved likelihood that the CEO gains the ability to appoint TMT members to the BOD, direct and influence the selection process for outside BOD members, achieve CEO duality, and accrue additional ownership equity in the firm as part of compensation (Hambrick and Fukutomi, 1999; Daily & Johnson, 1997; Finkelstein & Hambrick, 1996; Jensen & Meckling, 1976).

According to Hambrick and Fukutomi's (1991) paradigm of CEO tenure seasons, the temporal characteristics associated with CEO tenure can affect firm performance. Basically, the paradigm suggests that 'there are discernible phases, or seasons, within an executive's tenure in a position, and [those] seasons give rise to distinct patterns of executive attention, behavior, and ultimately, organizational performance' (Hambrick and Fukutomi, 1991: 719). In particular, depending on the CEO's life cycle seasons, CEO tenure can have both positive and negative effects on firm performance (Miller and Shamsie, 2001). During their early tenure seasons, CEOs tend to learn rapidly and are willing to take risks. As their tenure progresses, they espouse new initiatives and expand their knowledge and skill repertoires (Wu, Levitas, and Priem, 2005), thus improving firm performance (Luo et al., 2013). In their later seasons, however, CEOs myopically commit to obsolete paradigms, become risk averse and stale in the saddle, and tend to adapt less to the external environment (Miller, 1991; Levinthal and March, 1993), thus hurting firm performance (Luo et al., 2013). Finally, Hambrick and Fukutomi (1991) argue that, the relationship that exists between CEO tenure and firm performance over the CEO's life cycle is an inverted U-shape relationship.

The Institutional perspective assumes that a CEO's power increases over his tenure because of three main effects – the commitment to a once chosen course of action, the institutionalization of beliefs and practices, and the establishment of a growing network of contacts. According to Meyer and Rowan (1977) this institutionalization has on the one hand a positive effect on performance resulting from increased legitimacy and on the other hand a negative effect that reflects inefficiencies as a consequence of sticking to obsolete rules. Companies with a high degree of institutionalization tend to implement and stick to inefficient rules which in

turn have a negative impact on performance. Overall, institutional theory – like leader life cycle theory – proposes an inverted curvilinear relationship between the tenure of a CEO and performance. While the institutionalization of the CEOs power in the beginning of his tenure leads to an increase in performance, at a certain time in his career the negative effects prevail and performance decreases again. Therefore, it is proposed that:

H1: CEO Tenure will be significantly related to company performance.

CEO Founder-Based Hypotheses-

Prior studies examining the relationship between CEO founders and firm performance have been grounded in two extant theories (entrepreneurial and resource based) that offer conflicting explanations and insights. The entrepreneurial-based theory generally assumes that founder CEOs are more committed and motivated to perform their best and are less opportunistic. In addition, because of their intrinsic motivation, it is less costly to compensate founder-CEOs. Founder-CEOs are deeply involved in setting the initial organizational architecture of the firm including structure, culture and strategy (Baron et al., 1999; Abebe and Alvarado, 2013). They are more likely to possess a substantial amount of technical and market expertise as well as a deep understanding of the industry within which the firm operates (Jayaraman et al., 2000; Jain and Tabak, 2008). Founder-CEOs often have institutional legitimacy, extensive social capital and also serve as a symbolic leader to the external environment (Bamford et al., 2006). Finkelstein (1992) posits that CEO's who are also founder are considered to be more influential because of their long term involvement with the firm, they are able to have a strong influence on Board decisions (Adams et al., 2005; Morse et al., 2011). CEO Founders stay much longer in office than non-founders (Palia and Ravid, 2008). Often, founder-CEOs demonstrate deep passion, articulated vision, and personal commitment to the firm because of their involvement from the firm's inception, bring a high level of personal attachment and long-term commitment to the firm's leadership. They tend to own a considerable amount of equity of the firm (Abebe and Alvarado, 2013). The entrepreneurial-based explanation generally suggests a positive and significant influence of founder-CEOs on firm performance

The resource based view rests on the premise that larger and more complex corporations require a specific type of managerial skill set that may not be readily available among founder-CEOs. Accordingly, this view emphasizes the evolutionary nature of managerial competence in a firm's life cycle and argues that a founder-CEO's entrepreneurial, hands-on style of management is not suitable to large, established firms (Willard et al., 1992; Wasserman, 2012; Abebe and Alvarado, 2013). Along with the managerial competence mismatch that can be created in founder-CEO led firms (Daily and Dalton, 1992), some scholars also point out the tendency of founder-CEOs to be complacent, myopic, or even narcissistic (e.g. Mintzberg and Quinn, 1991; Ranft and O'Neill, 2001; Abebe and Alvarado, 2013).

Founder-CEOs, due to their intense psychological commitment to the firm, are more likely to pursue decisions that are in line with their past decisions despite the fact that these decisions may not be effective or appropriate for the firm's changing business realities (Jayaraman et al., 2000; Kroll et al., 2007). Accordingly, founder-CEOs are often inclined to make conservative strategic decisions. The resource-based explanation generally suggests a negative and significant influence of founder-CEOs on firm performance (Abebe and Alvarado, 2013). Therefore, it is proposed that:

H2: CEO founder will be significantly related to company performance.

CEO Ownership-Based Hypotheses-

Extant studies investigating CEO ownership and power – performance relationship has been reinforced by two dominant theories namely; agency and entrepreneurial theories. As discussed previously, scholars (e.g. Adams et al., 2005, Haleblan and Finkelstein, 1983 and Adams et al., 2005) argue against the negative perspective or connotation of agency theory and propose a positive influence of a strong CEO on firm performance. They argue that a dominant CEO (with strong ownership power) can give force and direction to corporate strategy thereby increasing entrepreneurialism and reducing the risk of delays and disputes that often comes with more democratic board level decision making. In addition, they argue that CEOs are more likely to be innovative, to take risky strategic decisions that generate on average higher profits for shareholders than are less powerfully positioned CEOs (Fahlenbrach, 2009; Adams et al., 2005; Veprauskaite and Adams, 2013; Emdadul et

al., 2013). Relying on entrepreneurial and agency perspectives, the theories predicts a positive relationship. Therefore, it is proposed that:

H3: CEO Ownership will be significantly related to company performance.

CEO Competencies-Based Hypotheses-

Although prior studies examining CEO competencies and firm performance are scarce, two theories offered in prior studies are considered in this study. The theories on which this hypothesis is grounded include leader life cycle (Hambrick and Fukutomi, 1991) and contingency theory of performance described by Fiedler (1967), and Boyatzis (2007) and Lorsch, (2010).

Boyatzis (2007) contend that a theory of performance is the basis for the concept of competency. The theory used in this approach is a basic contingency theory. Fiedler (1967) proposed that three important situational dimensions are assumed to influence the leader's effectiveness. They are: *Leader-member relations*: the degree of confidence the subordinates have in the leader. It also includes the loyalty shown the leader and the leader's attractiveness. *Task structure*: the degree to which the followers' jobs are routine as contrasted with non-routine. *Position power*: the power inherent in the leadership position. It includes the rewards and punishments typically associated with the position, the leader's formal authority (based on ranking in the managerial hierarchy), and the support that the leader receives from supervisors and the overall organization.

According to the theory, maximum performance is believed to occur when the person's capability or talent is consistent with the needs of the job demands and the organizational environment (Boyatzis, 1982). Furthermore, Boyatzis (2007) posits that the person's talent is described by his or her: values, vision, and personal philosophy; knowledge; competencies; life and career stage; interests; and style. Job demands can be described by the role responsibilities and tasks needed to be performed. Aspects of the organizational environment that are predicted to have an important impact on the demonstration of competencies and/or the design of the jobs and roles include: culture and climate; structure and systems; maturity of the industry and

strategic positioning within it; and aspects of the economic, political, social, environmental, and religious milieu surrounding the organization.

There are three clusters of competencies differentiating outstanding from average performers in many countries (Bray et al., 1974; Boyatzis, 1982; Kotter, 1982; Luthans et al., 1988; Howard and Bray, 1988; Campbell et al., 1970; Spencer and Spencer, 1993; Goleman, 1998; Goleman et al., 2002). They are: (1) cognitive competencies, such as systems thinking and pattern recognition; (2) emotional intelligence competencies, including self-awareness and self-management competencies, such as emotional self-awareness and emotional self-control; and (3) social intelligence competencies, including social awareness and relationship management competencies, such as empathy and teamwork. Finally, Boyatzis (2007) argued that emotional, social and cognitive intelligence competencies predict effectiveness in professional, management and leadership roles in many sectors of society. Therefore, it is proposed that:

H4: CEO result's oriented competencies will be significantly related to company performance.

H5: CEO cognitive competencies will be significantly related to company performance.

H6: CEO inter personal competencies will be significantly related to company performance.

H7: CEO power factor will be significantly related to company performance.

A summary of specific hypotheses to be tested appears in table 3.2

TABLE 3.2 Hypotheses denoting the proposed relationships between Independent variables X1 to X7 and the dependent variable Y in the CEO power model

S/No	Hypothesis	Support from Literature
H1	CEO Board Tenure will be significantly related to company performance.	Hambrick and Fukutomi, (1991); Pfeffer, (1981); Combs et al., (2007); Luo et al., (2013)
H2	CEO Founder will be significantly related to company performance.	Adams et al.,(2005 & 2009) Pathan (2009), Fahlenbrach (2009); Abebe and Alvarado, (2013)
H3	CEO Ownership will be significantly related to company performance	Haleblian and Finkelstein, (1983); Fahlenbrach (2009); Baghat and Bolton (2010); Kim and Lu (2011)
H4	CEO Competencies (Result Oriented Factor) will be significantly related to company performance	Dulewicz and Gay (1995); Boyatzis (2007); Kim and Lu (2008)
H5	CEO Competencies (Cognitive Factor) will be significantly related to company performance	Dulewicz and Gay (1995); Boyatzis (2007); Kim and Lu (2008)
H6	CEO Competencies (Interpersonal Factor) will be significantly related to company performance	Dulewicz and Gay (1995); Boyatzis (2007); Kim and Lu (2008)
H7	CEO Power will be significantly related to company performance.	Finkelstein (1992); Kim and Lu (2008)

3.9. SUMMARY

This chapter has presented the conceptual and theoretical thinking that reinforces the conceptual development of the proposed model of CEO power and its impact on company performance. The relationships between CEO power concepts were specified and contextual factors that shape CEO power were succinctly discussed. A new model was built based on literature and extant conceptual models. Furthermore, the research hypotheses to be tested were presented and discussed. The next chapter, four, covers research methodology. The nature of research and philosophical underpinning as well as strategy and design including sampling and instrumentation or measures will be discussed. Finally, the next chapter will also presents research procedure and administration in addition to data preparation.

Chapter 4. RESEARCH METHODOLOGY AND DESIGN

4.1. INTRODUCTION

The previous chapter addressed extensively the conceptual and theoretical perspectives, contextual factors, the research question, research model and hypotheses. This chapter discusses the philosophical background, overall research approach or strategy and philosophical basis or paradigm, research tactics and process used for the research. This includes articulating and providing the general framework that was followed, the rationale for the choices made while keeping in view the objective and purpose of the research. Essentially, the study used a cross-sectional survey design or methodology to assess the impact of CEO power on company performance. This chapter also discusses the research design which amongst other things dealt with sampling design, Instrumentation or measures, data collection methods and data analysis process.

4.2. NATURE OF RESEARCH

An examination of the topic of the study, aims and objectives and the research questions discussed in previous chapters shows that the purpose of this study is more about hypothesis testing;

- To test new ideas (the Impact of CEO power on company performance, that there is a significant relationship between CEO power variables and company performance)
- To predict an outcome from combinations of the independent variables and dependent variable. That is to investigate the predictive validity of the CEO power dimensions by examining the association between CEO power with company performance
- To add to knowledge the outcome of the test

In view of the fact that the type of investigation being conducted is by and large that of hypothesis testing in nature, the study will attempt to establish correlations

between the CEO power variables as well as test the relationships between the defined constructs. This means also that hypothetico-deductive method will naturally be employed. Since hypothetico-deductive reasoning is key to the positivist approach to research method (Easterby-Smith et al., (2009) it is safe to conclude that this type of study is an empirical study, using positivist approach and aims at finding general conclusions measured through objective methods.

4.3. PHILOSOPHICAL BACKGROUND TO RESEARCH

Remenyi et al., (2009:23) note that a discussion of philosophy is essential before embarking on a research project because as was said by Hughes (1990):

'Every research or procedure is inextricably embedded in commitments to particular visions of the world and to knowing that world. To use an attitude scale, to take the role of a participant observer, to select a random sample.....is to be involved in conceptions of the world which allow these instruments to be used for the purposes conceived. No technique or method of investigation is self-validating...They operate only within a given set of assumptions about the nature of society, the nature of human beings the relationship between the two and how they may be known,'

Research on a general note can be classified into two worlds: Research into the physical and natural world and Research into the social world. The history of research into the physical and natural world dates back 10,000 years. Efforts to provide a structure for (formalised and systematised) the study of philosophy and the natural world began with the ancient Greeks. However, the origin of modern research is traceable to Kepler (1571-1630) who used mathematical computations and experiments to conduct his studies of the orbits of the planet. (Remenyi et al., 2009) Isaac Newton (1642-1727) improved on the research methods used by Kepler and Galileo (1564-1642) by formulating a new unifying theory, the theory of gravity. The combination of mathematical formulations, careful observations of results of the relationships between variables formed the basic part of modern physical sciences research. Research into the social world dates from Plato and Aristotle. Research in modern social science is a phenomenon of the twentieth century with less than 100 years of experience behind it. Research into business and management is even more recent with the Hawthorne (Parsms, 1992) experiments in the late 1920s and early 1930.

Research Methodology refers to the procedural framework within which the Research is conducted. It describes an approach to a problem that can be put into practice in a research programme or process (Remenyi et al., 2009). Leedy (1989) defines methodology as 'an operational framework within which the facts are placed so that their meaning may be seen more clearly. Easterby-Smith et al. (2009) define methodology as a combination of techniques used to inquire into a specific situation. Furthermore, Crotty (1998) describes methodology as the 'strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes'. According to Churchill (1979), the adoption of a research design framework ensures that the study will be relevant to the research problem, and will use economical procedures in fulfilling its aims and objectives.

PHILOSOPHICAL ASSUMPTIONS

A fundamental aspect of Research is the philosophies of ontology (truth) and epistemology (facts). Ontology refers to philosophical assumptions about the nature of reality. Ontology is a branch of philosophy or metaphysics concerned with the nature of reality and relations of being. Ontology concerns the researchers with the philosophical assumptions about the nature of reality (Easterby-Smith et al., 2009). Ontology is the starting point for most of the debates among philosophers. Thus among philosophers of natural science the debate has been between realism and relativism.

Epistemology is the study of knowledge, its nature, validity and value, methods and scope (Thietart et al., 1999). It also refers to the general set of assumptions about the best ways of inquiring into the nature of the world (Easterby-Smith et al., 2009) Epistemological assumptions are general conjectures that underpin any research approach of how to best investigate a problem or phenomenon (Remenyi et al., 2009; Easterby-Smith et al., 2008). The implication of ontology and Epistemology for the researcher is that their ontological stance and Epistemological questioning enables the researcher to amongst others; establish the validity and legitimacy of their work.

4.4. RESEARCH STRATEGY AND PHILOSOPHY

The two grouping of approaches to research are empirical research and theoretical research. The two methods are sometimes regarded as distinct and separate. Empirical research in contrast to theoretical research is a research that is based on the results of observation or experiment. The researcher goes into the world and observes what is happening or observes through experiment. By studying these observations and collecting related evidence, the researcher will draw conclusions and make the claim that something of value has been added to the body of knowledge. While the research theorist studies the subject through the writing of others and through discourse with learned or informed individuals who can comment on the subject area usually without any direct involvement in observation of behaviour and the collection of actual evidence. The theorist reflects on these ideas and uses his intellectual capabilities to construct a new or different view of the situation, which may be regarded as a new theory. Empirical research can be either positivist (quantitative) or phenomenological (descriptive/interpretative). Although it has been debated that the two approaches are different, a large number of scientist are in agreement that the two methods are perfectly acceptable for adding value to the body of knowledge. In fact the foundation of empirical research should be in theory and research should be set in theory with the researcher maintaining a theoretical stand point.

The philosophy of positivism emphasizes quantifiable observations that lend themselves to statistical analysis. Being a positivist means that the researcher is working with an observable social reality and the end product of such a research can be derivation of laws or law-like generalization similar to those produced by the physical and natural scientist. The philosophical stance or paradigm sees the researcher as an objective analyst and interpreter of a tangible social reality. This research paradigm is sometimes described as causal deterministic, reductionist approach or quantitative and structured approach, whereas the philosophy of phenomenologist is a theoretical point of view that advocates the study of experience taken at face value and one which sees behaviour as determined by the phenomena of experience rather than by external objective and physical reality (Cohen and Manon, 1987). Also that reality is essentially mental and perceived and the researcher and the subject studied interact with each other (Thietart et al.,

1999). This research paradigm is sometimes described as descriptive, interpretative, qualitative, hermeneutics or holistic. It implies that every event studied is a unique incident in its own right.

A key difference between positivist or quantitative research and phenomenologist, interpretativist or qualitative research is that the phenomenologist believes that the world can be modeled but not necessarily in a mathematical sense. A verbal, diagrammatic or descriptive model is acceptable (Remenyi et al., 2009). In view of the fact that both approaches have strengths and weaknesses, positivism and interpretativism are not completely different in their impact on research and in the generalisability of their findings. Seeing the two approaches as related concepts rather than as two extreme and separate approaches is useful. It is important for the researcher to determine from the outset which approach is to be used; this is because the choice of either approach has implications for the research methodologies used in the study. An illustration of the researcher's view of modern research approach is presented in figure 4.1 below.

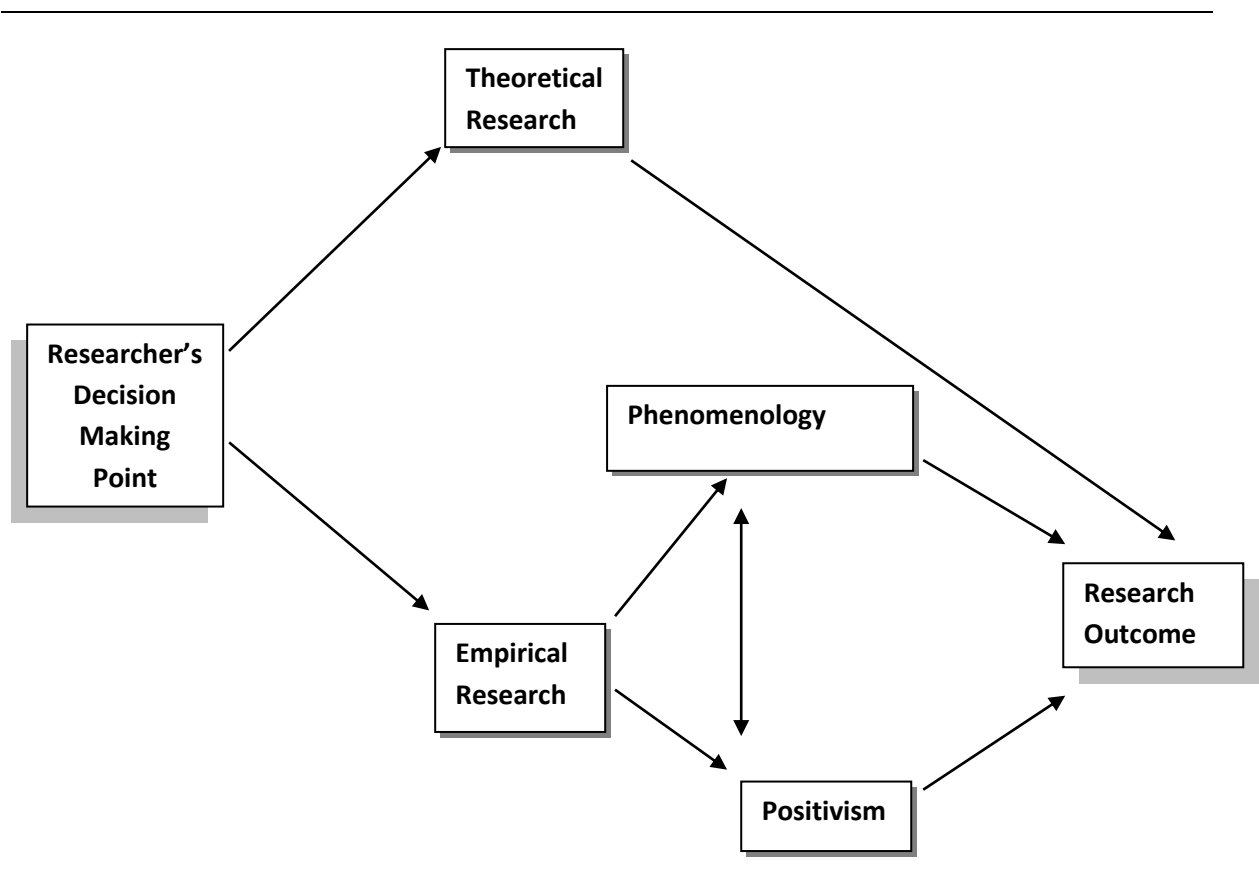


Figure 4.1. MODERN RESEARCH APPROACH. Source: Remenyi et al., (2009:31)

Method has been defined as individual techniques used for data collection, analysis etc. (Easterby-Smith et al., 2009).

This research study is positivist in nature and thus aims at finding general conclusion measured through objective methods, 'rather than being inferred subjectively through sensation, reflection or intuition' (Easterby-Smith et al., 2009:57). The positivist or quantitative approach was preferred because it appears to fit the research objectives well. Specifically, this research philosophical orientation was chosen for the following reasons (Easterby-Smith et al., 2009:58):

1. This approach enables the researcher to stay independent from what is being observed. This makes sense since the subject researched involves the CEOs or Chief decision makers of the organization which would have been difficult using other methods such as in-depth- survey (interviewing).
2. The second reason is value-freedom. The choice of the subject matter and how to study it was determined by object criteria. The subject of study itself is value laden.
3. The aim of the study is to identify fundamental laws that explain regularities in human social behaviour.
4. Fundamental laws can potentially be hypothetico-deducted from the proposed data sample.
5. The concepts can be defined so that they can be measured. In other words, concepts can be operationalized in a way which enables facts to be measured quantitatively.
6. Research problem can be reduced to the simplest possible element. Unit of analysis can be reduced to simplest terms (i.e. CEOs).
7. Generalization. The sample which will be discussed in the following section, enables the researcher to draw generalizable conclusions.
8. Finally, since cross-sectional data and analysis will be used, such regularities can most easily be identified by making comparison of variations across sample.

The choice of a positivist research philosophy for this study means that this piece of research will, among other things, focus; on facts and would demonstrate causality, or aim to identify causal explanations rather than meaning or increase general understanding of the situation; Progress will be made through the hypotheses and

concepts that have been developed and operationalized before the data was obtained rather than gathering data from which ideas are induced; The use of large sample selected randomly.

Following the decision to conduct empirical research and to adopt a positivist research orientation or philosophy consideration will now be given to the research time horizon.

Cross-Sectional Research

This study is a cross-sectional research. The study was carried out at one single point in time or over a short period of time. The research does not attempt to comment on trends or on how situations develop over a time period (Remenyi et al., 2009:47). The study used cross-sectional survey design to investigate associations between CEO power variables and company performance, the outcome of interest.

As noted by several authors (i.e. Remenyi et al., 2009; Sekaran 2003:) the advantages of cross-sectional studies include ease of data gathering and assessment, cost effectiveness as they are relatively inexpensive and takes up relatively little time to conduct. They enable results to be generalized to the whole group. Researchers can estimate the outcome of interest because the sample is usually taken from the whole population. Furthermore, a number of variables or risk factors can be assessed or looked at in one study. Finally, it is useful for the testing of hypotheses.

The major disadvantage of cross-sectional studies is that only a snapshot is possible. The situation may provide different results if another time-frame had been chosen. Another limitation is the introduction of prevalence-incidence bias also known as Neyman bias. This stems from the tools used for data gathering such as questionnaire or by the respondents (not answering questions involving past events with perfect accuracy, thereby magnifying or minimizing the effects of certain variables, affecting the study result).

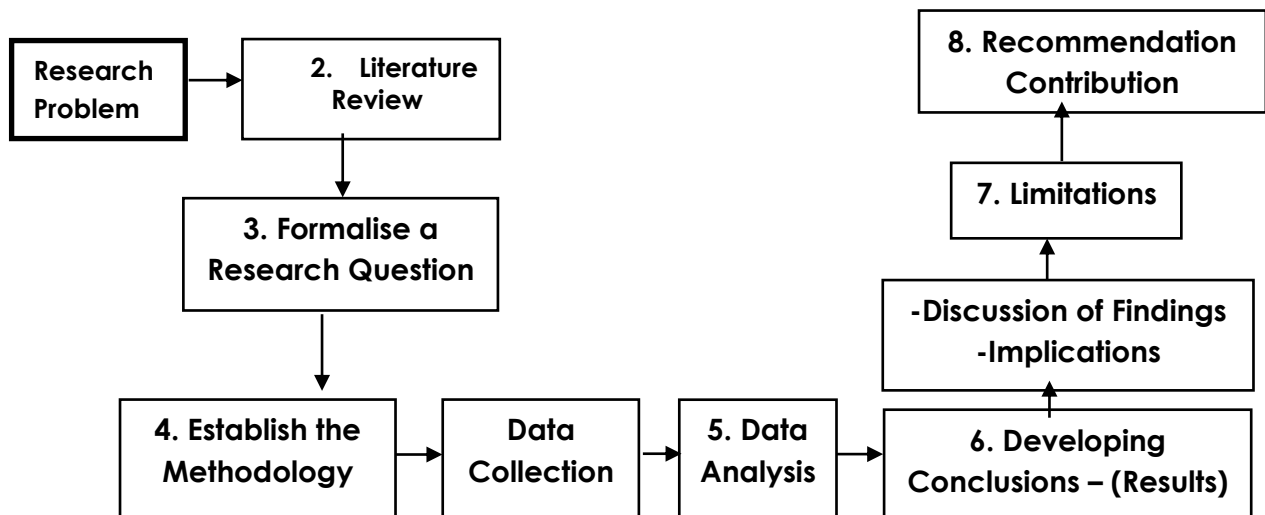
Cross-sectional research was preferred and adopted for this research study over longitudinal research design because of cost effectiveness, ease of data gathering and assessment and its' usefulness for generation of hypotheses. Furthermore, many outcomes and variables can be assessed in one study and more importantly to

investigate the association between variables and outcome of interest. Finally, the potential difficulty of recalling past events necessitated that questionnaires address a short period thereby addressing prevalence-incidence (Neyman) bias.

4.5. RESEARCH PROCESS

The research procedure adopted for this study is based on the process described by Remenyi et al., (2009: 64) and Sekaran (2003:31) as 'a systematic and organized effort to investigate a specific problem that needs a solution'. Since the process provided by the two authors were basically the same, Remenyi et al., (2009) was adopted. The research process adopted is presented graphically in figure 4.2 below.

Figure 4.2 Research Process



Source: Remenyi et al., (2009:64)

Remenyi et al., (2009: 64) provides a research process consisting of eight specific phases namely, reviewing the literature, formalizing a research question, establishing the methodology or framework, collecting the evidence (data collection), analyzing the evidence (data analysis), developing conclusions, understanding the limitations of the research and producing management guidelines or recommendations. Following this process, the body of the thesis excluding the introduction was organized into eight chapters.

Block 2 of figure 4.2 above represents Chapter 2, literature review. This chapter reviews the literature on CEO power, share price behaviour, corporate governance theories, and modern and behavioural portfolio theories among other things.

Block 3 of figure 4.2 above represents chapter 3, research hypotheses and model. The chapter discusses and formalises at the outset the research question followed by a research hypotheses, model and measurement scales.

Block 4 of figure 4.2 above dealt with research methodology and research design. The chapter addresses the conceptual framework of the research. Specifically philosophical assumptions, the research strategy and philosophy, research tactics and research design were covered.

Chapter 5, data analysis covered by block 5 of figure 4.2 above, explained the methods used to address the research question within the research framework.

Block 6 of figure 4.2 above dealt with developing conclusions. Chapter 6, 7 and 8 dealt with findings and result, discussion of the findings along with implications for practice and academic.

Blocks 7 and 8 of figure 4.2 above representing limitations of the study and recommendation are dealt with in the chapter 9. Furthermore, chapter 9 addresses the conclusion of the research study, contribution of the study and future research before a providing a final summary.

4.6. RESEARCH DESIGN

The section addresses the sampling design, the instruments or measures and the procedures for data collection or techniques which will be used to collect evidence.

4.6.1. SAMPLING DESIGN

According to Remenyi et al., (2009:192) from '*the point of view of a positivist, empirical research normally requires the selection of those individuals (participants or the sample) who are to provide the information*'. The sampling design used for this study is presented in figure 4.3 below.

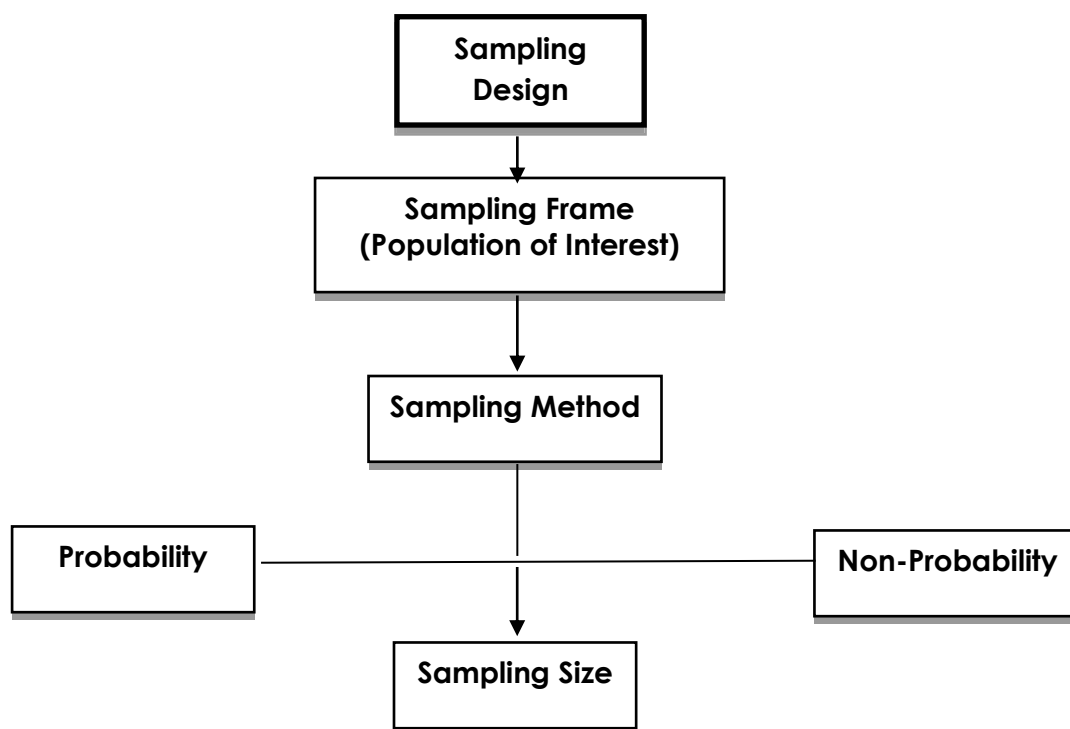


Figure 4.3 Sampling Design

Source: Remenyi et al., (2009:193)

Sampling Frame (Population of Interest)

The setting for the research was defined as the Nigerian stock market which comprised 198 firms listed on the Nigerian Stock Exchange as at December 2012. The stock market is divided into two tiers of boards. The first tier (main board) has 186 listed securities while the second tier (Alternative Securities Market) has 12 listed securities. The Nigerian stock market which is classified as an emerging market is relatively small compared to advanced markets such as New York Stock Exchange and London Stock Exchange that are over 100 years old and have at least 2,500 listed securities. The sampling frame for this study is the total population of 198 companies' CEOs, the unit of analysis. They were to be assessed and rated by the Rater Sample - professionals in the stock market including stockbrokers, capital market analysts, regulators, other professionals and top management team of companies quoted on the Nigerian Stock Exchange.

Data Sources

Given the nature of this study, primary and secondary (archival) data will be used. Secondary data for the main study will be collected on the 198 listed firms. Since this study employs a cross sectional design, data will be collected from companies' annual reports and websites. Archival sources (NSE, CBN and National Bureau of Statistics data bases exist for a period of 10 years (2002-2012). Share price data will be taken from NSE market data archives. CEO Power data will be collected from annual reports and companies' websites. The rationale for using archival data in this study is because these data is highly important and relevant to this study and cannot be duplicated by another researcher. Furthermore, the archived data is critical to this study.

The CEO Sample

In determining the requisite CEO sample size, factors such as type of sample, time, costs, accuracy of estimates and confidence with which generalization to the population are made were taken into consideration.

Guidelines provided by several authors (Stevens, 1996, Field, 2009 and Hair et al., 2010) were examined and considered in determining the minimum sample size. Guidelines provided by (Stevens, 1996) recommended that for social science research, about 15 participants or cases per predictor are needed for a reliable equation, meaning a minimum sample size of 105 (15x7) responses.

Field (2009: 222) suggests that the two most common rules of thumb are '10 cases of data per predictor'. Hair et al. (2010) recommend that the minimum ratio of observations to variables is 5:1 (meaning that five observations are made for each independent variable in the variate), but the preferred ratio is 15:1 or 20:1.

The final CEO sample after dropping 44 companies for reasons of inactivity (no recorded deals for several years) and delistment (not complying with NSE post listing regulations), consists of 154 companies and CEOs for the period ending December 31, 2012. The sample constituted 77.7% of the total population of listed companies and should be representative of active companies. The model was tested using hierarchical multiple regression and had seven independent variables and three

separate dependent variables, 10 in all. The sample clearly exceeds even the maximum ratio of 20:1 discussed above.

The Rater Sampling Method

Non-probability, purposive and judgment sampling was undertaken by the researcher to identify expert raters. This is consistent with other studies such as Finkelstein's (1992:517). The major advantage of this method is that it is extensively used in the exploratory research stage. Here individuals are selected from 'a specific target group' with a 'specific purpose in mind', such as 'their likelihood of representing best practice in a particular issue or most advantageously placed or in the best place to provide the information required'. Such a sample comprises individuals considered to have the knowledge and information to provide useful ideas and insights (Remenyi et al., 2009:194; Sekaran, 2003:277). The professionals used as respondents in this study comprised individuals (top executives) considered to have reasonable knowledge and information about the CEOs in the sample and the subject matter.

Three criteria were used for the selection of the rater sample as listed below:

1. Respondents (top executives) who are qualified regular market players and whose experience in the market exceeds seven years.
2. Respondents must have a reasonable knowledge and information about the CEO to provide useful insight.
3. Respondents must have a reasonable knowledge and interest in the subject matter and is willing to partake in the research.

Aspects of 'convenience sampling' approach were also used, i.e. those individuals or respondents who were most readily accessible and available to participate in the study were selected to receive the survey. This approach was used given the nature or focus of the study and the resources (time and money) available. As discussed by Remenyi et al., (2009:193) 'such samples are extensively used in universities or business school research, where samples often comprise a group of students or sometimes executives attending short post-experience courses....' Convenience sampling is most often used during the exploratory phase of a research project and

is perhaps the best way of getting some basic information quickly and efficiently (Sekaran, 2003:277).

To overcome the challenges of accessing the professionals (respondents) that are to take part in the research, the researcher utilised a convenience sample of professionals who attended, the regular NSE/Listed Companies Fact Behind Figures forum (a forum where CEOs of listed companies and their top management teams including directors come to address and discuss in depth with professionals in the stock market), the NSE CEO's Monthly meeting forum, NSE trading floor and SEC Quarterly Capital Market Operators meeting forum.

Raters per CEO

In order to reduce subjectivity, it was decided after discussion with my supervisors that at least 2 experts and a maximum of 3 who had reasonable knowledge and information about each CEO, their company and the subject matter, should rate each CEO.

Demographic Profile of Rater Respondents

The experts' response rate was 84.6%, reasonably good considering the sensitivity of the questionnaire and that CEOs were examined (Norburn and Birley, 1986). The response rate suggests that respondents were not unwilling to assess CEO power related issues. Perhaps this too was not surprising given all the measures taken to increase responses (such as inserting confidentiality and anonymity statements in the cover letter, deletion of sensitive cultural issues of age from the final questionnaire and personal assurances of respondent's safety and systematic follow up). Furthermore, the respondents represent 154 of the 198 firms, which is 7.7% of the firms finally selected.

The demographic profile of raters presented in tables 4.1 and 4.2 below includes variables such as respondents' gender and profession. Of the 391 respondents that participated, 95% were males and 5% were females as shown in table 4.1 below.

Table 4.1 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	372	95.1	95.1	95.1
	Female	19	4.9	4.9	100.0
	Total	391	100.0	100.0	

Regarding the profession of respondents, a breakdown in table 4.3 below shows that the large majority (86%) were Stockbrokers, with the remainder being Capital market analysts (3.1%), Company senior executives (5.1%), Regulators (3.3%), and other Professionals (2%).

Table 4.2 Profession of the Respondents

		Frequency	Percent
Valid	Stockbroker	338	86.4
	Regulator	13	3.3
	Company Senior Executive	20	5.1
	Capital Market Analyst	12	3.1
	Other Professionals	8	2.0
	Total	391	100.0

The experience of the professionals (respondents) was mixed. 94.4% of respondents had over 10 years of experience (between 10 to 30 years) in the stock market and 5.6% of respondents had below 10 years (between 5 to 9 years). This shows that the bulk of the respondents should possess the requisite knowledge and information about the subject matter, an important criterion set by the researcher for selecting respondents.

4.6.2. INSTRUMENTATION OR MEASURING INSTRUMENT

Two main scales were used. One constructed from literature to measure CEO competencies while the other was developed by the researcher for the study to gather demographic data.

CEO Competences Scale

The Board Assessment Scale (BAS) for Board of Directors, is a self – report instrument that assesses the personal competences required by Directors of a representative

cross section of companies in United Kingdom (Dulewicz and Gay, 1995; Dulewicz, McMillan and Herbert, 1995) and used by the authors as part of an investigation into standards of competence of Board of Directors. The third section of the Directors Standard Model (building an effective board and personal competencies) used a structured questionnaire (Board Assessment Questionnaire: Personal Qualities of Directors). In all 38 personal competencies were identified of which respondents were asked to rate the relevance of each of the 38 competences definitions to successful performance using a 5 point Likert scale. Responses are scored separately for each and overall. Standardized (Z) scores for the 38 factors are derived from norms (see Dulewicz, 1995). All the scores are ranked for all the Directors and considered as generic 'profiles of Directors'.

The scale was selected because it was used in a unique and widely published study on Personal Competencies of Directors, there were no other suitable scales available in literature and moreover, BAS was designed exclusively for measuring critical personal competences of Directors (CEOs included). Since the 38 scale item was designed for a different purpose, it was adapted to produce the new 25 item CEO competences scale. Questions 7 to 31 in the questionnaire used for this research were derived from the Board Assessment Scale. A copy of the instrument (CEO power dimension scale) with its instructions to the respondent is presented in appendix 1.

CEO Power Dimension Scale

Though personal power was mentioned in literature (Bird, 1990; Finkelstein, 1992; Robins, 2005; Ivancevich, 2005) no measure was identified in literature hence a new scale (using 5 point Likert scale) with 6 items was developed in line with Dulewicz and Gay's (1995) findings to measure other aspects of personal power. Questions 32 to 37 in the questionnaire for the research presents the instrument designed.

Validity and Reliability

Consistent with literature (Hair et al., 2010; Pallant, 2010; Rudestam, 2007; Finkelstein, 1992) expert judges rated the items for appropriateness (content validity), clarity (wording) and to eliminate any poorly rated items based on systematic criteria. Principal component factor analysis of all items was conducted to determine the

structure of the items and also to identify the formative indicators and underlying relationships of the informal or CEO personal power construct. Furthermore, to ensure proper structure and reliability of the instrument, the internal consistency of the scale was assessed using a reliability measure, co-efficient alpha. Detailed steps taken to achieve validity (particularly, construct and content) and reliability of the measuring instrument are demonstrated in the next chapter.

4.7. RESEARCH PROCEDURES

The procedures section provides a comprehensive description of the data collection method used and the steps taken to contact the respondents, obtain their co-operation and administer the instruments.

4.7.1. Research Tactics (Data Collection Method)

Empirical work on the association between CEO power and firm performance that utilized both primary and archival data is scanty. The survey method was selected as the preferred route to evidence collection, evidence analysis and theory generation. This method of gathering data is consistent with a related work by Finkelstein (1992) in which he investigated power in top management teams, considering the dimensions, measurement and validation of power. The survey is predominantly positivist in nature.

The Survey Method

This method is a very valuable tool for assessing people's opinions and trends. It focuses on people, the vital facts of people and their beliefs, opinions, attitudes, motivations and behaviour. Surveys are concerned with administration of questionnaires, offer an opportunity to collect large quantities of data or evidence in a quick and convenient manner (Oppenheim, 1966)

One of the strengths of this method is that it provides the researcher with adequate information on which to base sound decisions. Survey is also more realistic and versatile than experiment in that it investigates phenomena in their natural settings and is extensively used as business and management research. The major weakness

or drawback of this method is the possible unwillingness of respondents to respond to a questionnaire on a sensitive subject.

The survey method was the preferred method for investigation and specifically, a questionnaire survey (close-ended questionnaire) was adopted for this research. The main purpose of questionnaire research is to obtain information that cannot be easily observed or that is not already available in written or computerized form. Evidence from the questionnaire survey is then used for one or more of following purposes – description, explanation and hypothesis testing Remenyi et al., (2009:150)

Questionnaire Design

The research design includes the use of a research questionnaire. Closed-ended questions were used. Remenyi et al., (2009) note that closed-ended questions are typically used in quantitative studies. The assumption is that detailed knowledge is available on the attributes of interest and therefore it is possible to pre-specify the categories of response. Questionnaire responses will be quantified by assigning numbers to responses based on nominal, ordinal, and interval and ratio rules.

The pilot study that was conducted prior to the main study contributed significantly to the refinement of the questionnaire as it settled contentious issues relating to cultural issues such as age. It also gave an indication as to areas to be modified or reviewed in the questionnaire before commencing the full scale study to ensure that the final questionnaire would be more acceptable to respondents in terms of length and time required to complete it. Another major contribution of the pilot was the discovery of factors that enhance full completion of the measuring instrument and a successful respondent response rate. Furthermore, the pilot made possible the testing of the scales in the questionnaire. As noted by Teijlingen and Hundley (2001), conducting a pilot does not guarantee success in the main study but it does increase the likelihood.

Finally, the pilot was helpful in developing and testing the adequacy of the research instrument, testing the research process, and establishing the effectiveness of the sampling frame and techniques. Practical logistical problems which might occur using proposed methods were identified. A summary of the pilot study is presented in appendix B1

After the pilot study phase and specifically after approval by the School to commence the main study, the structure of the questionnaire was amended. Questions relating to the respondents' age or age range were removed to address cultural issues relating to age disclosures. The name of the company and the CEO being rated was clearly displayed in both the covering letter and the second part of the questionnaire. The rationale for this amendment was to ensure no question was left unanswered and each respondent could see clearly the CEO they are rating, and in the event the respondent did not possess the requisite knowledge and information required, the questionnaire should be returned uncompleted. Furthermore, a consent form from the Research Ethics Committee of School of Management Henley Business School was included as the final part of the instrument. This was to ensure that participation in the research was voluntary, the purpose of the project was well explained and questions if any were well explained to the respondents before completing the instrument. Finally, the consent form was to satisfy the criteria and requirements of the school management.

The amended questionnaire (CEO Power Assessment Questionnaire) was divided into five parts. The first part was a detailed covering letter. The second contained background questions and general information such as gender, profession and years of experience of the respondents in the stock market. The third part which measures CEO personal competence was adapted from the work on Personal Competencies for Boards of Directors developed by Dulewicz and Gay (1995). The fourth comprised of questions related to CEO Power dimension and fifth part contained the consent form and information sheet. A 5 point Likert scale was adopted in parts 3 and 4 of the questionnaire that varied from 1 as 'Strongly disagree' to 5 as 'Strongly agree'. The scale used in part 3 had been repeatedly used in previous studies, see Dulewicz (1994b) and Dulewicz (1995).

4.7.2 Administration of Survey Questionnaires

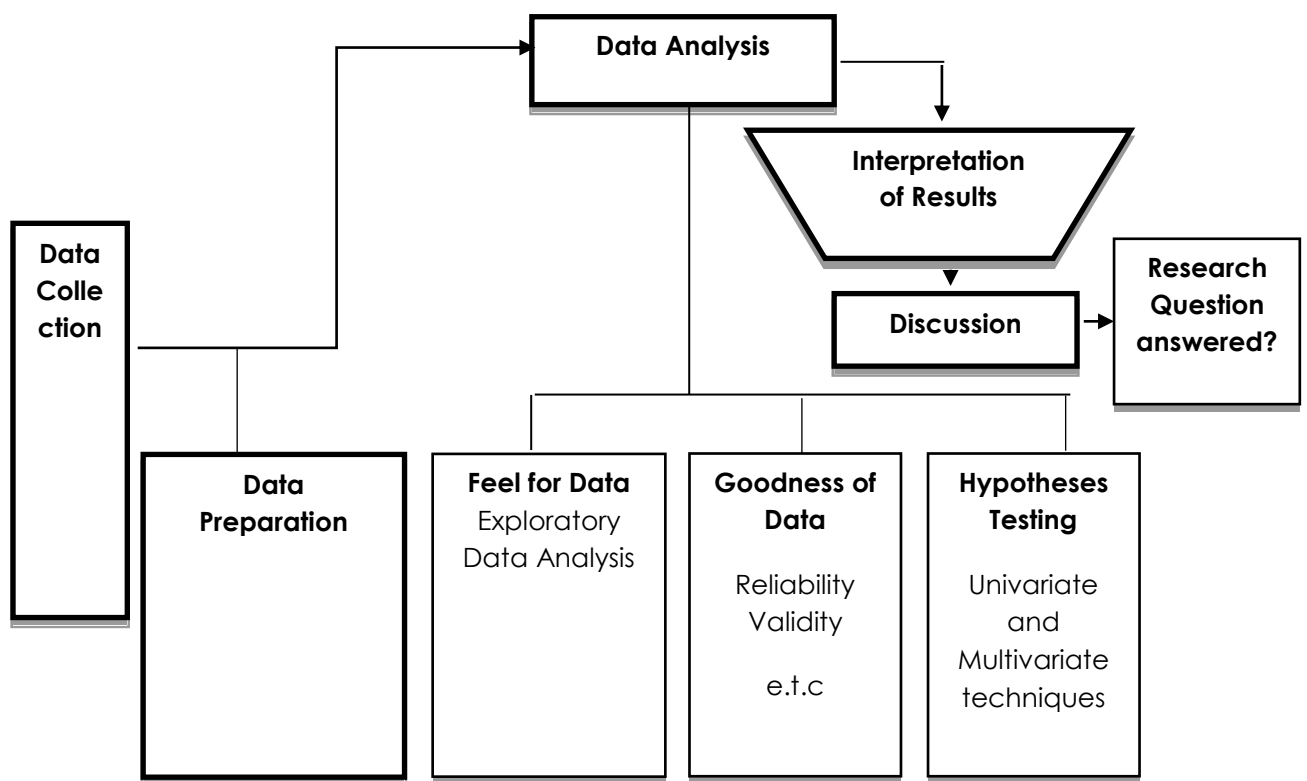
Overall, 462 questionnaires were distributed, 3 raters per CEO. The 3 respondents' were selected based on convenience sampling made up of experts who had reasonable knowledge and information about each CEO, their company and the subject matter.

Questionnaires were delivered by hand to the respondents. The questionnaire with an accompanying consent letter and a cover letter assured the respondent of anonymity and confidentiality of the information. Respondents returned the completed questionnaires in self-addressed envelopes provided for this purpose directly to the researcher or to the researcher's mail box in the NSE.

The researcher engaged the professionals and executives to obtain their cooperation as well as to provide clarifications and later followed up with respondents to complete and return the questionnaire. Prior to completing the questionnaire, respondents were informed of protocols for data collection. Contact was maintained with them during and after the data collection phase to address any question there might be with respect to the questionnaire and to follow up with each of them during the data collection phase.

4.7.3 Data Analysis Process

The data analysis process adopted for this study was based on the extant literature (Sekaran, 2003 and Hair et al., 2010). This study adapted the model provided by Sekaran (2003:301) in figure 4.4 below. Though the methods of data analysis are presented in chapters 5, this section covers the decisions taken by the researcher regarding the process and techniques to be used. The process comprise four parts namely data preparation, feel for data, goodness of data and hypothesis testing. A brief discussion of each part is provided in figure 4.4 below.



Adapted from: Sekaran (2003:204)

Figure 4.4 Data Analysis Process

4.7.4 Data Preparation

Prior to commencing data analysis for the study, the data set was prepared. This involved screening the data for incomplete or inconsistent responses. The researcher noted the few responses that were incomplete perhaps due to the fact that the respondents did not know the answer to the question or understand the question. In line with the recommendation of Hair et al., (2010) the few missing values was replaced with the mean value of all responses. The data set was also edited and responses reviewed to ensure consistency with how they answered the questions in the questionnaire. Other activities at this stage include data coding and categorisation. After initially entering the data in an excel sheet, it was transferred to SPSS software giving appropriate variable names and labels.

Screening of the Data Set

Following Hair et al., (2010) and Pallant (2010) the following steps were taken in order to screen the data.

Checking for Errors

The data was checked thoroughly for errors that may have occurred upon completion of the questionnaires by the respondents. Using SPSS, the categorical and continuous variables were checked for errors. Specifically, minimum and maximum values were checked to see if they made sense. This was also compared with the code book. The data was also checked for valid and missing cases. The few cases that had out of range values were corrected.

Missing Data Analysis

Hair et al., (2010:42) notes that missing data, where valid values on one or more variables are not available for analysis, are a fact of life in multivariate analysis. A review of the data keyed into the SPSS or imported into the SPSS revealed missing data occurred, rarely, in less than 5% of the cases. A diagnosis of the missing data processes was conducted with a view to applying the appropriate remedies for missing data. A four step process for identifying missing data and applying remedies suggested by Hair et al., (2010:44) was followed. All the missing data are unknown and could not be ignored because they were due to non-response by the respondent. Though the rule of thumb prescribed by Hair et al., (2010) suggest ignoring missing data under 10% for an individual case or observation except when missing data occurs in a specific non-random fashion. Though very low, the researcher did not ignore them because the data are known.

The extent of missing data (cases) was 40 (0.5%). This is considered very low, low enough to proceed directly to the remedy (Step 4). Overall summary of missing variable showed there was no missing variable. The level of missing data on a case and variable basis, including the overall extent of missing data across all cases was investigated and reviewed, as shown in Appendix A3(1 – 4).

In view of the relatively low levels of missing data, the mean substitution imputation method was used for missing data. Mean substitution replaces the missing values for a variable with the mean value of that variable calculated from all valid responses.

The rationale of this approach is that the mean is the best single replacement value, according to Hair et al., (2010:53).

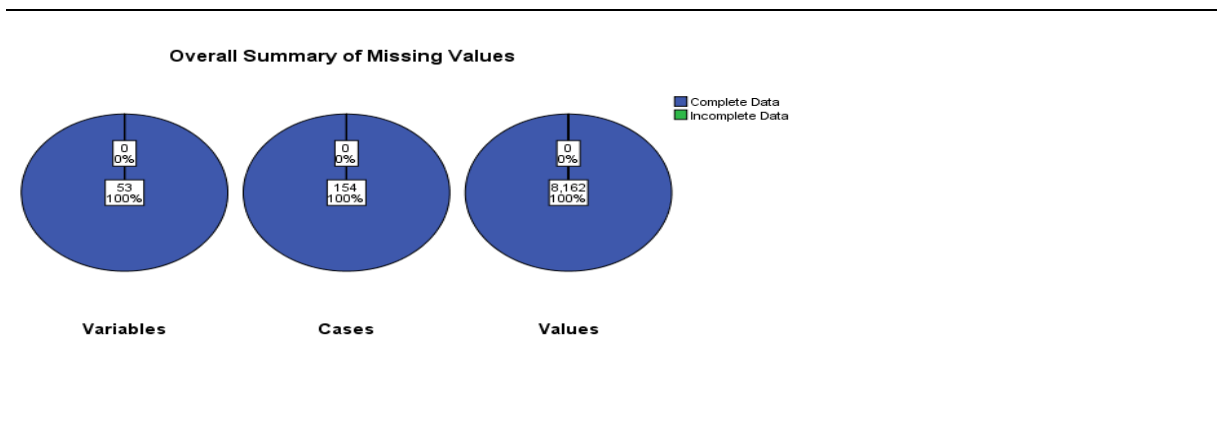


Figure 4.5 Overall Summary of Missing Values

Feel for the Data

Sekaran (2003:307) asserts that 'establishing the goodness of data lends credibility to all subsequent analysis and findings. Hence getting a feel for the data becomes the necessary first step in all data analyses. Thus, the researcher performed an exploratory data analysis which includes obtaining the frequency distribution of the data, mean, the range, the standard deviation, outliers, variance, correlation multicollinearity testing etc. This activity gave an indication of the demographic sample profile.

Goodness of the Data

Given the importance of testing for reliability and validity for the study, the researcher performed factor analysis to identify underlying relationships that may exist between a number of CEO power variables, reliability analysis, common method bias testing, to see if error affected the results and heteroscedasticity to ensure common assumptions are not violated. Discussions of the tests performed or the techniques used are presented in chapter 5.

Hypothesis and Model Testing

The last stage of the data analysis process is hypothesis and model testing. Taking guidance from extant literature (Finkelstein, 1992; Adams et al., 2005; ; Hair et al., (2010), Pallant (2010), Tabachnick and Fidell (2009) Emdadul, Rahman and Lindsay, 2013; Nanda, Silver and Han, 2013; Veprauskaite and Adams, 2013 for appropriate statistical techniques to test the hypotheses contained in the CEO model. For hypothesis testing, hierarchical multiple regression technique was used. Discussion of the tests conducted are presented in chapter 6 and 7.

4.8. METHODOLOGICAL LIMITATIONS

The major shortcoming that place restrictions on the methodology used in this study is time constraint. Given adequate time and resources a longitudinal design would have been considered. The study was carried out over a short period of time. The research will not attempt to comment on trends or on how situations develop over a time period. Since only a snapshot is possible, the situation may provide different results if another time-frame had been chosen. The study used cross-sectional survey design to investigate associations between CEO power variables and company performance, the outcome of interest.

Finally, another methodological drawback lies with the measuring instrument (Board Assessment Scale) utilised for the study. Since there have been no recent follow up studies on personal competencies of Directors or prior studies on CEO competencies and power variables there are no other relevant scales to compare it with.

4.9. SUMMARY

This chapter addressed the nature of research to be conducted, the philosophical background and philosophical assumptions considered essential for a research study of this nature. The research approach or strategy which is to conduct an empirical study using positivist or quantitative and structured approach to answer the research question including the questionnaire survey technique used to collect evidence were discussed. In addition, the procedures followed which included a detailed description of the administration, data analysis process, data preparation

and methodological limitations were discussed. Furthermore, for the purpose of comprehensiveness and that the hallmark of scientific research criteria are fully satisfied, the research process and research design adopted for the study took guidance from prior literature (Veprauskaite and Adams, 2013; Rudestam, 2007; Remenyi et al., 2009; Finkelstein, 1992). The next chapter will discuss operationalization of measures and the data analysis method.

Chapter 5. METHODS OF ANALYSIS

5.1 INTRODUCTION

This section discusses the operationalization of measures and methods of analysis. The methods of analysis of the Primary data (survey data) and secondary data are discussed in this chapter. SPSS was used to analyze both the primary data gathered through Questionnaire survey and secondary data. The software package was used to analyze and test the variables or constructs of the research model, using Factor Analysis, Sampling Adequacy Tests and Reliability Analysis. Other analyses performed include Correlation Analysis, Multicollinearity Testing, Common Method Bias Testing, Heteroscedasticity Testing and Regression Analysis.

5.2 OPERATIONALISATION OF MEASURES

To operationalize or define the variables within the research model so that they could be measured through appropriate questions and item statements in the questionnaire the researcher built on extant literature (Jayaraman et al., 2000; Adams et al., 2005; Combs et al., 2007; Liu and Jiraparn, 2010 and 2012; Veprauskaite and Adams, 2013;). The operational measures used in these previous studies were considered. Table 4.6 presents a summary of definitions of the variables.

5.2.1 Performance Variables

In this study, a company's financial performance is measured using three shareholder value based outcome indicators:

1. Share Price Change or a stock performance measure was used as one of the financial performance indicators. Share price change is a metric widely used in literature. (See for example Lambert and Larcker, 1987; Donaldson and Davis, 1991; Bodie et al., 1996; Hussainey et al., 2010; Mirfakhr-Al-Dini et al., 2011; Talla, 2013; Haroon and Jabeen, 2013). The stock market valuation of a firm is the present value of future expected cash flows to its shareholders. Share price change is measured as a stock last trading day market price minus first trading day market price divided by the first trading day market

price multiply by 100 $(P_1 - P_0) / P_0 \times 100$ or $(P_{t+2} - P_{t+1}) / P_{t+1} \times 100$. This method is useful when measuring the change over a one time period.

2. Tobin's Q is a method used to measure stock price performance as described by some authors (Veprauskaite and Adams, 2013, Emdadul et al., 2013, and Adams et al., 2005, Morck et al., 1986). This is one of the shareholder value-based outcome indicators. Watson and Head (2004) cited in Veprauskaite and Adams, (2013) note that Tobin's Q reflects the market performance of firms and is potentially a more stable (less myopic) measure of firm value than return on assets (ROA) and returns on equity (ROE). Tobin's Q is calculated as a measure of a firm's market value in relation to its assets and calculated as total shares outstanding multiplied by share price divided by total assets (book value of assets). $(TS \times SP) / TA$.
3. Return on Assets is an accounting based indicator. ROA is defined as a measure of return on total investment in the firm and calculated as profit after tax divided by total assets (PAT/TA). ROA a bottom-line metric for corporate financial performance relates annual accounting earnings to tangible assets that are used to generate cash flow. ROA clearly take into account the assets used to support business activities. It determines whether the company is able to generate an adequate return on these assets rather than simply showing robust return on sales. Though ROA is regarded as an alternative performance measure, it is another method used in literature to measure company performance (Adams et al., 2005, Bhagat and Bolton, 2008, Liu and Jiraporn, 2010, Veprauskaite and Adams, 2013).

Company performance is modeled using both market-based and accounting-based measures. Market-based performance is measured using share price change and Tobin's Q while accounting-based measure of return on assets (ROA) were used as proxies for company's financial performance.

Specifically, a stock-based performance measure was preferred for three reasons. First, unlike performance measures based on accounting data, stock-based performance measures are not influenced by firm-specific financial reporting rules.

Second, the use of a stock-based performance measure is consistent with an important principle in corporate finance that is, a firm's manager should act in order to maximize the market value of the firm. Finally, an inherent advantage of using stock market data in performance comparisons is that they provide an explicit means for controlling for differences in risk, since investors will assign a lower present value to risky cash flows (Jayaraman et al., 2000). This is important in light of prior research which suggests that entrepreneurs, i.e., founder managers, tend to assume more risk than other managers (Begley, 1995; Jayaraman et al., 2000). Many scholars have argued that risk bearing is the defining element of entrepreneurial character (McClelland, 1961; Timmons, 1978; Welsh and White, 1981). To the extent that managerial risk taking translates into greater financial risk for the firm's shareholders, it is important to measure firm performance after controlling for risk (Jayaraman et al., 2000).

In addition, ROA, the accounting based measure has many advantages. This measure is simple to use, easy to understand, and is based on audited figures.

As noted by several scholars (Bertrand and Mullainathan, 2000; Aliabadi et al., 2013) each of these measures has drawbacks of their own. From the shareholder's perspective, return is generated from stock price changes and is not defined in accounting terms. In theory, market-based measures are ex-ante, forward-looking measures of performance, as they reflect managerial decisions that induce future profitability. Furthermore, the share price may reflect market expectation rather than true performance. Also market imperfections can lead to over or under valuation of share prices unrelated to performance. Conversely, accounting-based measures are ex-post, historical measures of performance, historical and backward-looking and are thus conceptually less relevant from the shareholder's perspective. In addition, they are based on historical costs, can be easily manipulated by changes in accounting policies, may be difficult to compare accounting measures across the companies due to different accounting policies and may encourage short-term decisions. In practice, however, stock prices are a very noisy signal as they are frequently subject to significant market-wide fluctuations that mirror the determinants of the business cycle and the conditions of fiscal and monetary policy, and hence do not exclusively reflect executive performance. In contrast,

accounting-based measures shield executive performance from much of the noise and the accountability associated with stock market fluctuations (Bertrand and Mullainathan, 2000).

Finally, the compelling reasons for choosing these variables are first, they are the most widely used measures of company performance in academic literature. Second, these measures relate to accounting performance (ROA), shareholder value and market performance (Tobin's Q and share price change). Third, share price change or stock performance measure is an extremely important metric employed by stockbrokers, investors and market players generally. The input variables are easy to access, calculate, interpret and understand. It is a metric that receives far greater attention from stockbrokers, shareholders, management executives and other market players. They relate better to this metric than other measures. Finally, given that investment decisions will be made with the outcome of this study, these metrics (share price change, ROA and Tobin's Q) are extremely useful for making investment decisions. The use of these metrics in this research will certainly make a contribution to knowledge and practice.

5.2.2 CEO Power Variables

CEO Tenure - The number of years a CEO has been a CEO or in the CEO position/office of given a company. An indicator variable coded 0 = under 5 years as CEO in a given company. 1 = between 5-10years, 2 = above 10 years as a CEO.

CEO Founder - A binary variable coded as 1 if a firm CEO is also the founder or co-founder of the firm, otherwise 0.

CEO Ownership - Measured as percentage of shares outstanding owned by the CEO. An indicator variable coded 1 = under 5%, 2 = between 5-10%, 3 = between 11-30% and 4 = above 30%.

CEO Result Oriented Competencies – A personal power indicator variable (after factor analyzing CEO competencies) comprising 12 CEO competencies

CEO Cognitive Competencies - A personal power indicator variable (after factor analyzing CEO competencies) comprising 8 CEO competencies.

CEO Interpersonal Competencies - A personal power indicator variable (after factor analyzing CEO competencies) comprising 5 CEO competencies.

CEO Prestige - Measured by the level of educational attainment and accumulation of additional professional qualifications. An indicator variable coded 1=Diploma, 2= First Degree. 3= Second Degree, 4= Doctorate Degree.

CEO Power Factor - A personal power indicator variable comprising 6 CEO power variables.

5.2.3 Control Variables

Several scholars (Veprauskaite and Adams, 2013; Adams et al., 2005) note that firm size and or firm age are important firm specific variables that tend to determine firm performance.

Firm Size - Natural logarithm of the total assets of the firm for the period ending 2012.

Firm Age - The number of years since the firm was first incorporated.

5.2.4 Instrumental Variables

Dead Founders - A binary variable coded 1 if the founder died before the start of the sample period, otherwise 0.

Number of Founders - A binary variable coded 1 if the CEO is a founder or part of the group that founded the company and alive, otherwise 0.

Tax - Measured as the sum of State (personal income tax) and Federal (withholding tax) rates.

5.2.5 Demographic Variables

CEO Gender - An indicator variable coded 1 if the CEO is male, otherwise 0 for female.

Table 5.1 Variables Definitions and Measures

Variables	Measures
Share Price change	Share price change is measured as a stock last trading day market price of the year (December 31) minus first trading day market price of the year (January 3) divided by the first trading day market price multiply by 100 $(P1-P0)/P0 \times 100$ or $(P_{t12}-P_{t1})/P_{t1} \times 100$.
Return on Assets (ROA)	ROA is defined as a measure of return on total investment in the firm and calculated as profit after tax divided by total assets. (PAT/TA) .
Tobin's Q	Tobin's Q ratio is defined as a measure of a firm's market value in relation to its assets and calculated as total shares outstanding multiplied by share price divided by total assets or book value. $(TS \times SP)/TA$ or (MV/TA) .
CEO Tenure	The number of years a CEO has been a CEO or in the CEO position/office of given company. An indicator variable coded 0 = under 5 years as CEO in a given company. 1 = between 5-10years, 2 = Above 10 years as a CEO.
CEO Duality	A binary variable coded 1 if a firm CEO is also the Chairman of its Board of Directors, otherwise 0.
CEO Founder	A binary variable coded as 1 if a firm CEO is also the founder or co-founder of the firm, otherwise 0.
CEO Sole Insider	The CEO is the only executive director on the board. A binary variable coded 1 if a firm's CEO is the only executive director on the board otherwise 0.
CEO Ownership	Measured as percentage of shares outstanding owned by the CEO. An indicator variable coded 1 = Under 5%, 2 = Between 5-10%, 3 = Between 11-30% and 4 = Above 30%.
CEO Prestige	Measured by the level of educational attainment and accumulation of additional professional qualifications. An indicator variable coded 1=Diploma, 2= First Degree. 3= Second Degree, 4= Doctorate Degree.
CEO Gender	An indicator variable coded 1 if a firm CEO is male, otherwise 0 for female.
CEO Competencies	A personal power variable comprising 25 CEO competencies.
Result-Oriented factor	A personal power indicator variable (after factor analyzing

	CEO competencies) comprising 12 CEO competencies.
Cognitive or Intellectual factor	A personal power indicator variable (after factor analyzing CEO competencies) comprising 8 CEO competencies.
Interpersonal factor	A personal power indicator variable (after factor analyzing CEO competencies) comprising 5 CEO competencies.
Power factor	A personal power indicator variable comprising 6 CEO power variables.
Firm Size	Natural logarithm of the total assets of the firm for the period ending 2012.
Firm Age	The number of years since the firm was first incorporated.
No. of Sectors (NSE Sectors)	Measured as the number of sectors listed on the Nigerian Stock Exchange (NSE).
NSE Subsectors	Measured as the number of subsectors listed on the Nigerian Stock Exchange.
NSE Boards	Measured as the number of boards on the Nigerian Stock Exchange.
Listing (NSE/OSE)	An indicator variable coded 1 if a firm is listed both on NSE and other stock exchange.
Dead Founders	A binary variable coded 1 if the founder died before the start of the sample period, otherwise 0.
Number of Founders	A binary variable coded 1 if the CEO is a founder or part of the group that founded the company and alive, otherwise 0.
Tax	Measured as the sum of State (personal income tax) and Federal (withholding tax) rate.

5.3 EXPLORATORY DATA ANALYSIS

In order to gain an overview of the data and also a feel of the data prior to analysis the researcher conducted an exploratory data analysis and thereafter reviewed the descriptive statistics including the mean, standard deviation, frequency of distribution of the data. The normality of the data was also assessed. Following Pallant (2010:59) normality was assessed by obtaining the skewness and kurtosis values, 5% trimmed mean, test of normality (Kolmogorov-Smirnov statistics) histogram, and box plot of the distribution of scores. Furthermore, outlier and their impact was checked for and dealt with. Additionally, the review of the data gave the researcher a clear picture of the sample profile. Details of the descriptive statistics derived from the data can be found in appendix A2.

5.4 METHODS OF ANALYSIS

Sekaran (2003:307) posits that 'establishing the goodness of data lends credibility to all subsequent analyses and findings'. Based on the last step and recommendations

of several authors (Hair et al., 2010; Pallant, 2010; Remenyi et al., 2009, Tabachnik and Fidell, 2007) further detailed tests were performed to test the goodness of the data. Tests conducted and discussed in the next sections of this chapter include factor analysis, reliability, correlation analysis, multicollinearity, common method bias testing and heteroscedasticity testing.

5.4.1 EXPLORATORY FACTOR ANALYSIS

Exploratory Factor Analysis (EFA) was conducted on CEO competencies and power data to help our understanding of the structure of the items and also to identify the formative indicators and underlying relationships of the informal or CEO personal power construct. The test was carried out by the researcher primarily to identify and define the underlying relationships or structure that may exist among variables in the analysis and to reduce the large numbers of related variables to a more manageable number prior to using them in other analyses (Finkelstein, 1992; Agle et al., 2006; Pallant, 2010). It is the appropriate statistical technique to use for the analysis of a multi-item scale (Churchill, 1979; Parasuraman *et al.*, 1988).

The scale items (CEO Personal Competencies and CEO Power dimension) were factor analyzed.

Factor Analysis Statistics

Sampling Adequacy Test

The Kaiser-Meyer-Olkin measure of sampling adequacy was conducted to ensure that the sampling size of the data is adequate for factor analysis.

The 25 items of the CEO Personal competences scale and 6 items of the CEO Power variables were subjected to Principal Components Analysis (PCA) using SPSS version 20. Prior to performing PCA the suitability of data for factor analysis was assessed. Inspection of the correlation matrix revealed the presence of many co-efficient of .3 and above. The Kaiser-Meyer-Olkin (KMO) value was .948 for CEO personal competencies and .856, for power variables exceeding the recommended value of .6 (Kaiser 1970 and 1974) and Bartlett's Test of Sphericity for all scales (Bartlett 1954) reached statistical significance, $P < 0.000$ supporting the factorability of the correlation matrix (Pallant 2010:181).

Principal Component Analysis

Principal Components Analysis was conducted for the two scales. The analysis of CEO competences revealed the presence of three components with eigenvalues exceeding 1, explaining 50.0%, 5.7% and 4.6% of the variance respectively. Total variance explained by 3 factors using Varimax with Kaiser Normalization of orthogonal rotation was 61.4%. Three factors of the CEO competencies that emerged covered Result Orientation, Cognitive or Intellectual competence and Interpersonal competencies. Factor loadings greater than 0.45 are presented in Table 5.2.

Table 5.2. Rotated Component Matrix: CEO Competencies

Loadings > .49 shown

	Component		
	1	2	3
CEO Vision		0.726	
CEO Org. Awareness		0.665	
CEO Strategic Aware.		0.751	
CEO Imagination		0.686	
CEO Judgment		0.610	
CEO Decisive	0.535	0.585	
CEO Change-oriented	0.652		
CEO Problem Analysis		0.567	
CEO Critical Faculty		0.538	
CEO Perspective		0.563	
CEO Impact			0.675
CEO Flexibility			0.783
CEO Sensitivity			0.786
CEO Motivator			0.583
CEO Persuasive			0.671
CEO Assertive	0.512		
CEO Energy	0.599		
CEO Resilience	0.772		
CEO Achievement	0.688		
CEO Determination	0.623		
CEO Business Sense	0.630		
CEO Delegating	0.518		
CEO Organising	0.647		
CEO Planning	0.672		
CEO Integrity	0.558		

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser
 Normalization.

NB:

1. Resulted Oriented Competencies
2. Cognitive/Intellectual Competencies
3. Interpersonal Competencies

The analysis of CEO Power revealed the presence of one component with an eigenvalue exceeding 1, explaining 57.3% variance. The results of factor loadings appear in Table 5.3. and appendix A4)

Table 5.3. Component Matrix: CEO Power

	Component
	1
CEO Power	0.758
Expert Power	0.813
Referent Power	0.794
Charismatic Power	0.756
Prestige Power	0.757
Information Power	0.657

Extraction Method: Principal Component Analysis.
1 component extracted.

NB: 1. CEO Power Factor

In line with guidelines for identifying significant factor loadings based on sample size, the recommendations of Tabachnick and Fidell (2013:67) and Hair et al., (2010:117) of a factor loading value of .45 and above to be retained in analysis were noted. Loadings greater than .45 were considered in this study. Also total variance explained for each scale was compared with the suggested requirements of 50% - 60% (Child, 2006: Hair et al., 2010).

5.4.2 RELIABILITY ANALYSIS

The analysis of the research constructs of the study included testing the reliability of the two scales used (CEO personal competences rating and CEO power variables)

using Cronbach Alpha coefficient to ensure internal consistency or that all items measure the same underlying construct (Pallant, 2010:97).

RELIABILITY STATISTICS

Cronbach's Alpha coefficients were calculated to test internal consistency and results are shown in table 5.4. The values of .95 and .84 were obtained for CEO Competencies and CEO Power suggesting very good internal consistency reliability for the scales. All four power dimensions demonstrated internal consistency. Alpha values above .7 are generally considered acceptable or recommended by Hair et al., (2010:125) and Pallant (2010:100).

Table 5.4 shows a summary of all results of the conducted tests. Cronbach's Alpha, Total variance explained, Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy values and Bartlett's test of sphericity for the key variables. The Factor Analysis data and Reliability Statistics are shown in appendices A 6.

TABLE 5:4 – RELIABILITY, TOTAL VARIANCE AND SAMPLING ADEQUACY

S/N	SCALES	ITEMS	CRONBACH ALPHA	TOTAL VARIANCE (%)	KMO-MSA	BARTLET'S TEST OF SPHERICITY SIG.
A	CEO Competencies	25	.959	61.45	.948	.000
1.	CEO Competencies (Result-Oriented Factor)	12	.934	58.61	.944	.000
2.	CEO Competencies (Cognitive Factor)	8	.901	58.4	.911	.000
3.	CEO Competencies (Inter-personal)	5	.864	65.0	.850	.000
B	CEO Power Factor	6	.841	57.31	.856	.000

5.4.3 CORRELATION ANALYSIS

Correlation analysis was conducted to explore relationship among the variables. The relationship between CEO Power variables (as measured by CEO Founder, Tenure, ownership, Result-Orientation, Cognitive, Interpersonal and other power variables). The relationship between company performance as measured by Share Price change ROA, Tobin's Q, and CEO power variables was also investigated using Pearson product moment correlation co-efficient. Preliminary analyses were performed to ensure no violation of the assumption of normality, linearity and homoscedascity. The results of this analysis is shown in the analysis section and also appear in Appendix A7.

5.4.4 MULTICOLLINEARITY TESTING

A Multicollinearity test was performed to ensure two or more independent variables are not highly correlated with each and or are not included in the analysis. Multicollinearity occurs when any single independent variable is highly correlated with a set of other independent variables. Hair et al., (2010:156). Multicollinearity is said to exist when two or more predictor or independent variables are highly correlated with each other. (Hair et al, 2006, Field, 2009:23, Pallant, 2007:149). Pallant (2010:158) suggests examining the bivariate correlations between each of the independent variables to ensure two variables with bivariate correlation of .7 or more are not included in the same analysis. Field (2009:224) recommended values above .8 or .9 as high correlation producing multicollinearity problems. The test results and interpretation is shown in the analysis section and in appendix 8.

5.4.5 COMMON METHOD BIAS TESTING

Common method bias testing was conducted in this study principally to minimize error. According to Churchill (1992) knowledge of sources of error and an examination for their presence is a pre-requisite for all studies involving data analysis. Errors affect the degree to which the values obtained within the research are an accurate representation of the true values of the phenomenon under investigation. In survey research there are basically two types of error. Systematic (they affect the measurement in a constant way) and random (they affect the measurement in a variable way) 'due to transient aspects of the person or measurement situation' (Churchill, 1999). Method biases as noted by Podsakoff et al., (2003) are a problem

because they are one of the main sources of measurement error. Measurement error is one of the causes of endogeneity. It threatens the validity of the conclusions about the relationships between measures and is widely recognized to have both a random and a systematic component (Bagozzi and Yi, 1991; Nunnally, 1978; Spector, 1987).

Common method bias (variance) refers to variance that is attributable to the measurement method rather than to the construct of interest. The term method refers to the form of measurement at different levels of abstraction, such as the content of specific items, scale type, response format and the general context. (Fiske, 1982: 81-84). In view of the potential effects of common method biases on research findings of this nature, two methods were adopted in line with the recommendation of Podsakoff et al., (2003) to control for method biases. This include procedural remedies (the design of the study's procedure) and the statistical technique of Harman single factor test. The Procedural Remedies applied involved a systematic review of the design of the study procedures. In view of the possibility that "Researchers using procedural remedies can minimize, if not totally eliminate, the potential effects of common method variance on the findings of their Research" Podsakoff et al., (2003), a considerable amount of time was spent to systematically review the design of the study procedures before the field implementation or administration started. The implementation, technical application and interpretation of the statistical technique used are shown in the next chapter on analysis and in appendix A9.

5.4.6 HETEROSCEDASTICITY TESTING

Heteroscedasticity testing was conducted to ensure the common assumptions of regression analysis are not violated. The presence of unequal variances is referred to as heteroscedasticity (Hair et al., 2010:185). Thus heteroscedasticity is the absence of homoscedasticity. The existence of heteroscedasticity is a major concern in the application of regression analysis. Heteroscedasticity is believed to be one of the most common assumption violations. As discussed by Hair et al., (2010:185) many times, a number of violations occur simultaneously such as non-linearity and heteroscedasticity. Several scholars (Tabachnick and Fidell, 2007; Hair et al., 2010;

Adams et al., 2005; Vander Laan, 2011; Bebchuk et al., 2007) note that when cross-sectional data is used in research, it is instructive to perform a heteroscedasticity test.

The possible causes or reasons behind heteroscedasticity include presence of outliers; the regression model is not correctly specified; incorrect functional form of regression analysis; and skewness in the distribution of one or more regressors in the model. In view of the fact that this research is a dependency relationship, following the recommendation of scholars such as Tabachnick and Fidell, (2007), Hair et al., (2010) and Pallant (2010) the data transformation technique was employed using SPSS. The dependent variables (firm performance, Share price change, ROA and Tobin's Q) were log transformed. This procedure is commonly used in the CEO power literature (see Adams et al., 2005; Vander Laan, 2011; Bebchuk et al., 2007). The results of this test are shown in Appendix A10.

5.4.7 HYPOTHESIS TESTING METHOD

Hypothesis testing is one of the most widely used methodologies in statistics (Casella and Berger 2001). Guidance was taken from extant literature (Finkelstein, 1992; Adams et al., 2005; Jayaraman et al., 2000; Hair et al., 2010, Pallant, 2010, Tabachnick and Fidell, 2009; Emdadul, Rahman and Lindsay, 2013; Nanda, Silver and Han, 2013; Veprauskaite and Adams, 2013) for appropriate statistical techniques to test the hypotheses contained in the CEO model. Hierarchical multiple regression a dependence technique and a type of multiple regression was used to test all the hypotheses in the study. As discussed by Hair et al., (2010) this technique is the appropriate method of analysis when the research problem involves a single metrics dependent variables presumed to be related to two or more metric independent variables. Specifically, the standardized tests statistics and P-value (Sig. value) method were utilised. The adoption of standardized test statistics and P-value method in this study is based on the fact that these methods allows a mathematical model to validate a claim or idea with a certain confidence level. Discussion of the tests conducted using SPSS are presented and discussed in the next chapter.

5.4.8 MODEL TESTING METHOD

Specifically, hierarchical multiple regression (or sequential regression) technique was used to explain the model (a set of independent variables (CEO power measures)

on a dependent variable (share price change, ROA and Tobin's Q). Several scholars (Jayaraman et al., 2000; Hair et al., 2010; Pallant 2010; Tabachnick and Fidell, 2009) consider this technique as the appropriate method of analysis when the research problem involves a single metrics dependent variables presumed to be related to two or more metric independent variables. The objective of hierarchical multiple regression analysis is to explain or predict the changes in the dependent variable in response to changes in the independent variables. The benefits of using this type of Regression Analysis for this particular study are outlined below.

1. It will provide the researcher with information about the model as a whole and the relative contribution of each of the variables that make up the model.
2. It will allow the researcher to test whether adding a variable contributes to the predictive ability of the model.
3. It will allow the researcher to statistically control for additional variables when exploring the predictive ability of the model. (Such as firm size, firm age etc.) Pallant (2010).
4. As noted by Hair et al. (2010) regression analysis is a simple and straightforward dependence technique that can provide both prediction and explanation to the researcher. In this study however, it was used to provide explanations.

As discussed by Pallant (2010, 149), in hierarchical regression the independent variables are entered into the equation in order specified by the researcher based on theoretical grounds. Variables or sets of variables are entered in steps (or blocks), with each independent variable being assessed in terms of what it adds to the prediction of the dependent variable after previous variables have been controlled for. De Vaus (2002) points out that using hierarchical regression gives the data analyst most control over the regression model and enables the testing of hypothesis and theories.

Data Entry Sequence

Following Field (2009), De Vaus (2002), and Pallant (2010)'s recommendations, the independent variables or predictors in the hierarchical regression were entered according to the sequence shown in the research model from left to right. The

sequence of the regression blocks were CEO demographics (CEO Gender, and CEO educational level), the CEO positional power variables (CEO tenure, founder, ownership), followed by the block, CEO personal power variables (CEO personal competencies, the third block, and the fourth block other personal power variables (expert, referent, charismatic, prestige and information power). The dependent variables for the three company performance models were the 1 year share price change, ROA and Tobin's Q. The sequence basically flowed from CEO demographics, formal (positional) power to informal (personal) power variables. Several prior studies (Finkelstein, 1992; Adams et al., 2005; Jayaraman et al., 2000; Emdadul, Rahman and Lindsay, 2013) use regression analysis to test both hypothesis and models.

5.4.9 ENDOGENEITY TESTING

Theoretical arguments posited in earlier chapters of this thesis suggest a significant relationship from CEO power to company performance, evidence could also be presented on reverse relationship, to the effect that a firm's performance may lead to increases or decreases in CEO power to influence decisions. A two – stage least square regression (2SLS) or instrumental variables regression analysis was conducted specifically to test endogeneity concerns such as simultaneity in the variables (X caused Y, Y caused by X).

Literature on endogeneity reveals that the problem of endogeneity occurs when the independent variable (x) is correlated with the error term (e), in a regression model. This implies that the regression co-efficient in an ordinary least square (OLS) regression is bias. Broadly speaking, a loop of causality between the independent and dependent variables of a model leads to endogeneity. There are three major causes of endogeneity: The first type is caused by omitted variables bias, the second type brought about by measurement error (errors in variables bias - common method bias) and the third type caused by simultaneity in the variables or simultaneous causality bias. Regarding this research, there are two types of possible endogeneity, measurement error (common method bias) and simultaneity in the variables. These two possible threats to internal validity can be eliminated by instrumental variable regression.

The first type (measurement error or errors in variables bias (where X is measured with error) was alleviated by employing both procedural and statistical remedies proposed by Podsakoff et al., (2003). Among the statistical techniques proposed and used were the Harman single factor test and Partial correlation procedures. The result generated by both methods indicated that the risk of common method bias is not significant and that the key construct have adequate discriminate validity.

To mitigate the second type of endogeneity concerns, simultaneity in the variables (X caused Y, Y caused by X), a two – stage least square regression (2SLS) or instrumental variables regression analysis was conducted.

Instrumental Variables Regression

Several papers (Liu and Jiraporn, 2010; Adam et al., 2005 & 2009; Kim and Lu 2011; Larcker and Rusticus, 2004 and Fahlenbrach (2009) have identified instrumental variables regression (two-stage least squares) as an effective tool for eliminating bias from the three sources. The Instrumental variable technique was used to try to isolate the effect of CEO power on company performance from the effect of company performance on CEO Power. Following Adams et al., (2005), the focus was cross-sectional regressions of share price change on measures of CEO power because instrumental variables methods are most directly applicable to them. The major task however was to identify valid instruments for any of the important measures of CEO power in these regressions which in this study are CEO Ownership, Tenure and CEO founder.

Instrumental Variable for CEO Founder

Following Adam et al., (2005 and 2009) two variables were used as instruments for CEO founder. The first variable used was a dummy variable (dead founders) or proportion of the firm dead founders. The variable takes the value of one if the founder died before the start of the sample period and zero otherwise. Adams et al (2005) noted that this variable satisfies the necessary conditions for a valid instrument (instrument relevance and exogeneity) for two reasons. One, dead founders cannot be CEOs. Furthermore, the death of founders should be fairly exogenous events which will affect the likelihood that the current CEO is one of the founders but does not have a plausible effect on performance.

The second instrument is the number of founders of each firm or the number of people that founded the company. This variable was chosen for two reasons: first, the probability that the current CEO is one of the founders is increasing in the number of founders. Second, the number of founders is unlikely to have a direct effect on the variability of firm performance years after the founding event. Instruments used in other studies (e.g. Fahlenbrach 2009) include "personal name and early incorporation".

Instrumental Variable for CEO Ownership.

As pointed out by Kim and Lu (2011), finding good IVs for CEO ownership is difficult because firm variables related to the level of CEO ownership may also affect firm value. Therefore, Kim and Lu (2011) used the sum of maximum marginal State and Federal personal income tax rate' as an instrumental variable for CEO ownership.

According to Kim and Lu (2011) State and Federal marginal personal income tax rates may serve the purpose. Personal income taxes may affect a CEO's stock and option ownership by impacting the composition of personal portfolios and the timing of stock transactions and option exercise. Prior studies, (e.g. Palia 2001) used CEO tenure as another instrumental variable for CEO Ownership. Other studies providing supporting evidence to the use of CEO tenure include Gibbons and Murphy (1992) Edmans et al., (2010) and Cremers and Palia (2010). They showed "theoretically, that equity ownership should rise with tenure". Variables such as firm size and stock price volatility have also been used in other studies (Himmelberg et al., 1999) but several other studies argue that these variables are correlated with firm valuation, hence were not considered.

The IV used in prior research is noted to have fulfilled two conditions. First, the instruments are exogenous in the principal equation of interest and secondly, the coefficients of the instrument are non-zero in linear projection of the endogenous variable onto all explanatory variables. (Fahlenbrach 2009).

Selection and Construction of Instrumental Variables

CEO Founder and CEO Ownership were instrumented in this study. The CEO founder is potentially endogenous because past success and the anticipation of future and

attractive investment opportunities can make it more likely for the founder-CEO to remain in office; such an endogenous setting makes a causal interpretation of a founder-CEO effect on performance more challenging and needs to be taken into account using appropriate Instrumental Variable techniques.

The dependent variables for this analysis are share price movement measured as share price change (1 year), Tobin's Q and ROA. The primary independent variable is CEO power. The most important measure of CEO power in this regression is CEO ownership and CEO founder. As instruments of CEO power, CEO Founder and CEO Ownership were instrumented using two variables each. For CEO ownership, in line with prior research (Kim and Lu, 2011) tax (the sum of state personal income tax rate and federal withholding tax rate) was used as one instrument. The second instrument used was CEO tenure. (Palia, 2001, Gibbons and Murphy, 1992). The two instruments selected for CEO founder are Dead founder and Numbers of founders of each firm (Adams et al, 2005 and 2009).

The control variables are standard economic variables that have been used in many prior studies of CEO power, firm valuation or firm performance, firm age, firm size (log of total assets) ROA, number of market sectors, Revenue (Log of Revenue (Larcker and Rusticus, 2004, Fahlenbrach, 2009, Kim and Lu, 2011, Adams et al., 2005 and 2009, Shin and Stulz, 2000)). The instrumental variable descriptives are displayed in table 5.5.

Table 5.5 Instrumental Variable Descriptive

VARIABLES	VARIABLE TYPE
1 Yr. Share price change	Dependent
Tobin's Q	Dependent
ROA	Dependent
CEO Founder	Independent
• Dead Founder	Instrument
• No. of Founders	Instrument
CEO Ownership	Independent
• Tax (personal Income/WHT)	Instrument
• CEO Tenure	Instrument
Firm Age	Control
Firm Size (TA)	Control
Revenue	Control
Listing (NSE/OSE)	Control
No. of Sectors	Control

Thus, SPSS (version 21) was used to conduct a two stage least squares regression (2SLS). The results are discussed in the next chapter following model testing.

5.4.10. CEO Power Index

Motivated by prior CEO power literature (Finkelstein, 1992, Liu and Jiraporn, 2010, Lisic et al., 2011, Nanda et al., 2013) and the theoretical framework and model presented in figure 3.2, a summary index of CEO power based on seven variables was constructed (CEO tenure, founder, ownership, CEO power factor and CEO competencies). Each variable is described in full in section 5.2 of this chapter. The purpose of developing this aggregate measure of power is to enable the researcher to determine from the listed companies very powerful CEOs and less powerful CEOs.

As discussed by Liu and Jiraporn (2010) because CEO power is not easily observable, it is necessary to construct a variable that empirically captures CEO dominance. Furthermore, the CEO power index will assist in constructing portfolios based on CEO power criteria and thereafter in measuring its performance. This exercise will enable one to determine whether money can be made or wealth preserved in the long term using this idea.

Three proxies were adopted for CEO formal power (CEO tenure, founder and ownership). Longer CEO tenure (above 5 years), being a founder of the firm and higher CEO share ownership (above 5%) reduces the influence of the board and thus increases CEO power (Veprauskaite and Adams, 2013, Emdadul et al., 2013, Nanda et al., 2013). Indicator variables that were initially created were collapsed to take the values of 0 and otherwise 1 (binary variables) following Allgood and Farrell's (2000) recommendation as shown below; for these variables that takes the following values:

1. CEO tenure (0 if CEO is 'new' i.e. less than 5 years on the board: 1 if CEO is 'old' i.e. above 5 years)
2. CEO founder (0 if CEO is not a founder: 1 if CEO is a founder of the company)
3. CEO ownership (0 if CEO share ownership is less than 5%: 1 if share ownership is above 5%).

Two proxies were adopted for CEO informal or personal power (CEO prestige power and CEO competencies). CEO competencies cover result-orientated, cognitive and interpersonal competencies. Since CEO's educational background is another key factor or source of CEO's prestige and the information is easily accessible given the sample size, educational level was added. Thus the higher the CEO's educational background, the higher the power. Therefore, it is believed that an educational level of a second degree (master's degree) with additional professional courses in elite business schools and membership of professional associations provides CEOs with prominence and generates prestige in the business world. Indicator variables were also created for CEO personal power variables. A dichotomous measures of the continuous variables was created by partitioning the sample median such that a value above the sample median receives a value of 1 and otherwise 0 as described in prior literature (Lisic et al., 2011, Liu and Jiraporn, 2010 and Nanda et al., 2013). The values of all the indicator (dummy) variables were summed up to create a CEO power index to measure overall CEO power.

CEO Power Index is therefore the sum of each of the indicator variables listed above and ranges from 0 (lowest CEO power) to 5 (highest CEO power). A second version of the index was also created (comprising three CEO formal power variables (tenure, founder and ownership) and one informal power variable, prestige) that ranges from 0 to 4. CEO power was then partitioned into two groups of less powerful CEOs (1 to 3) and more (very) powerful CEOs (4 to 5) for the first version, while in the simplified second version, less powerful CEOs (where CEO power = [1 - 2]) and more (very) powerful CEOs (where CEO power = [3 - 4]). Empirically, none of the CEOs in the sample has a value of CEO power less than 1. However, for ease of application version 2 was adopted.

Applying the CEO power index on the sample of 154 CEOs, 54% (83 CEOs) were identified as less powerful CEOs and 46% (71 CEOs) were identified as very powerful CEOs. This CEO power based criterion will be used in the later section of the study to design equity portfolios with a view to determine whether money can be made or wealth preserved in the long term using CEO power based criteria.

5.5 SUMMARY

This chapter discussed the operationalizing of measures and methods of analysis used in the study. SPSS was used to analyze data. The software package was used to analyze and test the variables or constructs of the research model. In order to gain an overview of the data and also a feel for the data prior to analysis an exploratory data analysis was performed. Further detailed tests were performed to test the goodness of the data. Tests conducted and discussed in following sections of this chapter included factor analysis, reliability, correlation analysis, multicollinearity, common method bias testing and heteroscedasticity testing. Finally hypothesis, model testing and endogeneity testing were carried out using hierarchical multiple regression. The implementation, technical application and interpretation of all the analysis discussed in this chapter will be presented in chapter 6.

Chapter 6. ANALYSIS AND FINDINGS

6.1. INTRODUCTION

This chapter is divided into two broad parts. The first focuses on the implementation of the tests and the second part reports the findings of the analysis conducted. This includes the tests of the hypotheses and the model developed using hierarchical multiple regression. A robustness test will also be analysed in addition to instrumental variable regression or two-stage least squares test to address potential endogeneity concerns. Finally, the summary of the key findings will be presented.

6.2 COMMON METHOD BIAS STATISTICS

The Harman Single Factor test for CMB was conducted using SPSS and produced the following results presented in table 6.1 below. Ten factors explained 77.65% of total variance, while the remaining factors explained 22.35% or less. The highest factor explained 34.67% of the variance. As Podsakoff et al., (2003) pointed out, if a substantial amount of common method variance is present, one general factor will account for the majority of the covariance among the measures. A look at the table below shows that no one general factor accounted for the majority of the covariance among the measures. The result of this test suggests that the risk of CMB is not significant for the study instrument and that the key construct have adequate discriminant validity. Finally it is important to state that since different data gathering methods were used and the sources of independent variables and dependent variable are different, the risk of common method bias is very low.

Table 6.1 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.523	34.675	34.675	13.523	34.675	34.675
2	2.949	7.562	42.237	2.949	7.562	42.237
3	2.347	6.019	48.256	2.347	6.019	48.256
4	2.316	5.939	54.195	2.316	5.939	54.195
5	2.077	5.326	59.521	2.077	5.326	59.521
6	1.714	4.394	63.915	1.714	4.394	63.915
7	1.592	4.082	67.998	1.592	4.082	67.998
8	1.441	3.694	71.692	1.441	3.694	71.692
9	1.293	3.316	75.008	1.293	3.316	75.008
10	1.033	2.650	77.658	1.033	2.650	77.658
11	.995	2.552	80.210			

Extraction Method: Principal Component Analysis.

6.3 CEO POWER DESCRIPTIVE STATISTICS

The comparative descriptive statistics for each of the variables making up the firms and power variables employed in the analysis is presented in Appendix A3. This includes data on performance variables, (share price performance, ROA and Tobin's Q) CEO power (tenure, founder, ownership, CEO result oriented competencies, cognitive and interpersonal competencies and power factor), data on firm size (total assets, revenue and firm age) and NSE sectors. The sample consists of 154 publicly listed firms on The Nigerian Stock Exchange. Definitions of all the variables are presented in table 5.1, section 5.2 of chapter 5. In general, the statistics reported in table 1 of appendix A3 presents the mean and standard deviation of all the variables.

The demographic profiles of the sample of CEOs covering their gender, educational level and power measures are presented in tables 1 to 9 of Appendix A2. Of the 154 listed CEOs rated, 93% were males while 7% were females. The educational level of the CEOs which is a core part of expertise and prestige power is presented in table 2 of appendix A2. It shows that 95% of the CEOs had second degree and had attended several professional courses locally and abroad while 5% had attained a doctorate degree in addition to several professional courses locally and abroad.

The average length of CEO tenure among the sample firms is 7.5 years, meaning that 66% of the CEOs have an average tenure of 7.5 years. In addition, 64% of the CEOs are non-founders while 36% are founders. Furthermore, 62% of the CEOs owned less than 5% of the company while 23% owned an average of 7.5% (5-10%) and 14.3% owned over 10% of the company.

In terms of industrial mix of firms or CEOs, 34% of the CEOs belong to financial services sector, 18.2% to consumer goods, 12.3 to industrial goods, 9.1% to services and 5.2% to both healthcare and oil and gas. The remaining 16% are spread over ICT, conglomerate, agriculture, construction/real estate and natural resources.

6.4 CORRELATION AND MULTICOLLINEARITY STATISTICS

A review of the bivariate correlation analysis of all the independent variables (CEO Tenure, Founder, Ownership, Result-Orientation, Cognitive, Interpersonal and other Power factors) revealed that the highest correlation co-efficient was .631 (correlations between Result-Orientation and the other Power factor), followed by a correlation co-efficient of .543 (correlations between Founder and Ownership). All other correlation co-efficients were below .543 suggesting that there is no problem of multicollinearity. Table 6.2 provide correlation between the variables and Appendix A8 provides the Multicollinearity Test – Correlation between independent variables.

Furthermore, the computed correlation coefficients for the three performance variables (reported in appendix A8) are relatively low and statistically significant for share price change and ROA ($r=.292$; $p<0.05$, two tail) and large and statistically significant for ROA and Tobin's Q ($r= .504$; $p<0.01$) indicating that these variables capture different aspects of a firm's financial performance. The highest correlation is between ROA and Tobin's Q (.504). However, the correlation between share price change and Tobin's Q is small and not statistically significant indicating that the variables capture different aspects of firm's financial performance. This is not surprising considering the fact that one measures 'a level' and the other 'a change'. The guidelines recommended by Cohen (1988:78-81), as cited by Field (2009) and Pallant (2010:134) for interpreting correlation values and eta squared statistics, are provided as a guide in Table 6.2A below.

In addition, an inspection of Coefficients Table, Collinearity Statistics values under Tolerance Value (TV) and Variable Inflation Factor (VIF) in Appendix A. 8 support the earlier assertion that there is no problem of multicollinearity. Hence adopting commonly used cut off points for determining the presence of multicollinearity (TV of <10, or a VIF value of >10) as suggested by Pallant (2010:158), Tolerance Value (TV) for CEO Power variable were significantly above 0.10 suggesting the possibility of low collinearity. TV values for all the CEO Power variables ranged from 0.4 to .6 and 0.2 to 0.4 for CEO personal competencies. Also, variance inflation factor value for all the variables ranged from 1 to 4 which is less than 10 (VIF <10) the cut-off point, suggesting no multicollinearity.

Table 6.2 Correlations Between Dependent and Independent Variables

	Tenure	Founder	Ownership	CEO Res-orientd Fac	CEO Cognitive Fac	CEO Interpsl Fac	CEO O-Power Fac	Return on Asset	Tobin's Q	Sh Price change 1yr
Tenure	1	.092	.410**	-.124	-.109	.145	.006	-.065	.002	-.123
Founder	.092	1	.501**	-.032	-.062	.043	-.067	-.107	.009	-.008
Ownership	.410**	.501**	1	.007	-.136	.117	.036	-.116	.002	.101
CEO Res-orientd Factor	-.124	-.032	.007	1	.000	.000	.631**	.074	.081	.180*
CEO Cognitive Factor	-.109	-.062	-.136	.000	1	.000	.413**	.065	.129	.128
CEO Interpsl Factor	.145	.043	.117	.000	.000	1	.340**	.120	.200*	.014
CEO O-Power Factor	.006	-.067	.036	.631**	.413**	.340**	1	.051	.196*	.223**
Return on Asset	-.065	-.107	-.116	.074	.065	.120	.051	1	.171*	.150
Tobin's Q	.002	.009	.002	.081	.129	.200*	.196*	.171*	1	.148
Sh Price change 1yr	-.123	-.008	.101	.180*	.128	.014	.223**	.150	.148	1
	154	154	154	154	154	154	154	154	154	154

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

TABLE 6.2A. Guidelines for interpreting Correlation values and Eta Squared Values

CORRELATION	RANGE OF VALUES	EFFECT SIZE
	0.10 to 0.29	Small effect
	0.30 to 0.49	Moderate effect
	0.50 to 1.00	Large effect
ETA SQUARED	RANGE OF VALUES	EFFECT SIZE
	0.01 to 0.05	Small effect
	0.06 to 0.13	Moderate effect
	0.14 and above	Large effect

Source: Cohen (1988).

6.5 HYPOTHESIS TESTING

Hypothesis testing was performed using hierarchical multiple regression. To test hypotheses 1 to 7, each of the three objective measures of company financial performance (as the dependent variable) were regressed on CEO power variables. Thereafter, to account for other factors that affect firm performance, firm size (a widely recognized and established control variable) based on prior literature (e.g. Finkelstein, 1992; Adams et al., 2005; Liu and Jiraporn, 2010; Emdadul et al., 2013) was included. Firm size as measured by the logarithm of total assets, is included because larger firms tend to be less risky and thus are expected to enjoy lower cost of debt financing or generally find it easier to raise capital compared to smaller firms (Liu and Jiraporn, 2010; Finkelstein, 1992).

Three separate hierarchical regression models were used, with one firm financial performance measure as the dependent variable in each case. In the first hierarchical regression model, 1 year share price change was used as the dependent variable, followed by ROA and Tobin's Q. The independent variables or predictors in the hierarchical regression were entered (in four blocks or steps) as shown in the research model from left to right. The sequence of the regression blocks were CEO demographics (CEO Gender, and CEO educational level), the CEO positional power variables block (CEO tenure, founder, ownership), followed by the block of CEO personal power variables (CEO personal competencies) and the fourth block, other personal power variables (expert, referent, charismatic, prestige and information power). The sequence basically flowed from CEO demographics, formal (positional) power to informal (personal) power variables.

The results for the seven hypotheses are presented in table 6.3 below.

Table 6.3A Standardized Test Statistics and P-Value for 1yr Share price change

S/NO	INDEPENDENT VARIABLES	BETA	T STATISTICS	SIG. VALUE
1	CEO Tenure	-.249	-2.126	.048
2	CEO Founder	-.307	-2.595	.018
3	CEO Ownership	.338	2.560	.020
4	Results- Oriented • CEO Resilience	.564	3.783	.001
5	CEO Cognitive • Strategic perspective • Analysis and Judgment	.545 -.368	3.634 -2.068	.002 .053
6	CEO Interpersonal • Persuasiveness • Motivator	-.518 .502	-3.239 3.124	.005 .006
7	CEO Power • Education (Prestige)	.300	2.665	.016

Table 6.3B Standardized Test Statistics and P-Value - ROA

S/NO	INDEPENDENT VARIABLES	BETA	T STATISTICS	SIG. VALUE
1	CEO Tenure	.212	1.967	.052
2	CEO Ownership	-.267	-2.187	.031
3	Results- Oriented • CEO Integrity	.463	3.152	.002
4	CEO Interpersonal • Sensitivity	-.314	-2.046	.044

Table 6.3C Standardized Test Statistics and P-Value – Tobin's Q

S/NO	INDEPENDENT VARIABLES	BETA	T STATISTICS	SIG. VALUE
4	Results- Oriented • CEO Energy	.332	2.202	.030

6.5.1 HYPOTHESIS H1 – CEO TENURE

H1. CEO Tenure is significantly related to company performance.

When standardized test statistics and p value calculations were applied (see tables 6.3A-C) the result for share price performance showed the following regression beta co-efficient (beta= -.249, t-statistics= -2.126, and sig. value= .048) and ROA (beta= .212, t-statistics= 1.967 and sig. value= .05) suggesting tenure is significantly related to

share price performance and ROA. The relationship was however negative between tenure and share price performance but positive for ROA. While Tobin's Q showed an insignificant relationship suggesting no evidence to support the hypothesis. This suggests that Hypothesis H1 is only supported for share price performance and ROA.

6.5.2 HYPOTHESIS H2 – CEO FOUNDER

H2. CEO Founder is significantly related to company performance.

The standardized test statistics and p value calculations (see tables 6.3A-C) showed the results for share price performance (beta= $-.307$, t-statistics= -2.595 , and sig. value= $.018$) which indicates that CEO founder is significantly and negatively related to share price performance. ROA and Tobin's Q results showed a non-significant relationship suggesting no evidence to support the hypothesis. Based on this result, hypothesis H2 is supported for 1 year share price performance and not supported for ROA and Tobin's Q.

6.5.3 HYPOTHESIS H3 – CEO OWNERSHIP

H3. CEO Ownership will be significantly related to company performance.

When standardized test statistics and p value calculations were applied (see tables 6.3A-C) the result for the three performance measures showed the following regression beta co-efficient (beta= $.307$, t-statistics= 2.560 , and sig. value= $.02$) and ROA (beta= $-.267$, t-statistics= -2.187 and sig. value= $.031$). This suggests ownership is significantly related to share price performance and ROA. The relationship was however positive between ownership and share price performance but negative for ROA. Tobin's Q was not confirmed or evidence found to support the hypothesis. Based on this result, Hypothesis H3 is supported for share price performance and ROA and not supported for Tobin's Q.

6.5.4 HYPOTHESIS H4 – CEO COMPETENCIES (RESULT –ORIENTED FACTOR)

H4. CEO Competencies (Result-Oriented Factor) are significantly related to company performance.

The Standardized test statistics and p value calculations (in tables 6.3A-C) showed the following regression beta co-efficient for share price performance (beta= .564, t-statistics= -3.783, and sig. value= .001) while ROA (beta= .463, t-statistics= 3.152, and sig. value= .002) and Tobin's Q (beta= .332, t-statistics= 2.202, and sig. value= .030). The results indicate that results oriented competencies is significantly and positively related to all the three firm financial performance measures (share price performance, ROA and Tobin's Q. Based on this result, hypothesis H4 is strongly supported for 1 year share price performance, ROA and Tobin's Q.

6.5.5 HYPOTHESIS H5 – CEO COMPETENCIES (COGNITIVE FACTOR)

H5. CEO Competencies (Cognitive Factor) will be significantly related to company performance.

When standardized test statistics and p value calculations were applied (see tables 6.3A-C) the result for share price performance showed the following regression beta co-efficient, (strategic perspective, beta= .546, t-statistics= 3.63, and sig. value= .002; analysis and judgement, beta= -.368, t-statistics= -2.068, and sig. value= .053) indicating on the whole that CEO cognitive competencies are significantly and positively related to share price performance. While ROA and Tobin's Q results showed a non-significant relationship suggesting no evidence to support the hypothesis. Based on this result, hypothesis H5 is supported only for 1 year share price performance and not supported for ROA and Tobin's Q.

6.5.6 HYPOTHESIS H6 – CEO COMPETENCIES (INTER-PERSONAL FACTOR)

H6. CEO Competencies (Inter-personal Factor) are significantly related to company performance.

The standardized test statistics and p value calculations (in tables 6.3A-C) showed the following regression beta co-efficient for Share price performance (persuasiveness, beta= -.518, t-statistics= -3.239, and sig. value= .005; motivator, beta= .502, t-statistics= 3.124 and sig. value= .006) and ROA (beta= -.314, t-statistics= -2.046, and sig. value= .044) indicating on the whole that CEO interpersonal competencies is significantly and negatively related to share price performance and ROA. While Tobin's Q showed a non-significant relationship suggesting no evidence to support the hypothesis. Based on this result, hypothesis H6 is supported for 1 year share price performance and ROA.

6.5.7 HYPOTHESIS H7 – CEO POWER FACTOR

H7. CEO Power Factor is significantly related to company performance.

The standardized test statistics and p value calculations (see tables 6.3A-C) showed the results for share price performance (Education; beta= .300, t-statistics= 2.665 and sig. value= .016) which indicates that CEO power is significantly and positively related to share price performance. ROA and Tobin's Q results showed a non-significant relationship suggesting no evidence to support the hypothesis. Based on this result, hypothesis H7 is supported for 1 year share price performance and not supported for ROA and Tobin's Q.

6.5.8 SUMMARY OF HYPOTHESIS TESTING RESULTS

Table 6.4 below provides a list of the seven hypotheses and the results of the hypotheses testing using standardized test statistics and p-value. Also, it determines if each hypothesis is supported or not supported. For 1 year share price change, seven hypotheses were supported (H1, H2, H3, H4, H5, H6 and H7) by the data. For ROA four hypotheses were supported (H1, H3, H4, and H6) and three were not

supported (H2, H5 and H7). In the case of Tobin's Q, one hypothesis was supported by the data (H4) and six hypotheses were not supported (H1, H2, H3, H5, H6 and H7).

Overall, of the seven hypotheses tested, looking across the three company performance measures, *three hypotheses* (H2, H5 and H7) were partially supported suggesting that a statistically significant relationship exists between the variables/factors and one performance measure (1 year share price change). Furthermore, three hypotheses (H1, H3 and H6) were mainly *supported* suggesting that a statistically significant relationship exist between the variables/factors and two performance measures (1 year share price change and ROA). Finally, one hypothesis (H4) was strongly supported since a statistically significant relationship exists between a variable/factor and all three performance measures (1 year share price change, ROA and Tobin's Q).

TABLE 6.4 Hypotheses Testing Result – Overview of Supported and Unsupported Hypotheses

S/No	Hypothesis	Supported			Not Supported		
		Share Price Chg.	ROA	Tobin's Q	Share Price Chg.	ROA	Tobin's Q
H1**	CEO Tenure will be significantly related to the company performance	√	√				√
H2*	CEO Founder will be significantly related to the company performance	√				√	√
H3**	CEO Ownership will be significantly related to the company performance	√	√				√
H4***	CEO Competencies (Result Oriented Factor) will be significantly related to the company performance	√	√	√			
H5*	CEO Competencies (Cognitive Factor) will be significantly related to the company performance	√				√	√
H6**	CEO Competencies (Interpersonal Factor) will be significantly related to the company performance	√	√				√
H7*	CEO Power will be significantly related to the company performance.	√				√	√
	Total	7	4	1	0	3	6

NB: *Partially Supported (3) – statistically significant relationship exist between variables and one company performance measure. **Supported (3) – statistically significant relationship exist between variables and two company performance measures. *** Strongly Supported (1) – statistically significant relationship exist between variables and three company performance measure. #Not supported (0) – statistically significant relationship does not exist between variables/factors and the three company performance measure.

6.6. MODEL TESTING – HIERARCHICAL MULTIPLE REGRESSION

The model was also tested using hierarchical multiple regression. The results of the analysis is presented and discussed below.

1. Evaluating the Model

Table 6.5 shows the number and the sequence in which the variables were entered into the regression model and provides both the contribution of each variable and all the variables to the regression model. It also indicates the amount of variance in the dependent variable which is explained by independent variables 1 to 7.

R Square

R Square (coefficient of determination) is regarded as the most commonly used measure of predictive accuracy for the regression model. Hair et al. (1998) defines R Square as follows:

“Measure of the proportion of the variance of the dependent variable about its mean that is explained by the independent or predictor variables.....If regression model is properly applied and estimated, the researcher can assume that the higher the value of the R Square, the greater the explanatory power of the regression equation and therefore the better the prediction of the dependent variable” (Hair et al., 1998).

The model summary is presented in Table 6.5. Model 1 explains 5.7% (.057x100) of the variance in the dependent variable, while model 2 explains 14.1% (.141x100), model 3 explains 75.1% (.751x100) and model 4 as a whole explains 84.3% (.843x100). The model 4 R square value includes all the variables (CEO Personal power variables and CEO Positional power variables. The results above imply that this model accounted for 84.3% of the total variance in 1year share price change, the dependent variable. Similarly, the result for ROA in same table would imply that model 4 accounted for 35.9% of the total variance in ROA, the dependent variable while model 4 accounted for 19.8% of the total variance in Tobin's Q.

Tabachnik and Fidell (2007) and Pallant (2010) observes that when a small sample is involved, R Square value in the sample tends to be rather optimistic over-estimation of the true value in the population and recommends that adjusted R Square value

should be relied on as adjusted R Square statistics “corrects” this value to provide a better estimate of the true population value.

Adjusted R Square

Model 1 explains 2% (.02x100) of the variance in the dependent variable, while model 2 explains 5.3%, model 3 explains 44% and model 4 as a whole explains 52.8%. This implies that CEO power model explains 53% of the variance in the 1year share price performance. In same vein, the result for ROA in same table shows that CEO power accounted for 9.1% of the total variance in ROA, the dependent variable while CEO power accounted for -5% of the total variance in Tobin's Q.

Table 6.5 Hierarchical Regression Models Summary (Firm Performance Measures)

S/N	DEPENDENT VARIABLES		SPRICE CHANGE-1YR	ROA	TOBIN'S Q
	HIERACHICAL REGRESSION				
1	No. of Observations	N	154	154	154
	R				
2	Model 1	R	0.238	0.257	0.111
	Model 2		0.375	0.350	0.186
	Model 3		0.867	0.579	0.424
	Model 4		0.918	0.599	0.445
	R Square				
3	Model 1	R Square	0.057 (5.7%)	0.066 (6.6%)	0.012 (1.2%)
	Model 2		0.141 (14.1%)	0.122(12.2%)	0.035 (3.5%)
	Model 3		0.751(75.1%)	0.336 (33.6%)	0.180 (18.0%)
	Model 4		0.843 (84.3%)	0.359 (35.9%)	0.198 (19.8%)
	Adjusted. R Sq				
4	Model 1	Adj. R Sq	0.020 (2.0%)	0.050 (5.0%)	-0.001 (0.1%)
	Model 2		0.053 (5.3%)	0.085(8.5%)	0.002 (0.2%)
	Model 3		0.440(44.0%)	0.119 (11.9%)	-0.022 (2.2%)
	Model 4		0.528 (52.8%)	0.091 (9.1%)	-0.050 (5.0%)
5	Sig. F Change				
	Model 1	Sig. F	0.219	0.017	0.395
	Model 2		0.203	0.063	0.336
	Model 3		0.020	0.277	0.652
	Model 4		0.167	0.785	0.848
6	ANOVA				
	Model 1	Sig.	0.219	0.017	0.395
	Model 2		0.177	0.009	0.386
	Model 3		0.015	0.058	0.629
	Model 4	Sig.	0.014	0.137	0.779

2. Evaluating each of the Independent Variables

Hinto et al. (2004) note that the beta coefficient column provides an important indication of what each variable contributes to the model. To determine which of the variables included in the model that contributed to the prediction of the dependent variable an output box labeled Regression Coefficients is presented in table 6.3 above and Appendix A11A-C.

Unique Statistically Significant Contribution

A review of model 4 (consisting of all the blocks entered) in the regression coefficient in appendix A11A-C or the summary of regression beta co-efficient in table 6.3A-C shows that CEO Tenure, Founder and CEO Ownership (CEO Positional power variables), Resilience (CEO Results-oriented Competencies), Judgment, Perspective (Cognitive competencies), Motivator, Persuasive (Interpersonal competencies) and Education (Prestige power) made a unique statistically significant contribution ($t > 2.0$ and $p < 0.05$).

The variables that make a unique statistical significant contribution to *share price performance* include, Tenure (beta=-.249, sig. value = 0.048), Founder (beta=-.307, sig. value = 0.018), Ownership (beta=.338, sig. value = 0.020), Resilience (beta=-.564, sig. value = 0.001), CEO Judgment (beta=-.308, sig. value = 0.053), CEO Perspective (beta=-.545, sig. value = 0.002), CEO Persuasive (beta=-.518, sig. value = 0.005) and CEO Motivator (beta=-.502, sig. value = 0.006), CEO Education (beta=-.300, sig. value = 0.016). The variables that make a unique statistical significant contribution to *ROA* include, Tenure (beta=-.212, sig. value = 0.052), Ownership (beta=-.267, sig. value = 0.031), CEO Integrity (beta=-.463, sig. value = 0.002), Sensitivity (beta=-.314, sig. value = 0.044). The variables that make a unique statistical significant contribution to *Tobin's Q* include, CEO Energy (beta=-.332, sig. value = 0.030),

Obviously, there appears to be an impact of CEO power proxies to influence decisions on share price movement, ROA and Tobin's Q. Detailed interpretation and explanation of the regression beta co-efficient are presented in the next chapter on discussion of findings.

6.7. TEST OF MODEL FIT (STATISTICAL SIGNIFICANCE OF THE RESULT)

The statistical significance of the result is provided in table 6.5 item no. 6 labelled ANOVA which is a test of model fit for regression results. This tests the null hypothesis that multiple R in the population equals 0. The test which measures analysis of variance, provides estimates of variance for dependent variable, one for within groups and another for across groups. Hair et al. (2010) notes that the ANOVA test is a "statistical technique to determine, on the basis of one dependent measure, whether samples are from populations with equal means"

The Sig. row under ANOVA in table 6.5 in which the Sig. value of model 4 was .014 indicates a very good model fit using the hierarchical multiple regression. There is a significant difference among the mean scores for dependent variable for the 4 groups of variables. Similarly, the ANOVA indicates that ROA and Tobin's Q are not statistically significant (Sig .137 and .779) while the model for share price performance reaches statistical significance (sig. = .014; meaning $p < .05$)

6.8 ROBUSTNESS TEST

To ensure validity of the results presented in table 6.5 additional robustness tests were conducted. Further analyses were performed to control for firm size and to test for endogeneity.

6.7.1 CONTROLLING FOR FIRM SIZE

An analysis was conducted (see table 6.6 and appendix A12A-C) in which firm size was employed. To account for other factors that affect firm performance, firm size (a widely recognized and established control variable) based on prior literature (e.g. Finkelstein, 1992; Adams et al., 2005; Liu and Jiraporn, 2010; Emdadul et al., 2013) was included. Firm size as measured by the logarithm of total assets, is included because larger firms tend to be less risky and thus are expected to enjoy lower cost of debt financing or generally find it easier to raise capital compared to smaller firms (Liu and Jiraporn, 2010; Finkelstein, 1992). The regression results are compelling and consistent with the first results. When the possible effect of firm size (*lnAssets*) was controlled for the sets of variables were not only able to explain a significant amount

of variance in the company performance measures (the adjusted R square values in the comprehensive model explained 67.5% for 1 year share price change, 17% for ROA and 14% for Tobin's Q) but were statistically significant (share price performance, sig. = .002; ROA, sig. = .028; Tobin's Q, sig. = .022) indicating that CEO power had a significant effect on company performance.

Table 6.6 Controlling for Firm Size
Hierarchical Regression Models (Company Performance Measures)

S/N	DEPENDENT VARIABLES		SPRICE CHANGE-1YR	ROA	TOBIN'S Q
	HIERACHICAL REGRESSION				
1	No. of Observations	N	154	154	154
	Model 4	Model 4			
2	R	R	0.948	0.650	0.590
3	R Square	R Square	0.898 (89.8%)	0.423 (42.3%)	0.349 (34.9%)
4	Adj. R Sq	Adj. R Sq	0.675 (67.5%)	0.169 (16.9%)	0.139 (13.9%)
5	Sig. F Change				
	Sig. F	Sig. F	0.180	0.778	0.796
6	ANOVA				
	Sig. (p value)	Sig.	0.002	0.028	0.022

6.7.2 RESULTS OF ENDOGENEITY TESTING

Given the results of the data analysed (table 6.6), there seems to be a robust positive correlation between the measures of CEO power and share price performance, ROA and Tobin's Q. Though theoretical arguments posited in earlier chapters of this thesis suggest a causal relationship from CEO power to company performance, evidence could also be presented on reverse causation, to the effect that a firm's performance, may lead to increases or decreases in CEO power to influence decisions. That is a loop of causality between the independent and dependent variables of the model which leads to endogeneity.

Thus, SPSS (version 21) was used to conduct a two stage least squares regression (2SLS). Table 6.7 and 6.8 below provide the model summary and analysis of variance test of fit. The result presented in the tables revealed that the model as a whole explains 1.3% (.013 x 100) of the variance in the dependent variable and the ANOVA indicates that the model is not statistically significant. $F(2,151) = 1.005$, $P = .368$ or $p > .005$.

Also, the two principal measures, CEO Ownership and CEO Founder were not statistically significant with even CEO ownership recoding a higher beta value (beta = .380, $P = .158$) than CEO Founder (beta = .301, $P = .234$). The results suggest that the reversed impact direction from share price performance to CEO Power is not statistically significant (all $p > .05$). ROA and Tobin's Q values are also presented in table 6.9. Thus these results confirm the expected direction of causality rather than the reverse direction.

Table 6.7 Model Summary for Company Performance Measures

	1 year Share Price change	ROA	Tobin's Q
Multiple R	.115	.077	.099
R Square	.013	.006	.010
Adjusted R Square	.000	-.007	-.003
Sig.	.368	.635	.476

Table 6.8 Coefficient of Company Performance Measures

Predictor Variables	1 year Share Price			ROA			Tobin'Q		
	b	t	Sig.	b	t	Sig	b	t	Sig.
CEO Ownership	-.380	-1.41	.159	-.251	-.899	.370	-.096	-.343	.732
CEO Founder	.301	1.195	.234	.322	.903	.368	.354	.994	.322

6.9. CEO POWER PORFOLIO PERFORMANCE

Further to the development of a composite measure of CEO power with dichotomous variables drawn from prior literature (Adams et al., 2005, Liu and Jiraporn, 2010, Nanda et al., 2013 and Lisic et al., 2013) in section 4.10 of chapter 5, two equity portfolios were constructed with a view to testing the new conception. Two diversified equity portfolios were designed to determine whether money can be made or wealth preserved in the long term using this idea. Portfolio A utilized the CEO power criteria (very powerful CEOs) and the normal selection criterion was used for portfolio B (less powerful CEOs). It was assumed that N1,000,000.00 (one million Naira only) or an equivalent of £4,000.00 (four thousand pounds only) was invested in the Nigeria stock market in 2008 for an investment period of four years and no dividend was declared by the companies for the period under consideration.

The two portfolios consisted of ten stocks each selected from six sectors of the market namely, agriculture, financial services, consumer goods, industrial goods, health care and oil and gas. Portfolio A (very powerful CEOs) comprised largely of low to medium capitalisation (cap) stocks with the exception of one high cap petroleum stock. Portfolio B comprised largely medium to high cap stocks with the exception of one low cap banking stock. In table 6.9 below is presented a summary of the portfolio performance. A detailed analysis is presented in Appendix A13.

Table 6.9 Portfolio Performance Summary

S/NO		1 YR RTD 2012 (%)	2 YR RTD 2011 (%)	3 YR RTD 2010 (%)	4 YR RTD 2009 (%)
1	Portfolio A*	80.26	(4.16)	92.87	30.95
2	Portfolio B*	54.21	20.75	51.91	69.25
3	NSE All Share Index	35.45	13.36	34.82	(10.72)

Note: * Returns are net of charges. **Given that 1 year is not sufficient to demonstrate the effect of CEO power sufficiently clearly the investment was extended to five years.

Portfolio Performance

1. The two portfolios (portfolio A and B) outperformed the market (NSE All Share Index) for the periods assessed except in year two when portfolio A underperformed the market.

- Portfolio A performed better than B in years 1 and 3 (80% and 93% compared to 54% and 52% of B), while portfolio B fared better in years 2 and 4 (21% and 69% compared to -4% and 31% of A). In the next chapter a discussion on the CEO portfolio performance is presented.

6.10 SUMMARY OF KEY FINDINGS

Impact of CEO Tenure on Company Performance

Hypothesis 1:

CEO tenure is significantly related to company performance as measured by share price performance and ROA while Tobin's Q was not. The relationship was negative between tenure and share price performance on the one hand and positive between tenure and ROA on the other hand,

Impact of CEO Founder on Company Performance

Hypothesis 2: The second important finding from the data analysis is that CEO founder is significantly and negatively related to share price performance while ROA and Tobin's Q showed a non-significant relationship.

Impact of CEO Ownership on Company Performance

Hypothesis 3:

CEO ownership is significantly related to company performance as measured by share price performance and ROA. The relationship was positive between ownership and share price performance but negative between ownership and ROA. Tobin's Q was not significantly related.

Impact of CEO Competencies (Results-Oriented Factor) on Company Performance.

Hypothesis 4:

CEO results oriented competencies is significantly and positively related to all the three firm financial performance measures (share price performance, ROA and Tobin's Q). The positive beta co-efficient and t-statistic in the regression analysis indicate that CEO results oriented competencies have positive effect on share price performance, ROA and Tobin's Q.

Impact of CEO Competencies (Cognitive Factor) on Company Performance

Hypothesis 5:

CEO competencies (Cognitive or intellectual factor) is significantly and positively related to company performance as measured by share price performance. ROA and Tobin's Q results showed a non-significant relationship.

Impact of CEO Competencies (Interpersonal Factor) on Company Performance

Hypothesis 6:

CEO interpersonal competencies is significantly related to company performance as measured by share price performance and ROA but the relationship was negative. Tobin's Q was not significantly related.

Impact of CEO Power Factor on Company Performance

Hypothesis 7:

CEO power factor is significantly and positively related to company performance as measured by share price performance. ROA and Tobin's Q showed a non-significant relationship.

Impact of CEO (positional and personal) Power on Company Performance

The model presented in figure 3.2 was found to provide a good fit to the data. The ANOVA test showed a good model fit for the CEO power (positional (formal) and personal (informal) variables, which were all significant at the .01 or .05 level. When the possible effect of firm size was controlled for, the results showed that the independent variables predicted a significant amount of variance in the company performance measures. Using Hierarchical multiple regression, the R square (coefficient of determination) and adjusted R square for the three company performance measures (share price performance, ROA and Tobin's Q) accounted for 67.5%, 17% and 14% respectively, and the three ANOVA tests of fit were statistically significant (sig.; .002, .028, .022).

6.11 SUMMARY

The hypotheses developed in chapter three were tested using hierarchical multiple regression. In all, seven hypotheses were tested. CEO power variables were regressed on each of the three objective measures of company financial performance (as the dependent variable) after controlling for firm size.

The research model shown in figure 3.2 was able to explain explained a significant portion of the variance in the dependent variable. The ANOVA test of fit revealed that the model was also statistically significant at $p < .05$. Specifically, the regression result showed that when the possible effect of firm size (*lnAssets*) was controlled for in line with literature, the sets of variables were not only able to predict a significant amount of variance in the company performance measures but were statistically significant indicating that CEO power had a significant effect on company performance. These findings will be discussed in the next chapter.

Chapter 7. DISCUSSION OF FINDINGS

7.1. INTRODUCTION

The previous chapter examined all the hypotheses developed, reviewed the hypotheses test results, and tested the research model using hierarchical multiple regression, in addition to performing a two-stage least squares regression to address potential endogeneity concerns. This chapter will provide an interpretation of the findings in light of the conceptual model, context of theory and practice. Specifically, the results for each of the seven hypotheses will be discussed individually in the manner they appear in the model and in light of key theory in addition to the general results of the model tested. Finally, the implications of research findings for practice and policy will be discussed.

7.2. DISCUSSION OF FINDINGS IN CONTEXT OF CONCEPT AND THEORY

The seven hypotheses tested in chapter six are fundamental to understanding and establishing the importance of CEO Power as the explanatory variable in the study. Discussion of findings in the context of concept and theory is succinctly presented in this section.

7.2.1 Impact of CEO Tenure on Company Performance

Hypothesis 1: There is a statistically significant relationship between CEO Tenure and the company performance.

One key finding from the data analysis is that tenure is significantly related to company performance as measured by share price performance and ROA but not Tobin's Q. Although the relationship was negative between tenure and share price performance on the one hand and positive between tenure and ROA on the other hand, the explanation for these statistically significant positive or negative relationship could be linked to the paradigm of CEO tenure seasons or the leader life cycle theory and institutional theory. In this study 83% of CEOs have been on the board for more than five years. A common thread that runs through these theories is that as CEO tenure increases, CEO power often increases as well. There is an increased likelihood that the CEO gains the ability to appoint top management team members to the BOD, direct and influence the selection process for outside BOD members, including directors that would serve in the audit committee, and

accrue additional ownership equity in the firm as part of compensation (Hambrick and Fukutomi, 199; Daily & Johnson, 1997; Finkelstein & Hambrick, 1996; Jensen & Meckling, 1976).

Some prior studies and literature suggest that longer CEO tenure hurts firm performance while short to moderate tenure impacts more positively on firm performance as the sense of urgency for the CEO to perform is higher in the early stage of his engagement. They learn rapidly, initiate value adding proposals and take risks with a view to boosting firm performance. At a later stage when they have expanded their knowledge and skills or improved performance and acquired power they become risk averse and complacent. Allgood and Farrell (2000; 374) contend that an entrenched CEO is not held accountable for contemporaneous, poor firm performance. Entrenched CEOs may dominate the board and consequently pursue costly pet projects and demand compensation packages that benefit them at the expense of stockholders. Hill and Phan (1991) find evidence that tenure provides a CEO time to circumvent monitoring and incentive alignment mechanisms.

According to Hambrick and Fukutomi's (1991) paradigm of CEO tenure seasons or leader life cycle theory as cited by Luo et al. (2013), the temporal characteristics associated with CEO tenure can affect firm performance. The paradigm posits that there are discernible phases, or seasons within an executive's tenure in a position, and (those) seasons give rise to distinct patterns of executive's attention, behaviour and ultimately, organizational performance. In particular, depending on the CEO's life cycle seasons, CEO tenure can have both positive and negative effects on firm performance (Miller and Shamsie, 2001).

Luo et al. (2013) note that during their early tenure seasons, CEOs tend to learn rapidly and are willing to take risks. As their tenure progresses, they espouse new initiatives and expand their knowledge and skill repertoires (Wu, Levitas and Priem, 2005), thus improving firm performance. In their later seasons, however, CEOs myopically commit to obsolete paradigms, become risk averse and stale in the saddle, and tend to adapt less to the external environment (Miller, 1991; Levinthal and March, 1993), thus damaging firm performance. As discussed by Luo et al. (2013) long tenured CEOs may incur divergent outcomes because the later seasons

of CEO tenure can induce negative effects, such as loss of touch with external markets and maladaptive information filtering. It may also suggest that some CEOs are effective motivators but lousy strategists. These negative effects predict an inverted u-shaped association between CEO tenure and firm performance.

From the institutional perspective, institutionalization can explain on the one hand the positive effect on performance resulting from increased legitimacy and on the other hand a negative effect that reflects inefficiencies as a consequence of sticking to obsolete rules. According to Meyer and Rowan (1977) companies with a high degree of institutionalization tend to implement and stick to inefficient rules which in turn has a negative impact on performance. While the institutionalization of the CEOs power in the beginning of the CEOs' tenure leads to an increase in performance, at a certain time in their career the negative effects prevail and performance decreases again.

In addition, from the agency perspective, shareholders may fear that a long tenured CEO will be self-serving, hence the negative relationship. Some scholars (Combs et al., 2007; Liu and Jiraporn, 2010) argue that a long tenured CEO or powerful CEO can create a moral hazard problem when the CEO's preferred pet project differ from those of shareholders.

7.2.2 Impact of CEO Founder on Company Performance

Hypothesis 2: There is a statistically significant relationship between CEO Founder and Company Performance.

The second important finding from the data analysis is that while CEO founder is significantly and negatively related to company performance as measured by share price performance, ROA and Tobin's Q showed a non-significant relationship suggesting no evidence to support the hypothesis. In this study 35.80% of CEOs are founders while 64.20% are non-founders. The negative beta co-efficient and t-statistic in the regression analysis indicate that CEO founder have negative effect on 1 year share price change or that CEO founder negatively influence the 1 year share price change.

A possible explanation for these statistically significant but negative relationships could be linked to the resource based theoretical explanation. The theory argues that founder CEOs could actually become a 'liability' especially as the firm evolves into a complex and diversified bureaucracy since they do not have the managerial skill set required to manage in such business contexts. Meaning the managerial skill set of CEO founders may not be compatible with the changing organizational and market complexity as the firm becomes larger and older (Abebe and Alvarado, 2013). Another explanation relates to the level of commitment to the status quo and conservative decision making approach. Founder CEOs, due to their intense psychological commitment to the firm or strong commitment to the firm's success as a validation of themselves are more likely to pursue decisions that are in line with their past decisions despite the fact that these decisions may not be effective or appropriate for the firm's changing business realities (Abebe and Alvarado, 2013; Jayaraman et al., 2000; Kroll et al., 2007).

Extant literature argues that CEO founders are usually long on the board and from the standpoint of agency theory and life cycle theory, CEO power (founder) is beneficial in the firm's early stage as they seek to determine the future direction for growth, but harmful in the firm's late stage at which firms require check and balance as opposed to dictatorship. The CEO at the late stage becomes self-seeking, risk averse and less motivated. (Harjoto and Jo, 2009, Jensen and Meckling, 1976). Furthermore, existing literature suggest that the degree to which founders display passion, vision, and legitimacy does, in fact, improve firm outcomes, but it may be that with firm growth, the value of such characteristics diminishes relative to professional managerial skills (Souder, et al., 2012). The result with respect to CEO founder was supported in literature. Prior literature such as Abebe and Alvarado (2013) has documented a negative causal effect of founder-CEOs on firm performance. Adams et al. (2009) also documented that they found that founder-CEOs are more likely to relinquish the CEO post after periods of either unusually low or unusually high operating performances.

Previous studies conducted on the effects of CEO founder on firm performances and market valuation generated mixed results. Fama & Jensen, (1985) cited by Martinez and Stohr (2005) note that founder and family ownership are detrimental to the economy as family owners, like other large undiversified shareholders, may

pursue different objectives as compared to those of minority owners or atomistic shareholders. Also, Schleifer & Vishny (1997) assert that controlling owners seek to extract private benefits from the firm. However, Johnson et al. (1985) as cited by Adams et al. (2009) find a positive stock price reaction following the sudden death of a corporate founder. Morck et al. (1988) find a negative effect of founding family control on market valuations, but only for older firms. For the younger firms in their sample, the market value effect of having a member of the founding family as one of the top two executives is positive. Morck et al. (1998) find a negative correlation between heir control in Canadian firms and firm performance. Anderson and Reeb (2003) as cited by Adams et al. (2009) provide evidence consistent with family firms having higher market valuations and better accounting performances than non-family firms.

7.2.3 Impact of CEO Ownership on Company Performance

Hypothesis 3: There is a statistically significant relationship between CEO Ownership and the Company Performance.

Another significant finding from the data analysis is that ownership is significantly related to company performance as measured by share price performance and ROA. The relationship was positive between ownership and share price performance but negative for between ownership and ROA. Tobin's Q was not significantly related or evidence found to support the hypothesis. The positive beta co-efficient and t-statistic in the regression analysis indicate that CEO ownership has a positive effect on 1 year share price change and that CEO ownership positively influences the performance while the negative beta co-efficient and t-statistic in the regression analysis indicate that CEO ownership has a negative effect on ROA.

The results with respect to CEO ownership were consistent with agency and entrepreneurial theories and found to be supported in the literature. Ownership is an important source of power (Finkelstein, 1992, Daily and Johnson, 1997), but because it binds CEOs and shareholder wealth it also furnishes a strong performance incentive (Fama and Jensen, 1983, Combs et al., 2007). A dominant CEO (with strong ownership power) can give force and direction to corporate strategy thereby increasing entrepreneurialism and reducing the risk of delays and disputes that often comes with more democratic board level decision making. In addition, they argue that CEOs are more likely to be innovative, to take risky strategic decisions that

generate an average higher profits for shareholders than are less powerfully positioned CEOs (Fahlenbrach, 2009; Adams et al., 2005; Veprauskaite and Adams, 2013; Emdadul et al., 2013).

Though several academic researchers have investigated the effect of managerial ownership on firm performance and the findings were mixed. While Morck et al., (1998) reported non-linear relationship other studies (such as Demsetz and Lehn, 1985, Hermalin and Weisbach, 1991; Himmerlberg et al., 1999) reported a linear relationship, a growing number of recent studies and evidence show that CEO or Managerial ownership affect firm value (Xhou 2001, Bhagat and Bolton, 2010 Kim and Lu, 2011).

Knowing that CEO ownership increases the risk that the CEO will cling to power, shareholders should discount share prices unless enough outsiders are on the board to remove the CEO if necessary. Upon death, previously discounted prices should rebound while shares of firms with board-constrained CEOs should decline in response to the loss. As pointed out by Kim and Lu (2010), very high levels of ownership can reduce firm value by entrenching the CEO and discouraging him from taking risk, unless mitigated by strong external governance. Also, the considerable equity stakes founder CEOs hold can potentially reduce the principal – agent problem, and where CEOs pursue or give attention to research and development (R&D) which is discretionary and risky, CEO ownership can affect firm value (Fahlenbrach, 2009, Kim and Lu 2011). The results of hypothesis 3 are also consistent with, and supportive of the findings of Bhagat and Bolton (2010) who found that stock ownership of directors is positively and significantly related to performance for the period 1998 to 2007.

A likely justification for the statistically significant but negative relationship with ROA could be linked to the agency theoretical explanation. The negative relation illustrates that large CEO ownership can be harmful to company value. The harmful effects offered in the literature and also discussed by Han Kim and Lu (2011) include excessive private benefits, expropriation of minority shareholder wealth and empire building. Another explanation for negative slope offered in literature is that large stock ownership gives high wealth-performance sensitivity and voting rights conducive to managerial entrenchment, and their combination leads to overly

conservative risk choices. Holmstrom (1979) shows that increasing compensation sensitivity to performance induces greater effort but also induces a risk averse agent to take less risk. Similarly, other scholars (Volpin, 2002; Atanassov and Kim, 2009) find top managers who are major shareholders are less likely to be dismissed for poor performance than top managers with small or no equity stakes.

The negative relation at high levels of ownership implies that when large stock ownership gives a CEO high wealth-performance sensitivity and sufficient control rights, weak external governance allows him to engage in risk reducing activities harmful to shareholder value.

7.2.4 Impact of CEO Competencies (Results-Oriented Factor) on Company Performance.

Hypothesis 4: There is a statistically significant relationship between CEO Competencies (Results-oriented factor) and Company Performance.

An important finding from the results of the data analysis reveal that results oriented competencies is significantly and positively related to all the three firm financial performance measures (share price performance, ROA and Tobin's Q). The positive beta co-efficient and t-statistic in the regression analysis indicate that CEO results oriented competencies have positive effect on share price performance, ROA and Tobin's Q. This result is also clearly supported by the basic contingency theory, leader life cycle theory and in existing literature. Contingency theory and the early tenure seasons of Leader life cycle theory generally suggest a positive and significant influence of CEO competencies on firm performance

CEO competencies and CEO power variables sometimes referred to as ability-based power are key sources of personal or informal power (Finkelstein, 1992, Dulewicz and Gay, 1997, Robins, 2005, Ivancevich et al., 2005, Kim and Lu, 2008). Other literature such as Hurd and McLean (2004) note that competencies serve a number of purposes and guide processes that impact the entire organization. Competencies serve as a benchmark for CEOs and competency based performance can improve efficiency and effectiveness by linking an organization's expenditures on human and fiscal resources to the achievement of its strategic goals and business objectives. Furthermore, Boyatzis (2007) argues that emotional, social and cognitive intelligence competencies predict effectiveness in professional, management and leadership roles in many sectors of society.

Dulewicz and Gay (1997) identified results-orientation as one of the five main dimensions of directorial work. They note that these competencies seemed to be concerned essentially with achieving results. Interestingly, the items comprising this factor based on the factor analysis conducted for this research are resilience, achievement, planning, change oriented, organizing and business sense. Other competencies include, determination, energy, integrity, delegating and assertive. This result suggests that CEOs who possess the above mentioned competencies impact positively on firm share price performance.

Furthermore, the data reveals that CEO competencies (Results-oriented factor) is positively related to CEO power factor, $r = .631$, highly significant at the 0.01 level. This indicates that CEOs that are result-oriented often possess aspects of expert, prestige, referent, information and charismatic power. Such CEOs should affect their firms' share price performance, ROA and Tobin's Q. These results are consistent and confirm the findings of Kim and Lu (2008).

7.2.5 Impact of CEO Competencies (Cognitive Factor) on Company Performance

Hypothesis 5: There is a statistically significant relationship between CEO Competencies (Cognitive factor) and the Company Performance.

Another significant finding from the data analysis is that CEO competencies (Cognitive or intellectual factor) is significantly and positively related to company performance as measured by share price performance. In contrast, ROA and Tobin's Q results showed a non-significant relationship suggesting no evidence to support the hypothesis. The results with respect to CEO competencies (Cognitive or intellectual factor) were consistent with contingency and leader life cycle theories and found to be supported in the literature. The contingency theory and the early tenure seasons of leader life cycle theory generally suggests a positive and significant influence of CEO competencies on firm performance.

Based on prior research (Dulewicz and Gay, 1997), these competencies seemed to be concerned with reasoning or intellectual abilities. The composition of this factor includes strategic awareness, vision, imagination, organizational awareness, judgment, decisive, problem analysis, perspective and critical faculty. The negative

sign for judgment may indicate high risk of judgment error. The likelihood of either very good or bad decisions is higher in organization where the CEOs have more discretion to influence decisions and have their opinion reflected more directly in corporate outcomes than in organisations where decision making is done by many executives. Dominant CEOs in turbulent times may facilitate rapid decision making but in normal times may hurt the firm performance as their decisions may be sub-optimal compared to disperse decision making. Nanda et al., (2013) argue that concentrating decision making may facilitate rapid decision-making. However, the quality of decision-making may be compromised, with severe consequences for the firm if a powerful CEO is less likely to receive independent advice or to have his decisions scrutinized.

As discussed by Hurd and McLean (2009), established competencies provide a framework for an evaluation, and the CEO can be assessed based on the ability to meet established competencies for the position. This can be especially beneficial to a board member who is not a professional in the field and may not know enough about the profession to adequately evaluate the CEO. As such, competency models can guide the board through the skills and knowledge they should observe in the CEO.

Furthermore, the data reveals that CEO competencies (cognitive factor) are positively related to CEO power factors. (See table 6.2) The result indicated that there was a moderate positive correlation, $r = .413$, highly significant at the 0.01 level. This suggest that intellectual oriented CEOs possess other aspects of ability based power.

7.2.6 Impact of CEO Competencies (Interpersonal Factor) on Company Performance

Hypothesis 6: There is a statistically significant relationship between CEO Competencies (Interpersonal factor) and Company Performance.

A significant finding from the data analysis is that CEO interpersonal competencies is significantly related to company performance as measured by share price performance and ROA. The relationship was however, negative between CEO interpersonal competencies and both share price performance and ROA. However, Tobin's Q was not significantly related or evidence found to support the hypothesis.

The overall negative beta co-efficient and t-statistic in the regression analysis indicate that CEO interpersonal competencies have negative effect on both 1 year share price change and ROA.

The results with respect to CEO interpersonal competencies is unexpected but perhaps not surprising given the later tenure seasons of leader life cycle theory that suggests a negative and significant influence of CEO competencies on firm performance. This finding is supported in the literature. The result would seem to support the indication of the 'dysfunctional phase' predicted by Hambrick and Fukutomi (1991) as relatively normal. Hambrick and Fukutomi (1991) predict that, task knowledge accumulation, task interest, and information diversity may decline over time, while founder-CEO power becomes ever-more entrenched. In their terms, the extent to which a CEO's paradigm (schema and repertoire) stagnates will increasingly limit the value of a CEO to the firm (Abebe and Alvarado, 2013). Luo et al., (2012) suggest this outcome divergence of long tenured CEOs may partially explain why some CEOs are effective motivators but lousy strategists. In later tenure seasons, they might unify employees around a failing course of action while neglecting external markets and customer trends.

The composition of this factor includes CEO sensitivity, flexibility, impact, persuasive and motivation. Dominant CEOs are usually more directive than persuasive. In line with literature it may also indicate that at the early stage of the firm dominant CEOs may be desirable but when the firm is at maturity stage persuasive CEOs are more desirable. But if they are effective motivators or more persuasive and lousy strategists there certainly will be an outcome divergence as noted by Luo et al., (2012). There is a paucity of literature and research in CEO power that investigates CEO Interpersonal competencies as a source of personal power. Interpersonal skills are also key to building personal influence through contacts and developing personal prestige (Kim and Lu, 2008).

7.2.7 Impact of CEO Power Factor on Company Performance

Hypothesis 7: There is a statistically significant relationship between CEO Power factor and the Company Performance.

A vital finding from the data analysis is that CEO power factor is significantly and positively related to company performance as measured by share price performance. ROA and Tobin's Q showed a non-significant relationship suggesting no evidence to support the hypothesis. As demonstrated in CEO power literature (Finkelstein, 1992; Kim and Lu, 2008). CEO educational status is an important key or ingredient to building personal influence and developing personal prestige.

A possible explanation for these statistically significant positive relationships could be linked to the contingency theory and the early tenure seasons of leader life cycle theory which generally suggests a positive and significant influence of CEO competencies on firm performance. Further studies on competencies reveals that other key elements of the CEO power factor have been accounted for by CEO competencies with the exception of prestige. For example, information and expert power are embedded in CEO cognitive competencies; referent and charismatic power are part of CEO interpersonal competencies. It is therefore not surprising that the outstanding variable, CEO educational status a key source of prestige power was found to be significantly related to 1 year share price performance.

Furthermore, the correlations between variables in Table 6.2 shows that CEO power factor is positively related to the result oriented factor, cognitive factor and interpersonal factor. The results indicate that there were moderate to large positive correlations, $r = .631$, $r = .413$, $r = .340$ respectively, all highly significant at the 0.01 level, with the results oriented, cognitive and interpersonal factors. These results indicate that besides the positive moderate to large correlations between these variables, these measures capture similar aspects of CEO power. CEO personal power is by and large related to 1 year share price performance. This is well supported by literature.

Given that certain aspects of CEO competencies (results-oriented, cognitive and interpersonal) are positively related to 1 year share price change, ROA and Tobin's Q, the results is consistent with the documented finding of Kim and Lu (2008) that ability power is positively related to firm performance when the external governance

mechanism (EGM) is strong. As discussed by Kim and Lu (2008), concentration of ability based power in CEO appears to enhance firm performance but only when external governance is strong. Hence the CEO personal power appears to be beneficial to firm performance.

7.3 DISCUSSION OF THE MODEL TESTING

The model presented in figure 3.2 was tested and found to provide a good fit to the data. The ANOVA test showed a good model fit for the CEO power (positional (formal) and personal (informal) variables, which were all significant at the .05 level. The Adjusted R square of the Hierarchical multiple regression accounted for 53% of the variance in 1 year share price change and 9.1% and -5% of the variance in ROA and Tobin's Q respectively.

The evidence is particularly compelling when the possible effect of firm size was controlled for, as the sets of variables still predicted a significant amount of variance in the company performance measures and the results showed that the independent variables are still able to explain some of the remaining variance in the dependent variable. Using Hierarchical multiple regression, the adjusted R square (co-efficient of determination) for the three company performance measures (share price performance, ROA and Tobin's Q) accounted for 67.5%, 17% and 14% respectively, and the three ANOVA tests were all statistically significant (sig.; .002, .020, .022). The data predicted by the model corresponded to the data actually collected. In other words, the research model was confirmed by the research findings.

These results make sense because the three performance metrics measure and address different things. ROA an accounting performance measure relates annual accounting earning to tangible assets that are used to generate cash flow. ROA are based on audited figures, they are historical and backward-looking while Tobin's Q, a measure of firm's market value in relation to a firm's total assets is potentially a more stable measure of firm value than ROA. Share price change is a reliable market based performance metric. It reflects 'market expectations and are forward looking' (Aliabadi et al., 2013). The information content that moves stock prices or determines a company's market value and shareholders total wealth comprises

both objective (accounting figures) and non-accounting or subjective factors (including CEO power).

Overall, the results of this study reveal that when the possible effect of firm size was controlled for, CEO power has a significant positive effect on company financial performance. These results support the theories of agency, entrepreneurial, institutional, resource based, leader life cycle and contingency. CEO power (expressed by longer tenure in a position, status as a founder, significant share ownership, CEO competencies and prestige) could help increase a CEO's power on the board and as a consequence lead to better financial performance of the company. Specifically, these results are supportive of the perspective of agency theory that proposes a positive influence of a strong CEO on firm performance presented in section 3.8 of chapter 3. This perspective argues that a dominant CEO can give force and direction to corporate strategy thereby increasing entrepreneurialism and reducing the risk of delays and disputes that often comes with more democratic board level decision making. In addition, powerful CEOs are more likely to be innovative, to take risky strategic decisions that generate an average higher profits for shareholders than are less powerfully positioned CEOs (Haleblian and Finkelstein, 1983; Fahlenbrach, 2009; Adams et al., 2005; Emdadul et al., 2013). As discussed by Kim and Lu (2008) concentration of ability based power in a CEO appears to enhance firm performance, but only when external governance is strong. They argue that ability power is good, structural power and ownership power are in general harmful at some level, but can be made benign through effective external monitoring by institutional investors or through regulations.

When compared to some of the results that are reported in the journals and literature, this is quite a respectable result. The ordinary least square (OLS) estimates of the impact of CEO power on 1 year share price performance, ROA and Tobin's Q are comparable to the ones reported by Adams et al. (2005), Kim and Lu (2008), Van der Laan (2010) Emdadul et al., 2013 and Nanda et al., 2013. However it must be noted that all the other studies used different measures.

These studies used different sample selection techniques and sample size, in addition they used only secondary data, time-series or panel data, and different empirical

models from the one used in this research study. Adams et al. (2005) find that CEO power had an effect on the dependent variables, the R square values in their model explained 58% for stock returns, 28% for ROA and 41% for Tobin's Q. Kim and Lu (2008) obtained R square values of 74% for EBITDA/TA and 36% for Tobin's Q, Van der Laan (2010) reported an adjusted R square of 71% after the dependent variable was log transformed to remedy Heteroscedasticity which is well above this study's estimate. Furthermore, Nanda et al., 2013 obtained R square values of 13.9% for change in market to book value and Emdadul et al., 2013 reported an R square values of 21.8% for Tobin's Q. The coefficient estimates obtained in this research study using the log-linear specification appears to be a mix. Share price performance was slightly higher than the figure reported by Adams et al., (2005) but lower than Van der Laan (2010). The study's ROA was slightly lower compared to Adams et al., (2005) while the study's Tobin's Q compared favourably with Nanda et al., (2013) but was lower than the figures reported by Emdadul et al., (2013).

7.4 CEO POWER PORFOLIO PERFORMANCE

In order to help stockbrokers and other market players identify with the impact of this valuable idea (CEO power), two diversified equity portfolios were designed using the CEO power criterion and performance were presented in section 6.9 of chapter 6.

Interestingly, it was observed that CEOs of medium to high capitalization firms (whose CEOs are viewed to be less powerful belong to portfolio B) in our sample are non-founders, own less than 5% of the shares of the company and have been in existence for an average of 43 firm years. Most of them were found to be subsidiaries of multinational companies or offshoot of foreign based firms. Moreover, CEOs of low to medium capitalization firms (whose CEOs are viewed to be very powerful belonging to portfolio A) in our sample are founders, have been on board for over 10 years, and own more than 5% of the shares of the company. These companies have been in existence for an average of 28 firm years and most of them are indigenous companies.

The result presented in table 6.10 shows that the two portfolios (portfolio A and B) outperformed the market for the periods assessed. However, Portfolio A performed better than B because the good performance of portfolio B in years 2 and 4 when the market was on the decline was as a result of the observed discriminatory effect

of the Nigerian Stock Exchange's (NSE) in-built mechanism of allowing a minimum volume of 50,000 units to move the price of a stock daily. This anomaly which was seen to favour only medium to high cap stocks was finally corrected by the NSE in 2012. Apart from this isolated development, portfolio A clearly performed better than portfolio B.

The above results are consistent with the documented finding of Emdadul et al., (2013) that firms with powerful CEOs perform relatively better than others. Hence CEO power appears to be beneficial to firm performance.

7.5 IMPLICATIONS FOR PRACTICE

The discussion of implications for practice in this section includes the implication for market players, CEOs and the regulators.

7.5.1 Implications for Market Players

In this study empirical evidence is provided that CEO power (positional and personal) influences company performance as measured by share price performance, ROA and Tobin's Q. CEO power is increasingly viewed as a behavioural determinant or factor that influence firm performance. The research focuses primarily on the power the CEO has over the board and top management executives as a result of his formal position (board tenure, status as a founder and status as a core or significant owner) and personal influence (derived from key competencies, expertise, prestige, charisma and information at his disposal). Of the seven measures examined, all were found to have an effect in terms of significance on share price performance, three measures (tenure, ownership and results oriented competencies) on ROA and one measure (results oriented competencies) on Tobin's Q.

Extant literature on stock market anomalies and recent empirical evidence shows that the number of documented equity based market anomalies is large and growing. Schwert (2003) defines anomalies as "empirical results that seem to be inconsistent with maintained theories of asset-pricing behaviour. They indicate either market inefficiency (profit opportunities) or inadequacies in the underlying asset-pricing model". Kiem (2006) defines financial market anomalies as cross-sectional and time series patterns in security returns that are not predicted by a central

paradigm or theory. A market anomaly (or market inefficiency) has also been defined by other scholars as either a price and or rate of return distortion on a financial market that seems to contradict the efficient market hypothesis or as market patterns that do seem to lead to abnormal returns more often than not, and some of these patterns are based on information in financial reports. The efficient market hypothesis (EMH) states that all stocks are properly priced, and that abnormal returns cannot be earned by searching for mispriced stocks. Furthermore, because future stock prices follow a random walk pattern, they cannot be predicted.

Other literature on market anomalies relates them to economic fundamentals of the equity, technical trading rules and economic calendar events. Fundamental anomalies include value effect, size effect (small firm/cap), book to market ratios, earnings announcement, neglected firm effect (neglected stocks), liquidity effect, low price to book, (P/B), low price to sales (P/S), low price to earnings (P/E), high dividend yield, initial public offering (IPO)'s and buy back, insider transaction and S&P game. Technical anomalies include momentum effect, while the Calendar effect involves pattern of stock returns from year to year or month to month e.g. Turn of the month effect, January barometer (January effect), Monday effect and Year end effect.

Though several scholars (Fama and French, 1992, 1995, 2006, Sanders, 1995) views value investing as the best strategy for equity investing, there is a large body of evidence documenting the fact that historically, investors mistakenly overestimate the prospects of growth companies and underestimate value companies. (Karz, 2014). Recent research in finance has revealed stock price behaviour that is inconsistent with the predictions of familiar models. The research on time series predictability, as a whole, is convincing evidence that expected returns are not constant through time. There are reasonable business condition stories that can account for time variation in expected returns. However, some of the temporal patterns in returns – in particular those relating to calendar turning points – are troubling as they defy economic interpretations. The evidence on cross-sectional anomalies poses a significant challenge to well-established asset pricing paradigms (Kiem, 2006). Furthermore, Statman (2010) notes that there are enough papers now

that show risk is not what underlies outperformance, it is emotion; it is sentiments i.e. psychological factors or behavioural biases.

A fundamental implication of the research finding for market players is a policy recommendation for the design of a stock selection technique or structure that relies on the key indicators of CEO power. CEOs are influential and their decisions may affect the entire firm (Luo et al., 2013) including the firm's share price performance, hence this research will help practitioners (market players) gain a broader understanding of the factors that determine share price performance in particular and other company financial performance measures such as ROA and Tobin's Q. Kim and Lu (2008) argue that ability power is good, structural power and ownership power are in general harmful at some level, but can be made benign through effective external monitoring by institutional investors or through regulations.

7.5.2 Implications for the Regulators

The results of this research have important implications for regulators in Nigeria and beyond. A powerful CEO may in reality over time choose the directors on the board and also choose the directors on the audit committee which ultimately may have a negative effect on effectiveness of the audit committee. A powerful CEO based on this study is one who has spent a moderate to long period on the board, has the status of a founder, has a significant or core ownership interest or block holding, and possesses result-oriented competencies and other aspects of power variables such as cognitive, interpersonal competencies and prestige. To mitigate the risk arising from CEO power, the regulatory authorities in the United States of America (Stock exchanges) and also in the United Kingdom placed the responsibility for director selection solely on the independent members of the board of directors and also recommended having a financial expert on the board audit committee for effective monitoring. Though these steps were hailed and accepted, Lisc et al. (2011) note that having a financial expert on the audit committee in a firm does not automatically translate into more effective monitoring in substance and that the regulatory changes prohibiting CEOs from being directly involved in the nomination process may not have been sufficient to ensure audit committee effectiveness. Rather, CEO power continues to have an impact on the effectiveness of audit committees' financial expertise in the post- Sarbanes Oxley Act (SOX) era. However,

given the different levels of financial development in other developed and developing countries this recommendation is worth regulatory consideration and review in an attempt to control CEO excesses.

Numerous academic studies (Aboody and Kasnik, 2000, Efendi, et al., 2007, Francis et al., 2008, Friedman, 2014 and Baker et al., 2014) on executive power and earnings management, report that the CEOs exert a dominant influence on the financial reporting process, although recent studies (Geiger and North, 2006 and Jiang et al. 2010) suggest that much of that dominant influence is now shared between the CEO and the Chief Financial Officer (CFO). Feng et al. (2011) as cited by Baker et al. (2014) in a study of SEC enforcement actions, conclude that a contributing factor in accounting fraud is that CFOs succumb to pressure from their powerful CEOs suggesting a dynamic tension between the two positions. Baker et al. (2014) find that CEO power is positively related to aggressive use of accrual earnings management. However, evidence from further studies yields evidence that Sarbanes Oxley Act (SOX) was effective in diminishing the ability of powerful CEOs to exert an aggressive influence on accruals earnings management (AEM). The important implications arising from these findings for regulators is that though SOX is only applicable in the USA, regulators in other countries should come up with their own structures to monitor more intensely and diminish the ability of powerful CEOs to exert influence on financial reporting and ultimately share price performance. As pointed out by Feng et al. (2011), the CEO's power over the CFO can be used to promote shareholders' goals or to pressure CFOs to manipulate the reporting system and overstate performance. In the same vein, Friedman (2014) notes that this power has implications for incentive, compensation, reporting quality, firm value and information rents.

Finally, since the results of this research are not driven by any one component of CEO power measure, it makes sense even without the existence of the agency problem, resource based issues and institutionalisation problem for regulators in Nigeria to continue to push for firms to have a more dispersed power base Nanda et al. (2013). These results and findings are also generally supportive of the Securities & Exchange Commission's (SEC) corporate governance code for listed companies in

Nigeria and the Central Bank of Nigeria's (CBN) policy of a 10 years maximum tenure for all CEOs of banks in Nigeria.

7.5.3 Implications for CEOs

The power of the CEO to influence the board's decisions and shape the strategy of the organization is one of the most salient issues in corporate governance (Malekzadeh et al., 1998). From the findings of this research it is clear that the CEO's formal (positional) and informal (personal) power are important. Ample empirical evidence supports the contention that executives can only impact firm outcomes if they have influence over crucial decisions (Adams et al., 2005, Liu and Jiraporn, 2008). However, the risk is higher in an organization where the CEO makes most of the key decisions compared to an organization where decision-making process is in the hands of top management or jointly taken. While it is desirable for CEOs to be powerful, a guide for the CEOs is that since CEO power affects share price performance or company financial performance generally, there must be a strong external monitoring mechanism for it to benefit the firm's stakeholders.

Building on Nanda et al. (2013), an important lesson from these results for CEOs is that companies can benefit from having a more dispersed decision-making structure. Even if CEOs believe they are acting in shareholders' (and stakeholders') best interests, their decisions may be suboptimal due to, for example, a lack of independent advice from the board. Furthermore, given the difficulty in changing a CEO's power once it is obtained, it is instructive for the CEO to note that shareholders, regulators and more importantly investors usually end up forming an opinion of their own that may affect the firm share price negatively or positively. In a study to explore the impact of CEO power on bond ratings and yield spreads, Liu and Jiraporn (2008) find that credit ratings are lower and yield spreads higher for firms who's CEOs have more decision-making power. Further investigation shows that bondholders demand higher yields because there is less transparency, it is difficult for them to monitor managers in firms with powerful CEOs. Bondholders perceive powerful CEOs as detrimental to their investments and consequently demand higher yield from firms with a powerful CEO.

Another significant implication for CEOs relates to the expectations of shareholders. The interest and expectation of shareholders/bondholders and investors at all times is

good and consistent returns, higher yields, growth and transparency. The expectation of shareholders, bondholders and investors is best captured by Kim and Lu (2008) who state that whether CEO power is bad or good depends on the type of power and the strength of external governance. Although structural power and ownership power are in general harmful, they can be made benign through effective external monitoring by institutional investors or through regulations such as the Sarbanes Oxley Act of 2002. These external pressures for good governance have beneficial effects of restraining the harmful effects of CEO power and deploying CEO's expertise and perceived ability into more productive use. These results reconfirm the notion that CEO power can be good, but only when there are sufficient checks and balances, and that unchecked power is dangerous indeed.

7.6 IMPLICATIONS FOR ACADEME

The findings of this research study support the literature on the foundation blocks of behavioural finance. According to behavioural finance, investors are "normal," not rational. Markets are not efficient, even if they are difficult to beat. Investors design portfolios according to the rules of behavioural portfolio theory, not mean-variance portfolio theory. Finally, expected returns follow behavioural asset pricing theory, in which expected returns are not measured by risk alone but by risk and other factors such as momentum, social responsibility, status factor etc. (Statman, 2010). Most importantly, the findings of this study provide support for the notion that markets are not as efficient as was thought to be lending support for the development of a stock selection process that employs both fundamental and behavioural considerations or psychologically based investment criteria to select stocks in the Nigerian stock market.

Although prior studies (Fama and French, 1992, 1995, 1998, 2006; Krishna Kumar et al., 2010; Sanders, 1995) identified value investing as probably the best strategy for equity investing, and subsequently have developed value investment criteria to enhance stock selection in the stock market, recent studies (Statman, 2010; Lakonishok et al., 1994, Chan and Lakonishok, 2004;) indicate that common measures of risk do not support the argument that the return differential is as a result of the higher riskiness of value stocks, but rather, due to behavioural considerations and the agency cost of delegated investment management. As discussed by

Statman (2010), there are enough papers now that show risk is not what underlies outperformance, it is emotions and sentiments. Specifically, this research study provides a greater understanding of the impact of CEO power on company financial performance and also that it is a factor that influences share price performance. The findings also have implications for the literature on CEO power and company performance.

The findings of this research also have an important implication for finance theory (Efficient Market Hypothesis). One of the foundation blocks of modern portfolio theory is that markets are efficient (Fama, 1965). Despite earlier strong evidence that the stock market is highly efficient, there is a large body of evidence documenting the fact that long-term historical anomalies in the stock market existed and this seem to violate the efficient market hypothesis principally the *semi-strong EMH*. This establishes that abnormal returns cannot be earned by studying all of the available public information on companies and their stocks, and any other variables that may affect stock prices, such as economic factors and behavioural factors such as CEO power. This study in addition to providing some evidence that CEO power positively relate to company performance contributes to the literature on stock market anomalies and market efficiency.

Additionally, the development of new CEO competencies rating scale and power dimension scale used in the study were unique and supports both Dulewicz and Gay's (1995) and Dulewicz and Herbert's (1999) studies and other extant literature (Finkelstein, 1992; Robins, 2005; Boyatzis, 2007;). Furthermore, the four factor structures is a validation of the value of 'competencies for performance' of CEOs. This work is a valuable addition to the board competences literature.

7.7. SUMMARY

This chapter has reviewed the results and findings of the hypotheses' tests and provided an interpretation of the findings. The results for each of the seven hypotheses were discussed individually with the literature clearly demonstrating the relation between the company performance and the measures of CEO power. In

addition the results of the model tested reveals that it was found to provide a good fit for CEO power and the model was confirmed by the research findings.

Furthermore, this chapter considered the importance of the research results and the implications for practice. As observed, the interest and expectations of shareholders and investors is good and consistent returns, higher yields and transparency. While it is desirable for CEOs to be powerful, there must be a strong external monitoring mechanism for it to benefit the firm's stakeholders. Furthermore, it is instructive for the CEO to note that shareholders, regulators and more importantly investors usually end up forming an opinion of their own that may affect the firm share price negatively or positively. Beyond having implications for the literature on CEO power and company performance, the last section of the chapter considered the implications for academe by providing insights and support for both standard finance and behavioural finance literature in relation to the development of a stock selection process that employs both fundamental and behavioural based investment criteria to stocks selection. The next chapter will discuss the conclusion and recommendation of the research study.

Chapter 8. CONCLUSION AND RECOMMENDATIONS

8.1. INTRODUCTION

This chapter rounds off the research study which commenced with an introduction in chapter one, a literature review in chapter two, conceptual development of a model in chapter three and research methodology in chapter four. This was followed by the discussion of methods of data analysis in chapter five, analysis and findings in chapter six and the discussion of the findings and the examination of the implications of the finding for practice and academe in chapter seven. The objective of this chapter is to present the conclusions that are drawn from the outputs and discussion of findings of the research study and to make recommendations for the stakeholders (CEOs, market players, finance and organizational behaviour) regarding the impact of CEO power on company performance. The chapter additionally discusses the limitations of the research as undertaken and highlights areas of weakness. Finally, the chapter discusses the contribution of the doctoral thesis and makes suggestions for future research.

8.2. CONCLUSIONS OF THE RESEARCH STUDY

This research study investigated whether CEO power (CEO's ability to influence board decisions) affects a company's financial performance particularly firm's share price performance. To that end, evidence is sought whether CEO power significantly affects company performance. This research was not designed to test the impact of existing traditional factors. In the study, evidence is provided that a company's' financial performance will be influenced or determined as decision making power becomes more concentrated or unified in the hands of CEOs. The emphasis of the research was largely on the power the CEO has over the board and the top management as a result of his formal (positional) power (derived from board tenure, status as a founder and status as a core or significant share owner) and personal influence (derived from key competencies, expertise and prestige)

Using a sample of 154 CEOs and firms listed on the Nigerian Stock Exchange (NSE) for the year ended December 2012 from The NSE database, companies annual reports, CEO power measures (CEO tenure, founder, ownership, CEO competencies (results-oriented, cognitive and interpersonal) and a power factor were examined. All the

measures were found to be significantly associated with firm's 1year share price performance. These measures have the most profound effect on 1year share price performance, while three of the measures (tenure, ownership and results oriented competencies) were found to be significantly associated with ROA and one measure (CEO results oriented competencies) had the most profound effect on Tobin's Q. The results were even more compelling after controlling for the possible effect of firm size in line with extant literature (Finkelstein, 1992; Adams et al., 2005; Liu and Jiraporn, 2010; Veprauskaite and Adams et al., 2013; Emdadul et al., 2013). These findings though positive and significant are weaker with respect to Return of Assets (ROA) and Tobin's Q.

These results are supportive of the perspective of agency theory that proposes a positive influence of a strong CEO on firm performance. This perspective argue that a dominant CEO can give force and direction to corporate strategy thereby increasing entrepreneurialism and reducing the risk of delays and disputes that often comes with more democratic board level decision making. In addition, CEOs are more likely to be innovative, to take risky strategic decisions that generate an average higher profits for shareholders than are less powerfully positioned CEOs (Haleblian and Finkelstein, 1983 Fahlenbrach, 2009; Adams et al., 2005; Emdadul et al., 2013). As noted by Kim and Lu (2008) ability power is good, while structural power and ownership power are in general harmful at some level, but can be made benign through effective external monitoring by institutional investors or through regulations.

The focus of this research study and its findings is neither to join in the long running debate nor provide answers as to whether CEO power is good (positive) or bad (negative) for firm performance. As discussed by Adams et al., (2005) even if managers are benevolent corporate decision makers, CEO power may be good or bad because managers have different opinions. In addition, the researcher is clearly aware of the argument of corporate governance literature to the effect that concentration of powers in the hands of the CEO is bad since it does not promote the separation of the CEO and Chairman positions. As a result of efforts of the Nigerian Financial Market Regulators, Securities & Exchange Commission (SEC), Central Bank of Nigeria (CBN) and The Nigerian Stock Exchange (NSE) to promote a

sound corporate governance culture in the market, a code of corporate governance was first introduced in 2003, by SEC. This was followed by a revised code in 2011 and later on CBN introduced its corporate governance code for the banks in 2012. The SEC code resulted in the abolition of CEO as sole insider and CEO duality, often referred to in literature as CEO plurality or concentration of titles.

One of the objectives of this research study is to determine whether money can be made or wealth preserved in the long term using the findings of this study. Ample empirical evidence (Anderson and Reeb, 2003, Villalonga and Amit, 2006, Martinez and Stohr, 2005, Adams et al., 2009, Fahlenbrach, 2009, Kim and Lu, 2010, Emdadul et al., 2013) supports the notion that money can be made and wealth preserved in the long run if stock market investments are based on some aspects of CEO power measures. On a practical note, preliminary results obtained from the performance of portfolios constructed using some aspects of CEO power variables as a criterion as discussed in chapter 7 of this study indicating that money can be made or wealth preserved in the long term in the Nigerian stock market.

8.3. RECOMMENDATIONS FOR CEOS

It has been widely argued that CEOs have power by virtue of the position they hold, the significant resources they command (Emdadul et al. (2013), their ownership interest and their personal influence (Calori et al., 1994, Finkelstein, 1992, Combs et al., 2007, Kim and Lu, 2008). Therefore, CEO positional and personal power is indisputable. From the perspective of agency, resource based view and institutional theories, It is useful to suggest therefore that the decision-making process be laid in the hands on top management and the board rather than concentrated it in the hands of the CEO. As discussed by Liu and Jiraporn (2010), concentrating a firm's decision making in the hands of the CEO has both positive and negative implication for stakeholders, as CEOs could use this dominant role to either better adjust firm policy or to advance their own personal objectives. Dunn (2004) notes that such CEOs could take self-serving actions that decrease shareholders' wealth.

Therefore, a recommendation of this study is that CEOs seeking to optimize share price performance in particular or company financial performance in general should consider very seriously a more dispersed decision making structure or a

methodology of group decision making process. Nanda et al. (2013) note that, even if CEOs believe they are acting in shareholders' best interests their decisions may be sub-optimal due to lack of independent advice from the board.

Although several recent studies (i.e. Adams et al., 2005; Nadkarni and Naryanan, 2007, Kim and Lu, 2008, Liu and Jiraporn, 2010, Nanda et al., 2013 Emdadul et al., 2013) support the contention that CEO power does affect firm value or performance, a common concern is the implications for stakeholders of a powerful CEO whose powers remain unchecked by outside directors. A recommendation of this research study is that CEOs should view external monitoring or governance as good and beneficial to the firm's long term survival. It will not only enhance the tenure of the CEO, but the perception of both the CEO and the firm by market participants and players which will ultimately boost the firm share price performance in the stock market. Furthermore, the temptation for CEOs to succumb to self-serving actions and decrease shareholders' wealth as observed by Dunn (2004) becomes stronger when external governance is weak. Kim and Lu (2010) argue that strong external governance leaves less room for agency problems that can be mitigated by incentive effects. It may also preclude the CEO from reducing shareholder value by holding them accountable for performance, thus weakening the risk reducing effect.

A recommendation of this study is that CEOs seeking to optimize firm's company performance should amongst other things focus primarily on their reputation, the implications of losing their good reputation or integrity, as well as the interest and expectations of shareholders and regulators. Perhaps in a bid to impress shareholders and maintain their ego or reputation, during turbulent times or industry turmoil, powerful CEOs may exert a dominant influence on Chief Financial Officers (CFOs) and the financial reporting process. Feng et al. (2011), as cited by Baker et al. (2014), notes that CEO power is positively related to aggressive use of accrual earnings management. This is more pronounced in turbulent periods. Prior research suggests that CEO influence may have a detrimental impact on the reporting process. The suggestion of this study is that "a good name is better than riches or a fine perfume" (Ecclesiastes 7:1) It is recommended that CEOs should focus on maintaining a good name and a good reputation. CEOs should regard their names,

integrity, and reputation more important than the desire to please or impress their stakeholders including shareholders and regulators.

Drawing on studies on competencies (Dulewicz and Gay, 1995; Dulewicz and Herbert, 1999; Boyatzis, 2007) this study identified key CEO competencies associated with performance (results-orientation, cognitive and interpersonal skills and prestige). It is advisable that CEOs seeking to enhance their firm performance develop further their results-oriented competencies (such as resilience and adaptability, achievement, planning and organizing, change-orientation, business sense, determination, energy and integrity), Cognitive or intellectual competencies (including problem analysis and judgment, strategic perspective strategic awareness and organization awareness), vision, imagination, assertiveness and decisiveness). These competencies are derived from knowledge, skill and expertise of the holder and specifically, the possession of knowledge that is not generally available which is what expert and information power are all about (Martin, 2005). Furthermore, key attributes of CEO interpersonal competencies worth possessing and improving include persuasiveness, motivation, sensitivity, flexibility and impact. These key skills and abilities are expressed as referent and charismatic power.

8.3.1 RECOMMENDATIONS FOR PORTFOLIO MANAGEMENT

The fast changing investment environment and constantly changing financial markets (from bubbles to burst, and from changing regulations to a readily available global market) make investing and portfolio management a great challenge (Reinhart, 2011). These changes which have impacted strongly on investing and portfolio management have necessitated the consideration of behavioural finance. Wagner and Edwards cited in Fabozzi (1998) advocated that there must be recognition that superior investment performance occurs when valuable ideas are implemented in a cost-efficient manner. The process of investment includes innovative stock selection and portfolio strategies as well as efficient cost structures for the implementation of any portfolio strategy. The literature suggest that CEO power is increasingly viewed as a valuable idea that can be implemented in a cost efficient manner and some gains may be derived from it. The belief is that there is some type of gain from this effort and this gain is possible because price

inefficiencies exist, that is, markets are not as efficient as were thought to be and propounded in the 1960s, even if they are difficult to beat (Statman, 2003).

Building on the framework of active strategies, one of the broad category of equity investment strategies, in portfolio management literature (Farrell, 1995; Bodie et al., 2011; Fabozzi, et al., 2011), which attempts to outperform the market by one or more of the following: (1) Timing market transactions, (2) Identifying undervalued or overvalued stocks using fundamental security analysis, or (3) Selecting stocks according to one or more of the market anomalies. Recent portfolio management literature (Lohre et al., 2012; Siganos, 2012; Reinhart, 2011; Lin et al., 2009; Wild, 1998; Fama and French (1992); Lakonishok, et al., 1994)) has identified several stock selection and portfolio strategies including growth, value, dividend yield, size (market capitalization) calendar effects and global equities. Other literature include risk based equity strategies (risk-parity, 1/N strategy, most diversified portfolio, minimum variance and diversified risk parity strategies) to mention a few. It is a recommendation of this study that models based on CEO power be developed (CEO power-based equity strategy) to complement the existing stock and portfolio selection strategies for practitioners.

Furthermore, it is recommended that more time should be devoted to develop and perfect CEO power databases. Retail and institutional investors may subscribe to and use CEO power – based equity strategy in their investment strategy if a new acceptable and peer reviewed CEO power databases, index and score formula is created.

8.4. LIMITATIONS OF THE RESEARCH STUDY

As with all studies, the present one does have limitations which may have impacted the research findings. The conclusions and recommendations need to be considered within this context. However, these limitations will hopefully result in future research.

Cross-Sectional Study Design

A cross-sectional study design was used to investigate the extent to which CEO power influences company performance. The study was carried out at one time

point (as at year ending 2012). The approach chosen for this study prevented an in-depth investigation over time. In other words, it is limited in scope. The situation may provide different results if another time frame or a longitudinal data or panel data had been chosen. Moreover, by its design, cross-sectional research means it may be difficult to make causal inference. Easterby-Smith et al. (1991) notes that such studies do not provide explanations of the relationship between observed phenomena but rather capture data at a particular point in time regarding the phenomenon under investigation.

Prevalence Incidence Bias (Neyman Bias)

Prevalence Incidence Bias noted in the research literature stems from the tools used for data gathering (questionnaire). Research scholars argue that even if the researcher uses an objective questionnaire, the respondents cannot answer questions involving past events with perfect accuracy. The possibility that the respondent answer may magnify or minimize the effects of certain variables is not ruled out, thus affecting the results of the cross-sectional study. In view of the fact that a survey questionnaire was used to gather primary data used for this study, Neyman bias could be said to have affect the research findings.

Traditional Factors Influencing Share Price Performance

Given the scope of this research study, and the available resources (time and funds), the traditional factors influencing share price performance such as company specific factors, domestic factors, industry factors and investors perception were not included in the model and CEO power data collected. This limitation was acknowledged and fully understood from the beginning of this study. This limitation may be attended to in future research.

Stock Selection and Portfolio Strategies

The Portfolio management literature has documented several investment or stock selection and portfolio strategies. In practice, portfolio management requires an integrated approach (Fabozzi et al., 2011). Though this study has documented valuable ideas that may generate superior investment performance, equity models on CEO power based equity strategy has not been finalised in this study. The applicable model based on CEO power equity strategy however can be well

specified with a robust trading rule followed by a rigorous test after which it can be deployed to select stocks and portfolios that yield superior returns. It is recommended that future research consider developing this application model further as empirical evidence abounds to the effect that CEO power is a determinant of company financial performance.

8.5. CONTRIBUTIONS OF THE RESEARCH STUDY

Summer (2001) and Remenyi et al. (2009) provide a useful framework for identifying and evaluating research contributions. They may be theoretical or conceptual, empirical, methodological or knowledge and practice in nature. Based on this framework, the contributions of this study are presented below.

Theoretical Contribution

The research study on the impact of CEO power on company performance has made a key contribution to the fields of organizational behaviour (OB) and finance. It has brought together a new and comprehensive CEO power model and a set of revised CEO competencies and power rating scales from the OB, and finance literature to undertake the current study. CEOs are influential and their decisions may affect the entire firm (Luo et al., 2012). Specifically, these findings provides a broad framework for examining CEO power and has improved our understanding of CEO power and the relationship between the variables and company performance through the development of a model of CEO power.

The development of the model helped to explain the relationship between the constructs under investigation. The CEO power model clearly supports the work of authors (Adams et al., 2005 and 2009; Martinez and Stohr, 2005; Palia and Ravid, 2008; Fahlenbrach, 2009; Abebe and Alvarado, 2013) that CEO founder is related to firm performance. It also supports findings from other scholars (Allgood and Farrell, 2000; Luo et al., 2012, and Combs et al., 2007; Wulf et al., 2008) that tenure is related to CEO power. The model also supports and confirm the findings of scholars (Morck et al., 1988; Fahlenbrach, 2009 and Kim and Lu, 2011) that ownership affects firm performance. Furthermore, the model supports and confirms the findings of scholars (Agle et al., 2006; Boyatzis, 2007; Kim and Lu 2008) that ability-based power which encompass competencies, expert and prestige, influence firms' performance.

Additionally, the new CEO competencies rating scale and power dimension scale used in the study were unique and support both Dulewicz and Gay's (1995) and Dulewicz and Herbert's (1999) studies and other extant literature (Finkelstein, 1992; Robins, 2005). A unique contribution of the study has been to test the theoretical basis of the CEO power model and propositions within the model which have been well supported. Thus, it has provided a theoretical explanation of the measures or determinants of CEO power and the relationships that may exist between the variables within the model. More importantly, this study has also improved the understanding of finance and OB academics and practitioners of the factors influencing company performance and share price performance in particular.

Moreover, this study depicts a balanced view of the effect of CEO power on company performance. While not promoting a heroic perspective of this study, it is important to stress that a large amount of academic research conducted to date has centered on formal or positional power. This study took a distinctive approach by studying both formal (positional) and informal (personal) power. The results of the research are consistent with this initiative, as it was not driven by any one component of CEO power measure and hence provided a balanced understanding of CEO power's effect on a firm's financial performance.

Finally, most of the related studies were conducted in the United States, with only a few in United Kingdom and Australia. This study made a unique contribution by using exclusively Nigerian data in an emerging market. Research that examines the extent to which CEO power influences a company's financial performance can contribute new and potentially useful insights into the value of corporate governance and behavioural aspects/factors in equity based investment strategies which should be of interest to CEOs, investors, shareholders and regulators. In addition, whereas, other studies focused entirely on secondary data (publicly available data of listed firms), this study obtained both primary data through questionnaire survey and secondary data from both primary and secondary sources.

Methodological Contribution

This study took a unique approach both in terms of sample and methodology, and contributes to the existing body of literature on CEO power. Most prior studies have used longitudinal study design (panel data) whereas this study used cross-sectional study design (cross-sectional data). The sample used, as in many large cross-sectional studies, was taken from the whole population. A unique benefit of this approach is that repeated cross-sectional studies may be carried out in Nigeria or in other markets and much information can be collected about the variables in a cross-sectional study. Using the weightings from the study could cross-validate these findings.

Contribution to Knowledge and Practice

This study contributes to the body of knowledge and practice in a number of ways. To the best of the researcher's knowledge, this is the first study to directly focus on the influence of manager characteristics such as CEO power on company performance in the Nigerian stock market. Prior studies in US, UK and Australia have concentrated on the effects of CEO or Board of Directors powers on bond rating, debt offerings, (Liu and Jiraporn, 2010), corporate governance (Abdullah and Page, 2009; Makki and Lodhi, 2013) financial performance (Veprauskaite and Adams (2013), effects on corporate performance (Adams et al, 2005), Board composition and Firm performance relationship (Combs et al. 2007), Directors Reputation (Zajac et al.1996) and Bank Risk Taking (Pathan, 2009). Other studies also concentrated on the effects of Industry specific characteristics and Country specific characteristics on firm performance or organisational performance (Bird, 1990). This study has contributed to the Literature and extends research on the interfaces between CEO power, behavioural factors, stock market anomalies and portfolio management by providing evidence that CEO power is associated with firm's performance particularly, share price performance in the stock market. Furthermore, the findings of this research have offered practical suggestions on the design and management of equity investment portfolios. CEO power based strategy will compliment other existing strategies for equity portfolio selection.

In making a significant contribution to the existing body of knowledge and practice, this strand of research would suggest that while evidence abounds that superior

returns can be made in emerging markets like Nigeria, it does seem based on recent studies (Emdadul et al., 2013, Walker, 2013, Siganos, 2012, Kim and Lu, 2011, Fahlenbrach, 2009, Adams et al., 2009, Martinez and Stohr, 2005) that making gains in advanced markets (US and UK) is possible and a worthwhile venture. Hence portfolio investors (retail and institutional) with a higher appetite for risk should consider this investment strategy for steady long term preservation of wealth and profit on their investment. This finding and contribution is also amply supported by the behavioural finance literature Statman (2008)

8.6. FUTURE RESEARCH

Considering the implications of empirical findings and the limitations of this study discussed in previous sections, further research is recommended to be carried out in the following areas to further our learning in this field, thereby making additional contributions to theory, knowledge and practice.

Longitudinal Study Design

Cross-sectional data was used to investigate the extent to which CEO power influences a company performance. The study was carried out at one time point. It was designed from the outset to provide a 'snapshot' of the outcome and the variables associated with it as at year ending 2012. The limitation of this approach is that it prevented an in-depth investigation over time. Further research could be undertaken using a longitudinal study design. This will ensure that the same subject is observed over the course of five or more years. This will involve the use of panel data.

Scope of the CEO Power Model

A unique piece of work that could be undertaken in USA, if regulation permits, or in less regulated markets, is to test the model including the two variables (CEO duality and sole insider) that were dropped (not allowed by code of corporate governance). This means that both formal and informal power should be tested in other markets. Furthermore, if funding is available the model could be tested using both traditional determinants and CEO power variables.

Strategy to Generate Buy/Sell of Company stocks

Further research could be undertaken to develop a robust CEO power based equity portfolio selection model including trading rules, followed by rigorous testing and deployment. Additionally, regarding CEO power databases, further research could explore the possibility of building CEO power databases and a CEO power index that is acceptable, reliable and peer reviewed. This would be a valuable piece of work as some stakeholders will use it to achieve various objectives.

Impact of Regulatory Power on Share Price Performance

For obvious reasons, this research did not cover regulatory Chief Executives. It is recommended therefore that future research in this area be conducted to include regulatory CEOs. Whereas the CEO has been characterised as a firm's Chief cognizer and decision maker (Calori et al., 1994) or the most powerful organizational member, the financial market regulators made up of the Central Bank (CB), Securities & Exchange Commission (SEC) and the Stock Exchanges (SE) are managed by Governors or Chairmen, Director-Generals, Commissioners or Chief Executive Officers who are the institutions Chief cognizer and decision makers. As noted by Hambrick and Mason (1984), these leaders have a profound impact on the strategic direction and performance of their organisations/institutions including the markets they regulate. The Regulatory CEOs do not only have overall responsibilities for their institutions' management but also their actions have serious consequences for the markets they regulate.

8.7. OVERALL SUMMARY

Finally, this study presents an empirical investigation of the extent to which CEO power influences a company's financial performance. The study set out to achieve the following four prime objectives; To determine non-traditional factors that influence share price performance in stock markets; To determine whether money can be made or wealth preserved in the long run using the findings of this research; To use research outcomes to craft investment and portfolio strategies; To extend and integrate the literature in organisational behaviour, investment and finance by shifting academics' and practitioners' focus from the traditional finance related determinants to other behavioural factors such as CEO power in a firm.

These objectives were clearly achieved as shown in the analysis and findings in chapter 6 and discussion of findings in chapter 7. A prime objective of this study was also to contribute to the literature in CEO power, and other related fields of finance. The results of the study support the view that CEO power is a determinant of company financial performance including share price performance and that money can be made and wealth preserved in the long term using the findings of this research. CEO power equity base stock and portfolio selection strategies will be further developed and fine-tuned to take advantage of this valuable idea.

The study presents a detailed exposition of the existing literature in the field. A contribution towards the body of knowledge and practice is provided by the development and validation of a predictive model of CEO power. Furthermore, CEO competencies and power rating scales have been developed. This study provides useful insights and a broader understanding of CEO power for organizational behaviour, finance and particularly portfolio management.

REFERENCES

- ABBAS, J.A. (2010). The Erratic executive, *Advances in competitive research*. Indiana, Vol. 18 Iss. 1-2 pp1-3.
- ABELS, P.B AND MARTELLI, J. T. (2013),"CEO duality: how many hats are too many?", *Corporate Governance: The international journal of business in society*, Vol. 13 Iss 2 pp. 135 – 147
- ABEBE, M. ALVARADO, D.A. (2013),"Founder-CEO status and firm performance: an exploratory study of alternative perspectives", *Journal of Strategy and Management*, Vol. 6 Iss 4 pp. 343 – 357
- ABDULLAH, S. N. (2004),"Board composition, CEO duality and performance among Malaysian listed companies", *Corporate Governance: The international journal of business in society*, Vol. 4 Iss 4 pp. 47 – 61
- ABDULLAH, A AND PAGE, M. (2009). Corporate governance and corporate performance: UK FTSE 350 companies. *The Institute of Chartered Accountants of Scotland*. Investing in global equities: An alternative approach to structuring equity portfolios. *Journal of Portfolio Management*. Vol.50 50-60.
- ABOODY, D. AND KASZNIK, R. (2000). CEO stock option awards and corporate voluntary disclosures. *Journal of Accounting and Economics* 29, 73-100.
- ADAMS, G., (2004), *Power plays: a longitudinal examination of CEO/BOD power circulation and its impact on organisational performance*. PhD Dissertation, Florida State University, Florida.
- ADAMS, R.B. ALMEIDA H, FERREIRA D, (2005) Powerful CEO's and their impact on corporate performance. *The review of Financial Studies* Vol.18. No.4.
- ADAMS, R., ALMEIDA, H., AND FERREIRA, D. (2009) Understanding the relationship between founder-CEOs and firm performance. *Journal of Empirical Finance* 16, 136-150
- AGLE, B. R., NAGARAJAN, J., SONNENFELD, J. A. AND SRINIVASAN, D. (2006) Does CEO charisma matter? An empirical analysis of the relationships among organizational performance, environmental uncertainty, and top management team perceptions of CEO charisma. *Academy of Management Journal*, Vol. 49, No. 1, 161-174.
- ALIABADI, S., DORESTANI, A., AND BALSARA, N. (2013). The most value relevant accounting performance measure by industry. *Journal of Accounting and Finance* vol. 13(1) 2013

ALLGOOD, S AND FARRELL, K. A. (2000). The Effect of CEO Tenure on the Relation between Firm Performance and Turnover. *Journal of Financial Research* 23:3, pp. 373–390.

ANDERSON, R., REEB, D., 2003. Founding-family ownership and firm performance: evidence from the S&P 500. *Journal of Finance* 58, 1301–1328.

AULAKH, R.S. GENCTURK, E.F. (2000) International principal agent relationships control governance and performance. *Industrial Marketing Management*, 29, 521-538

BAGOZZI R.P., & YI, Y. (1991) Multitrait-Multimethod matrices in consumer research *Journal of Consumer Research*, 17, 547-560

BAKER, I., LOPEZ, T.J. AND RATENGA A. L (2014), Executive power and earnings management. The Sarbanes Oxley effect. Atlantic 2014 *Global Engagement Perspective Conference Paper*,

BAMFORD, C.E., BRUTON, G. AND HINSON, Y.L. (2006), "Founder/chief executive officer exit: a social capital perspective of new ventures", *Journal of Small Business Management*, Vol. 44 No. 2, pp. 207-220.

BARTLETT, J.E. (2007). Advances in coaching practices: a humanistic approach to coach and client roles. *Journal of Business Research*, 60: 91–93

BARTELS, LARRY M. (1991), Instrumental and quasi- instrumental variables, *American Journal of Political Science* 25, 777-800

BARNEY, J.B., (1990). The debate between traditional management theory and organizational economics: substantive differences or intergroup conflict? *Academy of Management Review*, 15, 382–393.

BARNEY J. (2002). *Gaining and Sustaining Competitive Advantage*. 2nd Ed. Upper Saddle River, NJ: Prentice Hall.

BASU, S. (1977). Investment Performance of Common Stocks in Relation to their Price-Earnings Ratio: A Test of the Efficient Market Hypothesis, *Journal of Finance*, 32, June, 663-682.

BEBCHUK L., CREMERS M., PEYER U., (2007). CEO Centrality Harvard Law School and NBER

BEBCHUK L., CREMERS M., PEYER U., (2009b), Pay Distribution in the Top Executive Team. Working Paper Harvard University.

- BEBCHUK, L.A, CREMERS, M., AND PEYER, U., (2011). The CEO pay slice. *Journal of Financial Economics* 102, 199-221
- BECALLI, E., CASU, B. & GIRARDONE, C. (2006). Efficiency and Stock Performance in European Banking. *Journal of Business Finance & Accounting*, 33(1) & (2) 245-262.
- BECK, S. (2003) Skill and Competence management: A base of an integrated personnel development. *Proceedings of IKNOW '03*, pp 150-154.
- BHAGAT, S. AND BOLTON, B. (2010) Director Ownership, governance and performance
- BHAGAT, S. AND BOLTON, B. (2008). Corporate governance and firm performance, *Journal of Corporate Finance* 14, 257-273,
- BIRD, A. (1990) Power and the Japanese CEO. *Asia Pacific Journal of Management*, Vol. 7, No.2 pp. 1 - 20.
- BLOISI, W., COOK, C. AND HUNSAKER, P. (2007) Management & organizational behavior, Second edition P 601-610, McGraw-Hill Companies Inc.
- BOEKER, W. (1992) Power and managerial dismissal: scapegoating at the top. *Administrative Science Quarterly*, 37, 100 – 22.
- BODIE, Z., KANE, A., & MARCUS, A. J, (1996 & 2009) *Investments*, Third & Eight edition P 548, Times Mirror Higher Education Group/McGraw-Hill Companies Inc.
- BONO, J. E., & JUDGE, T. A. (2004), Personality and Transformational and Transactional Leadership: A Meta-Analysis. *Journal of Applied Psychology*, 89, 901-910.
- BOYATZIS, R. E. (1982) *The competent manager: Marker events and experiences of leaders in A model for effective performance*, New York, local public parks and recreation, unpublished Wiley Publishing.
- BOYATZIS, R. E. (2008) Competencies as a behavioural approach to emotional intelligence. *Journal of Management Development*, Vol. 27(1), pp 1-45,
- BOYATZIS, R. E. (2008) Competencies in the 21st Century. *Journal of Management Development*, Vol. 27(1), pp 5-12,
- BOYATZIS, R. E. and Ratti, F. (2008). Emotional, social and cognitive intelligence competencies: Distinguishing effective Italian managers and leaders in a private company and cooperatives. *Journal of Management Development*, 27 (1), pp. 1-37

BRAY, D.W., CAMPBELL, R.J. AND GRANT, D.L. (1974), *Formative Years in Business: A Long Term AT&T Study of Managerial Lives*, John Wiley & Sons, New York, NY.

BROMLEY, P. (1990). On the use of Financial Theory in strategic management. *Advances in Strategic Management*. Vol.6 pp. 71-98

BROWN, S, & WARNER, J. (1985), Using Daily Stock Returns: The Case of Event Studies. *Journal of Financial Economics*, Vol. 14, pp 3-31,

BRIGGS, S. R. & CHEEK, J. M. (1986) The Role of factor analysis in the development and evaluation of personality scales. *Journal Personality*, 54, 106-48

CALORI, R., JOHNSON, G., & SARNI, P. (1994). CEO'S cognitive maps and the scope of the organisation. *Strategic Management Journal*, 15: 437-457.

CAMPBELL, J.P., DUNNETTE, M.D., LAWLER, E.E. III AND WEICK, K.E. JR (1970), *Managerial Behavior, Performance, and Effectiveness*, McGraw-Hill, New York, NY.

CARPENTER, M. A., SANDERS, W. G., & GREGERSEN, H. B. (2001). Bundling human capital with organisational context: The impact of international assignment experience on multinational firm performance and CEO pay. *Academy Of Management Journal*, 44:493-501.

CASELLA, G. AND BERGER R. L. (2001) *Statistical Inference*, 2nd edn. Wordsworth Brooks Cole, Pacific Grove, CA

CHAN, K. C. (1988). On the Contrarian Investment Strategy. *Journal of Business*, 61, (2), 147-163.

CHAN, L. K.C., HAMA O Y. AND LAKONISHOK. J. (1991) "Fundamentals and Stock Returns in Japan." *Journal of Finance*. 46:5, pp. 1739-789.

CHAN, L., N. JEGADEESH AND LAKONISHOK, J. (1996). Momentum Strategies. *Journal of Finance* 51, 1681-1713.

CHAN, L. K.C., AND LAKONISHOK. J. (2004) Value and Growth Investing: Review and Update. *Financial Analysts Journal*. pp. 71-86.

CHANG, Y.Y., DASGUPTA, S. AND HILARY G. (2010) CEO Ability, pay and firm performance. *Management Science*. pp. 1-6.

CHAKRAVARTHY, B. (1986). Measuring strategic performance. *Strategic Management Journal of Business*, 7:437-458.

CHAPANIS A. (1961) Men, Machines and Models. *American Psychologist*. vol. 16, p.113-131.

CHILD, D. (2006). *The Essentials of factor analysis* (3rd edition) London Continuum International Publishing Group

CHURCHILL, G A (1979), "A Paradigm for developing better measures of marketing Constructs," *Journal of Marketing Research*, 16, pp 64-73.

CHURCHILL, G. A. (1991). *Marketing Research methodological foundations*, 5th ed. Fort Worth: The Dryden Press.

CHURCHILL G.A. (1999) *Marketing Research: methodological foundations*. 7th ed. Orlando, Florida: The Dryden Press,

COHEN, J. (1988). *Statistical power analysis for the behavioural sciences*, (2nd ed.) Hillsdale, NJ: Lawrence Erlbaum Associates.

COHEN, J. KRISHNAMOORTHY, G. AND WRIGHT, A. (2008) "Form versus substances: The implications for auditing practice and research," *Auditing: A Journal of Practice & Theory*, vol. 27, no. 2, pp. 181-198.

COMBS, J., CROOK, T. AND SHOOK, C. (2005). The Dimensionality of organisational performance and its implications for strategic management research. Chapter in *Research Methodology in Strategy and Management Ed 2* Ketchen, D. J. and Bergh, D. D. pp. 259-286

COMBS, J. G., KETCHEN, D. J., PERRYMAN A. A., DONAHUE M. S., (2005), The Moderating effect of CEO power on board composition – firm performance relationship. *Journal of Management Studies*, 44:8, 1299.

COMMENT, R. AND JARRELL, G.A., (1991), "The relative signaling power of Dutch auction and fixed price tender offers and open market share repurchase," *Journal of Finance*, 46.4, pp. 1243-1271.

CORE, J., HOLTHAUSEN, R., & LARCKER, D. (1999). Corporate Governance, Chief Executive Officer Compensation, and Firm Performance. *Journal of Financial Economics*, 51(3), pp. 371-406.

CREMERS, M., PALIA, D. (2010). Tenure and CEO pay. Working paper. Yale

CREMERS, M., NAIR, V.B., (2005) Governance mechanisms and equity prices. *Journal of Finance* 60, 2859-2894

CROTTY, M. (1998). *The Foundations of social research: Meaning and perspective in the research process*. London: Sage Publications

CROZIER, M. 1964. *The bureaucratic phenomenon*. Chicago: University of Chicago Press.

CUDD, M., DUGGAL, R., SARKAR, S. (1996). Shares repurchase motives and stock market reaction. *Quarterly Journal of Business and Economics* 35, 66-76.

DAHL, R. (1957). The Concept of Power, *Behavioural Science*, July 1957, pp. 202-03.

DAS, S., MARKOWITZ, H., SCHEID, J., STATMAN, M (2011) Portfolios for investors who want to reach their goals while staying on the mean–variance efficient frontier. *The Journal of Wealth Management* pp. 1-7

DAFERIGHE, E.E. AND AJE, S.O. (2009). An impact Analysis of Real Gross Domestic Product, Inflation and Interest Rates on Stock Prices of Quoted Companies in Nigeria. *International Research Journal of Finance and Economics*, 25, 53-63.

DAILY, G.M. AND JOHNSON, J.L. (1997) Sources of CEO power and firm financial performance: a longitudinal assessment. *Journal of Management* 23, 97 – 117.

DAILY, C. M., AND DALTON. D. R. (1992) "Financial Performance of Founder-Managed Versus Professionally Managed Small Corporations." *Journal of Small Business Management*, 30 (1992), 25-34

DAVID, M. (2005) CEO Personality Affects Company's Financial Performance. *IEE Engineering Management*.

DE BONDT, W. AND R. THALER. (1985). Does the Stock Market Overreact? *Journal of Finance* 40, 793-805.

DE BONDT, W. AND R. THALER (1987). Further Evidence on Investor Overreactions and Stock Market Seasonality, *Journal of Finance* 42, 557-81.

DEMSETZ, H. AND LEHN, K (1985). The structure of corporate ownership: Causes and consequences, *Journal of Political Economy* 33, 3-53.

DE VAUS, D.A (2002) *Analyzing social science data*: London: Sage Publication

DEVELLIS, R. F. (2003) *Scale development: theory and application* (2nd Edition) Thousand Oaks, California: Sage

DIAMANTOPOULOS A. AND SCHLEGELMILCH B.B. (2000) *Taking the fear out of data analysis*. London UK: Thomson Learning.

DIKOLLI, S. S., MAYEW, W. J. AND NANDA, D. (2011) CEO Tenure and the Performance-Turnover Relation www.researchgate.net/.../263726514

DIKOLLI, S. S. DISER, V., HOFMANN, C. AND PFEIFFER, T. (2014) CEO Power and Relative Performance Evaluation. https://www.caaa.ca/_files/file.php?fileid

DONALDSON, L., (1990A). The ethereal hand: organizational economics and management theory, *Academy of Management Review*, 15, 369–381.

DONALDSON, L., (1990B). A rational basis for criticisms of organizational economics: a reply to Barney, *Academy of Management Review*, 15, 394–401.

DONALDSON, L AND DAVIS, J. H. (1991) 'Stewardship theory or agency theory: CEO governance and shareholders returns'. *Australian Journal Management*, 16 (1): 46±64.

DONALDSON, G., AND LORCH, J. (1983) *Decision making at the top*, Basic Books, New York.

DULEWICZ, V. (1995). Identifying Personal Qualities for the Selection, Appraisal and Developing of Directors. *The Directors' Manual*: pp A7-A14, London Institute of Directors

DULEWICZ, V., KEITH G. (1997). Personal Competencies for Board Directors: the main Dimensions of Direction and Role Comparisons. *Competency Journal*, pp 2-21.

DULEWICZ, V., Herbert, P. (1999). Predicting advancement to senior management from competencies and personality data: A seven year follow up study. *British Journal of Management*. Vol10, pp 13-22.

Dulewicz, V., Herbert, P. (2004). Does the Composition and Practice of Boards of Directors Bear any Relationship to the Performance of their Companies? *Blackwell Publishing Ltd* Vol. 12. No 3, pp 263-280.

Dunn, P. (2004). The Impact of Insider Power on Fraudulent Financial Reporting. *Journal of Management*, 397-412.

EASTERBY-SMITH M., THORPE R. AND LOWE A. (1991) *Management Research. An Introduction* Sage Publications Ltd, London.

EDMANS, A., GABAIX, SADZIK, T., SANNIKOV Y. (2001). Dynamic incentive accounts. Working paper. Wharton

EFENDI, J., SRIVASTAVA, A. AND SWANSON, E.P. (2007). Why do corporate managers restate financial statements? The role of option compensation and other factors. *Journal of Financial Economics* 85 (3): 667-708.

EISENHARDT, K. (1988) 'Agency- and institutional theory explanations: The case of retail sales compensation'. *Academy of Management Journal*, 31: 488±511.

EISENHARDT, K. (1989) 'Agency Theory: An assessment and Review'. *Academy of Management Review*, Vol. 14 No. 1, pp. 57-74.

ELSAEED, K. (2007) Does CEO duality really affect corporate performance. *Blackwell Publishing Ltd.*, Vol. 15, No. 6

ELZE, G. (2012). Value investor anomaly: Return enhancement by portfolio replication- an empirical portfolio strategy analysis. *Central European Journal of Operations Research* Vol. 20: pp 633-647.

EMERSON, R.M. 1962. Power–Dependency Relationships. *American Sociological Review* 27: 31-41.

ERDOGAN, E. AND OZLALE, U. (2005). Effects of Macroeconomics Dynamics on Stock Returns: The Case of Turkish Stock Exchange Market. *Journal of Economic Cooperation*, 26 (2), 69-90.

ERITMUR, Y., LIVNAT, J. & MARTIKAINEN, M. (2003). Differential Market Reactions to Revenue and Expense Surprises. *Review of Accounting Studies*, 8, 185-211

FABOZZI, F. J., GRANT, J.L., VARDHARAJ, R. (2011), *Common stock portfolio management strategies*.

FABOZZI, F. J. (1998). *Active equity portfolio management* Hoboken, NJ John Wiley & Sons Inc. (1st edn).

FABOZZI, F. J., MARKOWITZ, H. M. (2011). *The theory and practice of Investment management: Asset allocation, valuation, portfolio construction and strategies* John Wiley & Sons Inc. (2nd ed.).

¹ Factors affecting share prices on the market
<http://www.moneybiz.co.za/personal-finance/jse>

FAHLENBRACH, R. (2009) Founder – CEOs, investment decisions and stock market performance. *Journal of Financial and Quantitative Analysis* vol. 44, no 2, pp. 439-466

FAIR, R. 2002. "The events that shook the market." *Journal of Business*, vol. 75, no. 4 (October):713–731. doi:10.1086/341640

FAMA, E.F. (1965) The behaviour of Stock Market Prices. *Journal of Business*, vol. 38, no. 1:34-105

- FAMA, E.F. (1965) "Random Walks in Stock Market Prices." *Financial Analysts Journal*, vol. 21, no. 5 (September/October):55–59. doi:10.2469/faj.v21.n5.55
- FAMA, E. F. AND JENSEN, M. C. (1983). 'The separation of ownership and control'. *Journal of Law and Economics*, 26, 301–25.
- FAMA, E.F. (1991) "Efficient Capital Markets. II." *Journal of Finance*, vol. 46, no. 5 (December):1575–1617. Doi: 10.2307/2328565
- FAMA, E., & FRENCH, K. (1992). The cross-section of expected stock returns. *Journal of Finance*, 47(2), 427-465.
- FAMA, E., & FRENCH, K. (1993). Common risk factors in the returns on stocks and bonds. *Journal of Financial Economics*, 33(1), 3-56.
- FAMA, E., FRENCH, K., BOOTH, D., & SINQUEFIELD, R. (1993). Differences in the risks and returns of NYSE and NASD stocks. *Financial Analysts Journal*, 49(1), 37-41.
- FAMA, E., & FRENCH, K. (1995). Size and book-to-market factors in earnings and returns. *Journal of Finance*, 50(1), 131-155.
- FAMA, E., & FRENCH, K. (1996). Multifactor explanations of asset pricing anomalies. *Journal of Finance*, 51(1), 55-84.
- FAMA, E. F. AND FRENCH, K. R. (1998). "Value versus Growth: The International Evidence." *Journal of Finance*. 53:6, pp. 1975–999.
- FAMA, E. F. AND FRENCH, K. R. (2006). "Value Premium and the CAPM, *Journal of Finance* 61: 2163-2185 and www.bengrahaminvesting.ca/research/paper
- FAMA, E. AND FRENCH, K. (2008) Dissecting anomalies, *Journal of Finance*, 63, 1653–78
- FARRELL, Jnr. (2011). *Portfolio Management; Theory and Application*. (2nd edn)
- FENG, M., GE, W., LUO, S., SHEVLIN, T., (2011). Why do CFOs become involved in material accounting manipulations? *Journal of Accounting and Economics* 51 (1.2), 21.36.
- FIEDLER, F. (1967) *Theory of Leadership Effectiveness* (New York: McGraw-Hill, 1967);

FINKELSTEIN, S., (1992) Power in top management teams: Dimensions, measurement, and validation. *Academy of Management Journal*, 35, 505 – 538.

FINKELSTEIN, S., & HAMBRICK, D. C. (1996) Strategic Leadership: Top Executives and Their Effects on Organisations. St Paul: West.

FIRTH, M.A. (1976) The Impact of Earnings Announcements on the Share Price Behaviour of Similar Type Firms, *The Economic Journal*, Vol. 86 No. 342, pp 296-306.

FIRTH, M.A. (1977) Research into Share Price Behaviour, *Managerial Finance*, Vol. 3 Iss: 3 PP 180 – 193.

FISKE. D.W. (1982) *Convergent discriminant validation in measurements and research strategies*. In D. Brinbirg & L.H. Kidder (Eds) *Forms of validity in research* (pp 77-92) San Francisco Jossey-Bass

FLORACKIS, F. AND OZKAN, K. (2009). The impact of managerial entrenchment on agency cost: An empirical investigation using UK panel data. *European Journal of Management*. 15 (4) pp. 495-528.

FOSTER, G., OLSEN, C. & SHEVLIN, T. (1984). Earnings releases, Anomalies, and the Behavior of Security Returns. *The Accounting Review*, 59, 574-603.

FRANCIS, J., A. HUANG, S. RAJGOPAL AND ZANG. A. (2008). CEO reputation and earnings quality. *Contemporary Accounting Research* 25 (spring): 109-147.

FRENCH, JR. P & RAVEN, B. (1962) 'The Bases of Social Power', in Dorwin Cartwright (ed.) *Group dynamics; Research and Theory*, Evanston, Il: Row, Peterson, pp. 607-623.

FRIEDMAN, H., 2013b. The role and responsibilities of the CFO: Implications for reporting quality, .firm value, and incentive compensation, Working Paper, UCLA.

FRIEDMAN, H., (2014). Implications of Power: when CEO can pressure the CFO to bias Reports. Working Paper, UCLA.

Fundamental stock market anomalies; www.investorhome.com/anomfun.htm [accessed 25/10/2014]

GEIGER, M., NORTH, D., (2006). Does hiring a new CFO change things? An investigation of changes in discretionary accruals. *The Accounting Review* 81, 781.

- GENTRY, R. J. AND SHEN, W. (2010). The relationship between accounting and market measures of firm financial performance: How strong is it?. *Journal of Managerial Studies*. Vol. XXII No. 4 pp. 514-530.
- GIAMBATISTA, R. C. (2004): Jumping through hoops: A longitudinal study of leader life cycles in the NBA. In: *The Leadership Quarterly*, 15, 607-624.
- GIBBS, P. A. (1993) `Determinants of corporate restructuring: The relative importance of governance, take-over and the free cash flow' *Strategic Management Journal*, 14 (Special Issue): 51±68.
- GIBBONS R., MURPHY K.J., (1992). Optimal incentive contracts in the presence of career concerns. Theory and evidence. *Journal of Political Economy* 100, 468-505
- GLEJSER, H. (1969). Test for heteroscedasticity, *Journal of the American Statistical Association* 64, 316-323
- GOLEMAN, D. (1998). *Working with Emotional Intelligence*, Bantam Books, New York, NY.
- GOLEMAN, D. (2006), *Social Intelligence*, Bantam Books, New York, NY.
- GOLEMAN, D., BOYATZIS, R.E. AND MCKEE, A. (2002), *Primal Leadership: Realizing the Power of Emotional Intelligence*, Harvard Business School Press, Boston, MA.
- GOMEZ-MEJIA, L. R., TOSI, H. L. AND HINKIN, T. (1987). 'Managerial control, performance, and executive compensation'. *Academy of Management Journal*, 30, 51–70.
- GROSSMAN, P. Z. (2000). Determinants of Share Price Movements in Emerging Equity Markets: Some Evidence from America's Past. *The Quarterly Review of Economics and Finance* Vol. 40. 355-374.
- GRULLON, G., MICHEALY, R., (2002) Dividend, Share repurchases and the substitution hypothesis. *Journal of Finance* 57, 1649-1684.
- GRULLON, G. AND RONI MICHAELY (2004), "The Information Content of Share Repurchase Programmes," *Journal of Finance*, 59.2, pp. 651-681.
- HAIR, J. F. J., MONEY, A., SAMOUEL, P. & PAGE, M. (2007). *Research Methods for Business*, John Wiley & Sons, Chichester.
- HAIR J.F., ANDERSON R.E., TATHAM R.L. AND BLACK W.C. (1998) *Multivariate Data Analysis* 5th Ed. USA: Prentice-Hall International Inc.

- HAIR, J. F., BLACK, W. C., BABIN, B. J., & ANDERSON, R.E. (2010). *Multivariate data analysis: a global perspective* (7th edn) London, UK Pearson.
- HAMBRICK, D. & ABRAHAMSON, E. 1995. Assessing Managerial Discretion Across Industries: a Multimethod Approach. *Academy of Management Journal* 38: 1427-1441.
- HALEBLIAN, J., & FINKELSTEIN, S. (1993). Top management team size, CEO dominance, and firm performance: The moderating roles of environmental turbulence and discretion. *Academy of Management Journal* 36(4): 844-863.
- HAMBRICK, D. C. (1981) 'Environment, strategy, and power within top management teams'. *Administrative Science Quarterly*, 26: 252±275.
- HAMBRICK, D. C., & MASON, P. A. (1984). Upper Echelons: The Organisation as a Reflection of Its Top Managers. *Academy of Management Review*, 9: 193-206.
- HAMBRICK DC, FUKUTOMI GDS. (1991). The seasons of a CEO's tenure. *Academy of Management Review* 16(4): 719–742.
- HAMBRICK, D. C., GELETKANCZ, M., AND FREDRICKSON, J. W. (1993): Top Executive Commitment to the Status Quo: Some Tests of its Determinants. In: *Strategic Management Journal*, 14, 401-418.
- HANKIM, E AND LIU Y. (2008) Is CEO power Bad? *Asia-Pacific Journal of Financial Studies* (2011) 40, 495–516
- HARJOTO, M. A. AND JO, H. (2009). CEO power and firm performance. A test of the life cycle theory. *Asia-Pacific Journal of Financial Studies* 38, 35-66.
- HAROON, M. A. AND JABEEN, H. (2013). Impact of macro-economic variables on share price behaviour of Karachi stock exchange, *Pakistan Journal of Commerce and Social Sciences*. 7 (3), 493-504.
- HATAKEDA, T AND ISAGAN, N. (2004) Stock Price Behaviour surrounding stock Repurchase announcements: Evidence from Japan, *Pacific-Basin Finance Journal* 12,271-290.
- HAYNES, K. K. (in press). 'Effects of greed on shareholders wealth'. *Journal of Management*.
- HENDERSON, A. D. AND FREDRICKSON, J. W. (2001). 'Top management team coordination needs and the CEO pay gap: a competitive test of economic and behavioural views'. *Academy of Management Journal*, 44, 96–117.

HENDERSON, A. D., MILLER, D AND HAMBRICK, D. C. (2006): How quickly do CEOs become obsolete? Industry dynamism, CEO tenure, and company performance. In: *Strategic Management Journal*, 27, 447-460.

HERMALIN, B.E., WEISBACH, M.S., (1998). Endogenously chosen boards or directors and their monitoring of the CEO. *American Economic Review* 88, 96–118.

HILLMAN, A. (2005). Politicians on the board of directors: Do connections affect the bottom line? *Journal of Management*, 31:464-481.

HIMMELBERG, C., PALIA. D, (1999) Understanding the determinants of managerial ownership and the link between ownership and performance. *Journal of Financial Economics* 53, 353-384

HIRSCH, P., MICHAELS, S AAND FRIEDMAN, R. (1987) “Dirty hand versus clean models”. Is Sociology in danger of being seduced by economics? *Theory and society*, pp. 317-336

HOOPEES, D., DADSEN, T. AND WALKER, G. (2003). Why there is a resource based view toward a theory of competitive heterogeneity. *Strategic Management Journal*, 24:889-902.

HOSKINSSON, R., JOHNSON, R. AND MOESEL, D. (1994). Corporate divestiture intensity in restructuring firms – effects of governance, strategy and performance. *Academy of Management Journal*, 37:1207-1251.

HOSKINSSON, R., HITT, M., WAN, W., AND YIU, D. (1999). Theory and research in strategic management: Swings of a pendulum. *Journal of Management*, 25:417-456.

HOWARD, A. AND BRAY, D. (1988), *Managerial Lives in Transition: Advancing Age and Changing Times*, Guilford Press, New York, NY.

HURD, A. R. AND McLEAN, D. D. (2004). An analysis of the perceived competitiveness of CEOs in public park and recreation agencies. *Managing Leisure* 9, 96-110.

HUSE M. (2005). Corporate governance: understanding important contingencies. *J Corp Ownership Control* 2005; 2:41–50.

HUSSAINEY, K., MGBAME, C. O. AND CHIJOKE-MGBAME, A. M. (2010). Dividend policy and share price volatility: UK evidence *Journal of Risk Finance*. 7 (3), pp. 1-22.

HUTT, G., KETCHEN, D., GRIFFITH, D., CHABOWSKI, M., HAMMAN, B., DYKES, W., POLLITTE, W. AND CAVUSGIL S. (2008). An assessment of the measurement of performance in international business research. *Journal of International Business Studies*, 39:1064-1080.

HYDERABAD, R. L. (2009). Price Performance following share buyback announcement in India. *The Journal of Business Perspective*. 13(1): pp 59-78.

IKENBERRY, D., J. LAKONISHOK, AND T. VERMAELEN (1995), "Market under Reaction to Open Market Repurchases," *Journal of Financial Economics*, 39.2/3, pp. 181-208.

ISABELLA, L. 1992. Managing the Challenges of Trigger Events: The Mindsets Governing Adaptation to Change. *Business Horizons* 35: 59-66.

ITTNER, C.D. & LARCKER, D. F. (1998). Innovations in Performance Measurement: Trends and Research Directions. *Journal of Management Accounting Research*, 10, 205-238.

ITTNER, C.D., LARCKER, D. F. & RANDALL, T. (2003). Performance implications of strategic performance measurement in financial service firms. *Accounting Organizations and Society*, 28, (7-8), 715-741.

IVANCEVICH, J. M., KONOPASKE R., MATTHESON M. T. (2005), *Organisational behaviour and management*, 7th Edition. pp. 387-9. Mc Graw-Hill Irwin.

JAGANNATHAN MURALI AND CLIFFORD STEPHENS (2003), "Motives for Multiple Open Market Repurchase Programmes," *Financial Management*, 32.2, pp. 71-91.

JAIN, B.A. AND TABAK, F. (2008), "Factors influencing the choice between founder versus non-founder CEOs for IPO firms", *Journal of Business Venturing*, Vol. 23 No. 1, pp. 21-45.

JAYARAMAN, N., KHORANA, A., NELLING, E. AND COVIN, J. (2000), "CEO founder status and firm financial performance", *Strategic Management Journal*, Vol. 21 No. 12, pp. 1215-1224.

JEGADEESH, N. AND S. TITMAN. (1993). Returns to Buying Winners and Selling Losers: Implications for Stock Market Efficiency, *Journal of Finance* 48, 65-92.

JEGADEESH, N. & LIVNAT, J. (2006). Revenue Surprises and Stock Returns. *Journal of Accounting and Economics*, 41, 147-171.

JENSEN, M.C. AND W.H. MECKLING, 1976, Theory of the firm: managerial behaviour, agency costs, and ownership structure, *Journal of Financial Economics*, 3, 305-360.

JIANG, J., K. PETRONI AND I. WANG. 2010. CFOs and CEOs: Who have the most influence on earnings management? *Journal of Financial Economics* 96 (June): 513-526.

JOHNSON, B., MAGEE, R., NAGARAJAN, N., NEWMAN, H., (1985). An analysis of the stock price reaction to sudden executive deaths. *Journal of Accounting and Economics* 7, 151-174.

JOHNSON, J., DAILY, L. AND ELLSTRAND, A. (1996) Board of Directors: A Review and Research Agenda, *Journal of Management*, 22, 409-438.

JONES, T. M. & WICKS, A. C. (1994). Convergent Stakeholder Theory, *Academy of Management Review*, 24, 206-221.

JUDGE, T. A., BONO, J. E., ILIES, R., & GEHARDT, M. V. (2002), Personality and Leadership: A Qualitative and Quantitative Review. *Journal of Applied Psychology*, 87, 765-780.

JUDSON, R.G (2009) *A study of the effects of leadership style and organisational culture on organisatiion performance*. A DBA Thesis, Kingston University.

KAISER, H.F. (1974). An index of factorial simplicity. *Psychometrika*, 39(1): 31-36

KARZ, G. (2014) Fundamental stock market anomalies.
www.investorhome.com/anomfun.htm

KAVITA CHAVALI AND NUSRATUNNISA (2013) Impact of dividends on share price performance of companies in Indian context. *SDMIMD Journal of Management* Vol. 4, (1), pp. 1-7

KEATS, B. AND HITT, M. (1988). A causal model of linkages among environmental dimensions, Macro organizational characteristics, and performance. *Academy of Management Journal*, 31:570-598.

KEIM, D. (1983). Size-Related Anomalies and Stock Return Seasonality: Further Empirical Evidence, *Journal of Financial Economics* 12, 13-32.

KEIM, D. B. (2006). Financial market anomalies.
Finance.wharton.upenn.edu/keim

KESNER, I.F. AND DALTON, D. L. (1986), Boards of Directors and the checks and (im) balances of corporate governance, *Business Horizons*, 29, 5, 17-23.

KAHNEMAN, D., AND A. TVERSKY. (1979). "Prospect Theory: An Analysis of Decision under Risk." *Econometrica*, vol. 47, no. 2 (March):263-291.

KIM. E.H. AND LU, Y (2008) Is CEO power bad? *Journal of Financial Economics*

KIM, E.H. AND LU, Y (2011) CEO ownership, internal governance and risk-taking
Journal of Financial Economics

KOLE, S.R. (1996). Managerial ownership and firm performance. Incentives or rewards? In M. Hirschey and M.W. Marr (eds). *Advances in financial economics* 2, 119-149

KOTHARI, S. P. (2001) Capital Market Research in Accounting, *Journal of Accounting and Economics* Vol. 31, pp. 105-231

KOTHARI, D. (2010), Factors that influence share prices in the stock market
<http://www.helium.com/items/1574263>

KOTTER, J.P. (1982). *The General Managers*, Free Press, New York, NY.

KROLL, M., WALTERS, B. AND LE, S. (2007), "The impact of board composition and top management team ownership structure on post-IPO performance in young entrepreneurial firms", *Academy of Management Journal*, Vol. 50 No. 5, pp. 1198-1216.

KUMAR, S. & WARNE B.P (2009) Parametric Determinants of the Price – Earnings Ratio in Indian Capital Markets. *The IUP Journal of Applied Finance*, Vol. 15, No. 9.

KRISHNA KUMAR, M. S., SUBRAMANIAN, S. AND RAO, U. S. (2010) Enhancing stock selection in Indian stock market using value investment criteria: an application of artificial neural networks. *The IUP Journal of Accounting Research & Audit Practices*, Vol. IX, No. 4, 2010

LAKONISHOK, J, SHLEIFER, A AND VISHNY, R.W. (1994). "Contrarian Investment, Extrapolation, and Risk." *Journal of Finance*. 49:5, pp. 1541–578.

LAMBERT, R.A. AND LARCKER, D.F. (1987). An analysis of the use of accounting and market measures of performance in executive compensation contracts. *Journal of Accounting Research*, 25, pp. 85-125

LARCKER, D.F., AND RUSTICUS, T.O. (2010). On the Use of instrumental variables in accounting research. *Journal of Accounting and Economics*, 49(3), pp. 186-205

LARCKER, D.F., AND TAYAN B. (2012). Is a powerful CEO good or bad for shareholders? Center for Leadership Development and Research at the Stanford Graduate School of Business and the Rock Center for Corporate Governance at Stanford University. <http://www.gsb.stanford.edu/cldr>.

LEVINTHAL DA, MARCH JG. (1993). The myopia of learning. *Strategic Management Journal, Winter Special Issue* 14: 95–112.

LIEBCRSON, S., AND J. F. O'CONNOR (1972). Leadership and organizational performance: A study of large corporations. *American Sociological Review*, 37, 117-130.

LIN, W., HOFFMAN, P. DUNCAN, A. (2009) Investing in global equities: An alternative approach to structuring equity portfolios. *Journal of Portfolio Management. Vol.50* 50-60.

LISIC, L.L., NEAL, T., AND ZHANG, Y. (2011), "The continuing impact of CEO power on audit committee effectiveness in post – SOX era". Working paper, George Mason University, University of Tennessee, and SUNY at Binghamton.

LIU Y AND JIRAPORN P. (2008). CEO Power and Cost of Debt, Working Paper, Pennsylvania University.

LIU Y, JIRAPORN P. (2010). The Effect of CEO Power on Bond Ratings and Yields, *Journal of Empirical Finance*, 744-762.

Litzenberg R. and Ramaswamy, K. (1982). The effects of dividends on common stock prices, tax effects or information effects? *The Journal of Finance*, Vol. XXXVIII, No. 2, 429-443.

LOHRE, H., NEUGEBAUER, U. AND ZIMMER, C. (2012) Diversified risk parity strategies for equity portfolio selection. *Journal of Investing*, 111-128.

LORSCH, J. W. (2010) A contingency theory of leadership: Leadership and managing people. Harvard Business Review, HBR press

LUCIA, A. D. AND LEPSINGER, R. (1999) *Competency Models: Pinpointing critical success factors in organizations*, San Francisco, CA: Jossey-Bass/ Pfeffer.

LUO, X KANURI, V. K. ANDREWS, M. (2013). How does CEO tenure matter? The mediating role of firm-employee and firm-customer relationship. *Strategic Management Journal* **10**(1): 23–41.

LUTHANS, F., HODGETTS, R.M. AND ROSENKRANTZ, S.A. (1988), *Real Managers*, Ballinger Press, Cambridge, MA.

MACKEY, A. (Forthcoming). The effects of CEO on firm performance. *Strategic Management Journal*.

MAHMOUD M. NOURAYI STEVEN M. MINTZ, (2008), "Tenure, firm's performance, and CEO's compensation". *Managerial Finance*, Vol. 34 Iss 8 pp. 524 – 536

MALAOLU, V. A., OGBUABOR, J. E., ORJI, A. (2013). Determinants of stock price movements in Nigeria. Evidence from monetary variables. *Journal of Economic and Sustainable Development*, Vol. 4, 14: pp 61-66.

MALEKZADEH, A.MC. WILLIAMS, V., SEN, N (1998). Implications of CEO Structural and Ownership Powers, Board Ownership and composition on the Market's Reaction to Anti-takeover Charter Amendments. *Journal of Applied Business Research*, Vol.14, 3; A31/inform Global pg 53.

MAMAQI, X., MIGUEL, J., OLAVE, P. (2011) Evaluation of the Importance of Professional Competences: The Case of Spanish Trainers, on the Horizon Vol. 19 No. 3, Pp 174-187

MARKOWITZ, H.M. (1952). "Portfolio selection." *Journal of Finance*, vol. 7, no. 1 (March): 77–91. [doi:10.2307/2975974](https://doi.org/10.2307/2975974)

MARTIN, J. (2005), *Organisational behaviour and management*, 3rd Edition. pp. 724-725. Thomson Learning.

MARTINEZ, J. I AND STOHR, B. S. (2005), *Family ownership and firm performance: Evidence from public companies in Chile. Working Paper*, ESE. University de Los Andes.

MAYSAMI, R.C. AND KOH, T.S. (2000). A Vector Error Correction Model of the Singapore Stock Market. *International Review of Economic Finance*.

MAYSAMI R.C, SIM H.H (2001a). An empirical investigation of the dynamic relations between macroeconomics variable and the stock markets of Malaysia and Thailand. *J. Pengurusan*, 20: 1-20.

MAYSAMI R.C, LOO S.W, KOH T.K (2004). Co-movement among sectoral stock market indices and cointegration among dually listed companies. *J. Pengurusan*, 23:33-52.

McCLELLAND, D. C. (1973) "Testing for competence rather than intelligence". *American Psychologist*. Vol. 28(1), pp 1-40,

MCDANIEL, C AND R GATES (1991), *Contemporary market research*, St. Paul: West Publishing.

MCGUIRE, J. AND MATTA, E. (2003). CEO stock option: The silent dimension of ownership. *Academy of Management Journal*, 46 255-265.

MEYER, J. W., AND ROWAN, B. (1977): Institutionalized organizations: Formal structure as myth and ceremony. In: *American Journal of Sociology*, 83, 340-363.

- Micheal, M. P (2000), *Ecclesiastes: World English Bible*, Rainbow Mission
- MICHELS, R. (1962). *Political Parties*. New York: Free Press.
- MILLER, D. (1991). 'Stale in the saddle: CEO tenure and the match between organization and environment'. *Management Science*, 37, 34–52.
- MILLER-MILLESEN JL. (2003) Understanding the behavior of nonprofit boards of directors: a theory-based approach. *Nonprofit Voluntary Sector Q* 2003; 32: 521–47.
- MILLER, D., AND SHAMSIE, J. (2001): Learning across the life cycle: experimentation and performance among the Hollywood studio heads. In: *Strategic Management Journal*, 22, 725–745.
- MILLER, D., & TOULOUSE, J. M. (1986). Chief Executive Personality and Corporate Strategy and Structure in Small Firms. *Management Science*, 32: 1389-1409.
- MINTZBERG, H. AND QUINN, J. B. (1991), *The Strategy Process: Concepts, Contexts and Cases*, 2nd ed., Prentice Hall International, Englewood Cliff, NJ.
- MITCHELL T. (2010), Primary factors that influence stock share prices <http://searchwarp.com>
- MIRFAKHR-AL-DINI, S. H., ARMESH, H., MANAFI, M., AND ZRAEZADEHAND, S. (2011) Fitting the relationship between financial variables and stock price through fuzzy regression case study: Iran Kohodro Company. *International Journal of Business Social Science*, Vol. 2, No. 11, pp. 140-146.
- MOLZ, R. (1988) 'Managerial domination of board of directors and financial performance'. *Journal of Business Research*, 16: 235±249.
- MORCK, R., SHLEIFER, A., AND VISHNY R., (1988), Alternative mechanisms for corporate control. *American Economic Review*, 79, 842-852
- MORCK, R., SHLEIFER, A., VISHNY, R., (1998). Management ownership and market valuation. An empirical analysis. *Journal of Financial Economics* 20, 293-315
- MORCK, R., YEUNG, B. YU, W. (2000). The information content of stock markets: Why do emerging markets have synchronous stock price movement. *Journal of Financial Economics*.
- MORSE, A., NANDA, V., & SERU, A. (2011). Are Incentive Contracts Rigged by Powerful CEOs? *Journal of Finance*, 66(5), pp. 1779-1821.

MORTEN, B., PÉREZ-GONZÁLEZ, F., AND WOLFENZON, D. (2010). "Does CEO Matter" *Quarterly Journal of Economics*, May, Vol. 122, No. 2: 647-691.

NADKARNI, S., & NARAYANAN, V. K. (2007). Strategic Schemes, Strategic Flexibility, and Firm Performance: The Moderating Role of Industry Clockspeed. *Strategic Management Journal*, 28: 243-270.

NADKARNI, S., & HERRMANN P. (2010). CEO Personality, Strategic Flexibility and Firm Performance: The Case of the Indian Business Process Outsourcing Industry. *Academy of Management Journal* Vol. 33. No. 5, 1050-1073.

NANDA, V., SILVERI S., AND HAN, S. (2013) CEO Power and Decision-Making under Pressure

NELSON, T. (2003).The persistence of founder influence: Management, Ownership and performance effects at initial public offering. *Strategic Management Journal of Business*, 24:707-724.

NEWMAN, I., RIDENOUR, C. S., NEWMAN, C. & DEMARCO JR., G. M. P. (2003) 'A typology of research purpose and its relationship to mixed methods', in Tashakkori, A. & Teddye, C. (eds.) *Handbook of mixed methods in social and behavioural research*. California USA: Sage Publications Inc., pp. 167-188.

NICHOLSON G, and KIEL G. (2007) Can directors impact performance? A case-based test of three theories of corporate governance. *Corp Govern* 2007;15: 585–608.]

NICKERSON, R. S. (2000) Null hypothesis significance testing: A review of an old and continuing controversy. *Psychological Methods* 5: 241±301

NOURAYI, M. M. AND MINTZ, S. M. (2008),"Tenure, firm's performance, and CEO's compensation", *Managerial Finance*, Vol. 34 Iss 8 pp. 524 – 536

NORBURN, D., & BIRLEY, S. (1986). An empirical test of upper-echelons theory. Paper presented at the Annual Meeting of the Academy of Management. Chicago

NUNNALLY, J.C. (1978). *Psychometric theory* (2nd edition) New York Mc Graw-Hall

OCASIO, W. (1994). Political dynamic and the circulation of power: CEO succession in U.S. Industrial Corporation 1960-1990. *Administrative Science Quarterly*, 39, 285-312.

OECD (1999). *OECD Principles of corporate governance*. OECD'

OLKIN, I., & FINN, J.D. (1995) Correlations redux. *Psychological Bulletin*, 118, 155-164

OLUKAYODE, M.E., AND AKINWANDE, A.A. (2009). Does Macroeconomic Indicators exert Shock on the Nigerian Capital Market? *MPRA Paper No. 17917*, 2-17.

OPPENHEIM A.N. (1992) *Questionnaire Design, Interviewing and Attitude Measurement* New York, USA: Continuum.

ORGAN, D.W., & GREEN, C.N. (1981). The Effects of formalization on professional involvement. A compensatory process approach. *Administrative Science Quarterly*, 26, 237-252

PADGETT, C. (2012). *Corporate governance theory and practice*. (1st edn) Palmgrave MacMillan.

PALLANT, J. (2010). *SPSS survival manual*, (4th edn) McGraw Hill, New York.

PALIA, D., (2001). The Endogeneity of managerial compensation in firm valuation. A solution. *Review of Financial Studies* 14, 735-764

PALIA, D., RAVID, S. ABRAHAM, AND WANG CHIA-JANE, (2008), "Founder versus Non-Founder in Large Companies: Financial Incentives and the Call for Regulation," *Journal of Regulatory Economics*. 33, 55-86

PATHAN, S. 2009. Strong boards, CEO power and bank risk-taking. *Journal of Banking & Finance* 33(7): 1340-1350.

PAULINE (2010), Factors that influence share prices on the stock market by <http://www.helium.com/items/1378572>

PEARCE, J. A. AND ZAHRA, S. A. (1992). 'Board composition from a strategic contingency perspective'. *Journal of Management Studies*, 29, 411–38.

PEARCE, J. AND ZHARA, S. (1998). The Relative Power of CEO's and Board of Directors, *Strategic Management Journal*, Vol. 12, 135-153

PERROW, C (1970), Departmental Power in Industry In: Zaid M (Ed). *Power in Organisations*. Vanderbilt University Press, Nashville, pp.59-89.

PETERSON, R. S., SMITH D. B., MARTORANA P.V. & OWENS P.D. (2003). The Impact of CEO Personality on Top Management Team Dynamics; One Mechanism by Which Leadership Affects Organizational Performance. *Journal of Applied Psychology*, Vol. 88, No. 5, 795-808.

PETTINGER T. (2012). Factors affecting the stock market. By <http://www.economicshelp.org/blog>

PFEFFER, J., & SALANCIK, G. R. (1978). *The external control of organizations*. New York: Harper and Row.

PFEFFER, J. (1981c). *Power in organizations*. Marshfield, Mass.: Pitman.

PFEFFER, J. (1992). *Managing with power: Politics and influence in organizations*. Boston: Harvard Business School Press.

PFEFFER, J., AND A. DAVIS-BLAKE (1986). Administrative succession and organizational performance: How administrator experience mediates the succession effect. *Academy of Management Journal*, 29, 72-83.

PFEFFER, J. 1997. *New directions for organization theory: Problems and prospects*, Oxford University Press.

PICKETT, L. (1998) Competencies and managerial effectiveness: Putting competencies to work, *Public Personnel Management*, 27, 103–126.

PODSAKOFF, P.M., MACKENZIE, S.B., LEE J., PODSAKOFF, N.P., (2003) Common method biases in behavioural research. A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88, no.5, 879-903

PYNES, J. E. (1997) *Human Resources Management for Public and Non-profit Organizations*, San Francisco, CA, Jossey-Bass.

RAMO, L. G., SARIS, W. E. AND BOYATZIS, R. E. (2008). The impact of social and emotional competencies on effectiveness of Spanish executives. *Journal of Management Development*, 1, pp. 1-36

RANFT, A.L. AND O'NEILL, H.M. (2001), Board composition and high-flying founders: hints of trouble to come? *Academy of Management Executive*, Vol. 15 No. 1, pp. 126-138.

REDIKER, K. J. AND SETH, A. (1995) 'Board of director and substitution effect of alternative governance mechanism' *Strategic Management Journal*, 16:85±99.

REINHART, J. W. (2011). *Portfolio Management; Theory, behavioural aspects and applications*, (5th edn)

REMENYI, D., WILLIAMS, B., MONEY, A., & SWARTZ E. (2009). *Doing research in business and management. An introduction to process and method*. Pp. 42-61. Sage Publications Ltd.

REMENYI, D., ONOFREI, G., & ENGLISH, J. (2010), *An Introduction to statistics using microsoft excel* (1st edn) Academic Publishing Ltd. UK

RICHARD, P., DEVINNEY, T., YIP, G. AND JOHNSON, G. (2009). Measurement organizational performance: Towards methodological best practices. *Journal of Management*, 35:718-804.

ROBBINS, S. P. (2005), *Organisational Behaviour* (pp – 100 Eleventh Editions Prentice Hall India) 391-393.

ROSE S. (2005) *Online Consumer Information Search: An Empirical Investigation*. A DBA Thesis, Henley Management College, Brunel University.

ROWNTREE, D. (2004) *Statistics without tears: a primer for non-mathematicians*, Classic Edition, London, UK Pearson

RUDESTAM, K. (2007). The Method chapter. Sage Publications Inc.
uk.sagepub.com/sites/default/files/upm-binaries

RUMELT, R. P., SCHENDEL, D. E AND TEECE, D. J. (1994). *Fundamental Issues in Strategy*, In Rumelt, R. P., Schendel, D. E and Teece, D. J (Eds) Boston, MA Havard Business School, 9-54.

RUSSELL, B.A. 1939. *Power: A New Social Analysis*. London, UK: Routledge.

RYAN, G., EMMERLING, R. J. AND SPENCER, L. M. (2008). Distinguishing high performing European executives: The role of emotional, social and cognitive competencies. *Journal of Management Development*, 1, pp. 1-39

SALANCIK, G. R., AND J. PFEFFER (1974). The bases and use of power in organizational decision making: The case of a university. *Administrative Science Quarterly*, 19, 453-473.

SANDERS, L. A. CFA, (1995) "The Advantage to Value Investing," *Value and Growth Styles in Equity Investing*, Association for Investment Management and Research, 1995.

SARGAN, J.D. (1958). The Estimation of economics relationship using instrumental variables, *Econometrica* 26, 397-415

SARYAL, F.S. (2007). Does Inflation have an Impact on Conditional Stock Market Volatility? Evidence from Turkey and Canada. *International Research Journal of Finance and Economics*, 11, 1-16.

SCHEIN, V. E. (1985). "Organisational realities: The politics of change", *Training and Development Journal*, (February): pp. 37-41

SCHWERT, G.W. (2003). Anomalies and market efficiency, in G.M. Constantinides, M. Harris and R. Stulz, eds. *Handbook of the Economics of Finance* (Elsevier Science B.V.).

SEKARAN U, (2003) *Research methods for business: A skill building approach*. 7th ed. New York: John Wiley & Sons.

SHEFRIN, H.M., AND M. STATMAN. (1985). "The Disposition to Sell Winners Too Early and Ride Losers Too Long: Theory and Evidence." *Journal of Finance*, vol. 40, no. 3 (July): 777–790. doi:10.2307/2327802

SHEFRIN, H.M., AND M. STATMAN. (1994). "Behavioural Capital Asset Pricing Theory." *Journal of Financial and Quantitative Analysis*, vol. 29, no. 3 (September):323–349. doi:10.2307/2331334

SHEFRIN, H.M., AND M. STATMAN. (2000). "Behavioural Portfolio Theory." *Journal of Financial and Quantitative Analysis*, vol. 35, no. 2 (June):127–151. doi:10.2307/2676187

SHEN, W & CANNELLA, A. A. (2002). Revisiting the Performance Consequences of CEO Succession: The Impact of Succession Type Post Succession Senior Executive Turnover and Departing CEO Tenure. *Academy of Management Journal* 45, 717-734.

SHLEIFER, A. AND VISHNY, R. W. (1989). 'Management entrenchment: the case of manager-specific investments'. *Journal of Financial Economics*, 25, 123–9.

SHOBHIT, S. (2014) Hypothesis Testing in Finance: Concepts and Examples. <http://www.investopedia.com/articles/active-trading/092214/hypothesis-testing-finance-concept-examples>.

SIGANOS, A. (2010) Can small investors exploit the momentum effect? *Financial Markets and Portfolio Management*, 24, 171–92.

SIGANOS, A. (2012). Can retail investors exploit stock market anomalies? *Applied Financial Economics*, Vol. 22 pp. 537-547.

SIMSEK Z. (2007). CEO tenure and organizational performance: an intervening model. *Strategic Management Journal* 28(6): 653–662.

SINGH H AND HARIANTO, F. (1989) Management Board relationships, takeover risk and the adoption of golden parachutes: *Academy of Management Journal*. Vol. 32, No.1, pp.7-24.

SNIJDERS, T. A. B. (2001). Hypothesis testing: Methodology and Limitations. *International Encyclopedia of the Social & Behavioural Sciences* 7121-7127.

SOARES, N. AND STARK, A. (2009) The accruals anomaly – can implementable portfolio strategies be developed that are profitable net of transactions costs in the UK?, *Accounting Business Research*, 39, 321–45.

SOUDEUR D, SIMSEK Z, JOHNSON SG. (2012). The differing effects of agent and founder CEOs on the firm's market expansion. *Strategic Management Journal* 33(1): 23–41.

STEVENS, J. (1996). *Applied multivariate statistics for the social sciences*. (3rd edn) Mahwah, NJ: Lawrence Erlbaum.

SPECTOR P.E., (1987). Method variable as an artifact in self-reported effect and perception at work. Myth or significant problem. *Journal of Applied Psychology*, 72, 438-443

SPECTOR, P.E., CHEN, P.Y. & O'CONNELL, B.J. (2000) A Longitudinal study of relations between job stressors and job strains while controlling for prior negative affectivity and strains. *Journal of Applied Psychology*, 85, 211-218

SPENCER, L.M. JR AND SPENCER, S.M. (1993), *Competence at Work: Models for Superior Performance*, John Wiley & Sons, New York, NY.

STATMAN, M (2010). *What is behavioural finance* Mahwah, Adapted with permission from *Handbook of Finance*, vol. II, Chapter 9, edited by Frank J. Fabozzi. Hoboken: John Wiley & Sons, Inc.:79–84.

SUMMER J.O. (2001) "Guidelines for conducting research and publishing in marketing: From Conceptualization through the Review Process." *Journal of the Academy of Marketing Science*. Vol. 29, No. 4, pp.405-415.

TABACHNICK, B. G. AND FIDELL, L. S. (2007). *Using multivariate statistics*, (5th edn) Pearson Education, Boston.

TALLA, J. T. (2013) *Impact of macroeconomic variables on the stock market prices of Stockholm Stock Exchange (OMX S300)*. Thesis Jonkonping International Business School, Jonkonping University.

TEIJLINGEN, E. AND HUNDLEY, V. (2001). The Importance of Pilot Studies. *Social Research Update*. Issue 35, University of Surrey.

TEWFIQ, H., ABDEL-JALIL & THUNIEBAT, A. (2009). Equity Valuation in Amman Bourse. *Journal of Accounting, Business & Management* Vol. 16, No. 2, 15-27.

THIETART, R., (1999), *Doing management research: A comprehensive guide*. Sage Publications Ltd. London EC 1Y 1SP, UK

THOMAS, A.B. (1988). Does leadership make a difference in organizational performance? *Administrative Science Quarterly* 33:388-400.

- THOMPSON, J. D. 1967. *Organizations in action*. New York: McGraw-Hill.
- THURSTONE, L.L. (1947). *Multiple factor analysis*, Chicago University of Chicago Press
- TOSI, H. L., MISANGYI, V. F., FANELLI, A., WALDMAN, D. A., & YAMMARINO, F. J. (2004) CEO charisma, compensation, and firm performance. *Leadership Quarterly*, 15: 405-421.
- TOURANGEAU, R, RIPS, L.J., & RASINSKI, K., (2000). *The Psychology of survey response*. Cambridge England, Cambridge University Press
- TROCHIM, W. M. K, (2006). Research Methods Knowledge Base, <http://www.socialresearchmethods.net>
- TUTTLE, B. AND DILLARD, J. (2007). Beyond competition: Institutional isomorphism in U.S. accounting research, *Accounting Horizons*, vol. 21, no. 4, pp. 387-410, 2007.
- TUSHMAN, M. L., AND E. ROMANELLI (1983). Uncertainty, social location, and influence in decision making: A sociometric analysis. *Management Science*, 29, 12—23.
- UDUENI, H. (1999). Power Dimensions in the Board and Outside Director Independence: Evidence from large industrial UK firms. *Corporate Governance*. Vol. 7 No.1, pp. 1-13. Blackwell Publishers Ltd.
- USEEM, M. (1993). *Executive defense: Shareholder power and corporate re-organisation*. Cambridge, Ma: Harvard University Press. 2nd Ed. Upper Saddle River, NJ: Prentice Hall.
- VAN DER LEAN, G (2010). CEO pay as a reflection of power or performance: an empirical test for the Netherlands, 2002-2006. *Journal of Strategy and Management* Vol.3 No. 2 pp. 157-173.
- VAN DEN ASSEM, B. (2012) *The Doctor-patient relationship. A study of patients' perceptions of trust, practice orientation, performance and satisfaction*. A DBA Thesis, Henley Business School, University of Reading.
- VAFEAS, N., (1999) Board meeting frequency and firm performance, *Journal of Financial Economics* 53, 113-143.
- VALENTINE E.R. (1982) *Conceptual Issues in Psychology*. London: George Allen & Unwin.

VENKARTRAMAN, N. AND RAMANUJAM, V. (1986). Measurement of business performance in strategy research: A comparison of approaches. *Academy of Management Review*, 11:801-814.

VEPRAUSKAITE, E. ADAMS, M. (2013). Do powerful chief executives influence the financial performance of UK firms? *The British Accounting Review*. 45, pp. 229-241.

VILLALONGA, B., AMIT, R., (2006). How do family ownership, management, and control affect firm value? *Journal of Financial Economics* 80, 385–417.

WALD, A. (1943). Test of statistical hypothesis concerning several parameters when the number of observations is large. *Transactions of the American Mathematical Society* 54, 426-482

WALDMAN, D. A., JAVIDAN, M., & VARELLA, P. (2004). Charismatic leadership at the strategic level: A new application of upper echelons theory. *Leadership Quarterly*, 15: 355-381.

WALKER, S. (2001). *Corporate Governance: Is effect on share price*. A submission to RIMB Doctoral Symposium, Manchester Metropolitan University

WANSLEY, J. LANE, W., SARKAR, S. (1989). Management's view on share repurchase and tender offer premiums, *Financial Management* 18(autumn), 97-110.

WARNER, J.B. AND WATTS, R.L. (1988) Stock Prices and Top Management Changes, *Journal of Financial Economics*, Vol. 20, PP 461-492. North Holland.

WASSERMAN, N. (2012), *The Founder's Dilemma: Anticipating and Avoiding the Pitfalls That Can Sink the Startup*, Princeton University Press, Princeton, NJ.

WELBOURNE, T., CAVANAUGH M., & JUDGE T. (1998). Does The Leader Make A Difference? Relationship between Executive Leader Personality and Entrepreneurial Firm Performance. *Center for Advanced Human Resources Studies (CAHRS)* 98-17.

WEINER N. (1978). Situational and leadership influence on organization performance. *Proceedings of the Academy of Management*, 230-234.

WHETTEN, D. (2011) Organisational reputation 'Theorising'. *Oxford CCR Conference*.

WILLARD, G.E., KRUEGER, D.A. AND FEESER, H.R. (1992), "In order to grow, must the founder go: a comparison of performance between founder and non-

founder managed high-growth manufacturing firms", *Journal of Business Venturing*, Vol. 7 No. 3, pp. 181-194.

WILLIAMS, L.J., GAWIN, M.B., & WILLIAMS, M.L. (1996). Measurement and non-measurement processes with negative affectivity and employee attitudes. *Journal of Applied Psychology*, 81, 88-101

WU, M., LIN, H. AND LIN, I. (2007). The Effects of Corporate Governance on Firm Performance *Google Scholar* 120.107.180.177/1832/9901/099-2-06p

WU S, LEVITAS E, PRIEM RL. (2005). CEO tenure and company invention under differing levels of technological dynamism. *Academy of Management Journal* 48(5): 859–873.

WULF, T. STUBNER, S. MIKSCHE, J AND ROLEDER, K. (2010) Performance over the CEO Lifecycle – A differentiated analysis of short and long tenured CEOs. *Working Paper, Chair of Strategic Management and Organization, Leipzig Graduate School of Management*

YERMACK, D. (1996), Higher market valuation of companies with a small board of directors. *Journal of Financial Economics* 40, 185-211

YOUNG, M. AND DULEWICZ, V. (2008). A study into leadership and management competencies predicting superior performance in the British royal navy. *Journal of Management Development*, 1, pp. 1-44

YUKL, G. (1988), *Leadership in Organisation*, 4th Editions Upper Saddle Review, NJ. Prentice Hall India).

ZALD M.N. (1969). The power and functions of boards of directors: a theoretical synthesis. *Am J Sociology* 1969; 75: 97–111

ZAINAL, A., RAHMADANA, M. F. AND ZAIN, K.N. (2013) Power and Likelihood of Financial Statement Fraud: Evidence from Indonesia. *Journal of Advanced Management Science* Vol. 1, No. 4, pp. 410-415

ZAROWIN, P. (1989). Does the Stock Market Overreact to Corporate Earnings Information? *Journal of Finance*, 44, (5), 1385-1399.

ZHENG. (2010),"The effect of CEO tenure on CEO compensation", *Managerial Finance*, Vol. 36 Iss 10 pp. 832 – 859

ZHOU, X., (2001). Understanding the determinants of managerial ownership and the link between ownership and performance, comment, *Journal of Financial Economics* 62,559-571

APPENDIX A 1
QUESTIONNAIRE

Henley Business School
Greenlands, Henley-On-Thames
Oxfordshire RC 9 3AU
United Kingdom
+44(01)1491571454

Dear Sir,

CEO POWER ASSESSMENT QUESTIONNAIRE – IMPACT OF CEO POWER ON SHARE PRICE BEHAVIOUR

I am a Research Associate with Henley Business School, University of Reading, UK and carrying out a research study on 'The Impact of CEO Power on Share Price Behaviour in the Nigerian Stock market'. This entails the assessment of CEOs' personal qualities and power dimensions by stakeholders who know them. I would be most grateful if you would agree to assess MR. A. AIG-IMOUKHUEDE CEO of ACCESS BANK

Would you please complete all the questions in the attached questionnaire which should take you less than ten (10) minutes. It would save time if you were able to complete the questionnaire uninterrupted.

I pledge that all information will be treated with the utmost confidentiality and individual responses will be anonymous and finally consolidated into summary findings. Please note that your participation in this research is of course voluntary and can be withdrawn at any time without giving reason. As a courtesy and token of appreciation of your co-operation and contribution to the research, a summary of the study's result will be made available to you if you so require it. This project has been reviewed by the Business School's Research Ethics Committee and has been given a favorable ethical opinion for conduct.

Your effort will help our industry and the stock market as a whole.

Thank you in anticipation for completing the questionnaire.

Yours Sincerely,

SAMSON AMEDU
Research Associate

CEO POWER ASSESSMENT QUESTIONNAIRE

GUIDELINES ON COMPLETING PART 1 OF THE FORM

Please complete part one by ticking (√) in the appropriate box provided.

PART ONE

A. PERSONAL DETAILS

1. WHAT IS YOUR PROFESSION?

<input type="checkbox"/>	Stockbroker	<input type="checkbox"/>	Regulator	<input type="checkbox"/>	Company Senior Executive
<input type="checkbox"/>	Capital Market Analyst/ Correspondent	<input type="checkbox"/>	Registrar	<input type="checkbox"/>	Other Professionals-- (Specify)-----

2. PLEASE INDICATE YOUR YEARS OF EXPERIENCE IN THE STOCK MARKET ----- (In years, rounded)

3. WHAT IS YOUR GENDER?

<input type="checkbox"/>	MALE	<input type="checkbox"/>	FEMALE
--------------------------	------	--------------------------	--------

4. NAME OF COMPANY & CEO BEING RATED

ACCESS BANK	MR. A. AIG-IMOUKHUEDE
-------------	-----------------------

GUIDELINES ON COMPLETING PART 2 OF THE FORM

Please read through the list of CEO Personal qualities and CEO Power dimensions shown on the following pages and then rate each item according to how well each behavioural description applies to the CEO you are rating. Use the following response format.

- 5 = Strongly agree the description applies to this CEO
- 4 = Agree the description applies to this CEO
- 3 = Neither agree or disagree the description applies to this CEO
- 2 = Disagree the description applies to this CEO
- 1 = Strongly disagree the description applies to this CEO

Circle the number on the scale that represents your rating.

B. CEO RATING

	Strongly Disagree	Disagree	Neither Disagree Agree nor	Agree	Strongly Agree
7 Vision The CEO is able to produce a clear and consistent picture of the long-term future state and character of the organisation in relation to its environment	1	2	3	4	5
8 Organisational awareness Is aware of the organisation's strengths and weaknesses and of the impact of the board's decisions upon them	1	2	3	4	5
9 Strategic awareness Is aware of the stakeholder, market, technological and regulatory factors which determine the organisation's opportunities and threats	1	2	3	4	5
10 Imagination Generates and recognises imaginative solutions and innovations	1	2	3	4	5
11 Judgement Makes sensible decisions or recommendations based on reasonable assumptions and factual information	1	2	3	4	5
12 Decisiveness Shows a readiness to take decisions, make judgements, take action and make commitments	1	2	3	4	5
13 Change-oriented Alert and responsive to the need for change. Encourages new initiatives and the implementation of new policies, structures and practices	1	2	3	4	5
14 Problem analysis Identifies problems, transforms and relates information from different sources and identifies possible or actual causes	1	2	3	4	5
15 Critical faculty Probes the facts, challenges assumptions, identifies the (dis) advantages of proposals, provides counter arguments, ensures discussions are penetrating	1	2	3	4	5
16 Perspective (Helicopter) Rises above the immediate problem or situation and sees the wider issues and implications; relates disparate facts through an ability to perceive all relevant relationships.	1	2	3	4	5

	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
17 Impact The CEO makes a strong positive impression on first meeting. Has authority and credibility, establishes rapport quickly	1	2	3	4	5
18 Flexibility Adopts a flexible (but not compliant) style when interacting with others. Takes their views into account and changes position when appropriate.	1	2	3	4	5
19 Sensitivity Shows an understanding of the feelings and needs of others, and a willingness to provide personal support or to take other actions as appropriate.	1	2	3	4	5
20 Motivating others Inspires others to achieve goals by ensuring a clear understanding of what needs to be achieved; and by showing commitment, enthusiasm and support	1	2	3	4	5
21 Persuasiveness Persuades others to give their agreement and commitment; in face of conflict, uses personal influence to achieve compromise and agreement	1	2	3	4	5
22 Assertiveness Is assertive and forceful when dealing with others. Ready to take charge of a situation.	1	2	3	4	5
23 Energy Shows conspicuous levels of energy, vitality and output	1	2	3	4	5
24 Resilience Maintains effectiveness in face of adversity or unfairness. Retains composure when under pressure or opposition, and does not become irritable or anxious	1	2	3	4	5
25 Achievement-motivation Sets high goals or standards of performance for self and for others, and is dissatisfied with average performance	1	2	3	4	5
26 Determination Stays with a position or plan of action until the desired objective is achieved or is no longer reasonably attainable, irrespective of setbacks and obstacles	1	2	3	4	5
27 Business sense Identifies those opportunities which will increase the organisation's business advantage; selects and exploits those activities which will result in the largest returns	1	2	3	4	5

	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
28 Delegating The CEO allocates decision-making and other tasks to appropriate subordinates to achieve desired goals. Organises all other resources efficiently and effectively	1	2	3	4	5
29 Organising Effectively organises the activities of colleagues and subordinates to achieve desired goals. Organises all other resources efficiently and effectively	1	2	3	4	5
30 Planning Establishes priorities and takes account of all relevant contingencies	1	2	3	4	5
31 Integrity Is truthful and trustworthy, can be relied upon to keep his/her word. Does not have double standards and does not compromise on matters of moral principle or the law	1	2	3	4	5
CEO POWER DIMENSION					
	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
32 CEO Power The CEO Possesses the ability to influence or implement decisions and shape the strategy of the organisation that affect firm performance and stock price.	1	2	3	4	5
33 Expert Power Possesses the ability to influence and implement decisions based on special skills or knowledge and contribute to organisational success.	1	2	3	4	5
34 Referent Power Possesses the ability to influence decisions based on personal traits, or possession of desirable resources.	1	2	3	4	5
35 Charismatic Power Has an overwhelming personality, interpersonal style, drive, and energy desirable for achieving set organisational goals	1	2	3	4	5
36 Prestige Power Possesses personal prestige, a good reputation and perception of influence through contacts.	1	2	3	4	5
37 Has a reputation for timely release of information (Company specific information) to the stockmarket.	1	2	3	4	5
Thank you for completing this Questionnaire					

Henley Business School

School of Management
Research Ethics Committee



Consent Form

1. I have read and had explained to me by
SAMSON AMEDU

.....

the accompanying Information Sheet relating to the project on:
IMPACT OF CEO POWER ON SHARE PRICE BEHAVIOUR IN THE NIGERIAN STOCKMARKET

.....

2. I have had explained to me the purposes of the project and what will be required of me, and any questions I had have been answered to my satisfaction. I agree to the arrangements described in the Information Sheet in so far as they relate to my participation.

3. I understand that participation is entirely voluntary and that I have the right to withdraw from the project at any time, and that this will be without detriment.

4. This application has been reviewed by the School of Management Research Ethics Committee and has been given a favourable ethical opinion for conduct.

5. I have received a copy of this Consent Form and of the accompanying Information Sheet.

Name:

Date of birth:

Signed:

Date:

APPENDIX A2
BACKGROUND INFORMATION ON CEOS'

BACKGROUND INFORMATION ON CEOS' AND THE MARKET

Table 2. CEO Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid MALE	143	92.9	92.9	92.9
FEMALE	11	7.1	7.1	100.0
Total	154	100.0	100.0	

Table 2. CEO Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Second Degree/courses	147	95.5	95.5	95.5
Doctorate Degree/courses	7	4.5	4.5	100.0
Total	154	100.0	100.0	

Table 3. CEO Duality

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not chair of Board	154	100.0	100.0	100.0

Table 4. CEO Sole Insider

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not Sole Insider	154	100.0	100.0	100.0

Table 5. CEO Tenure

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid CEO Under 5yrs	26	16.9	16.9	16.9
CEO 5 - 10yrs	102	66.2	66.2	83.1
CEO Above 10yrs	26	16.9	16.9	100.0
Total	154	100.0	100.0	

Table 6. CEO Founder

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid CEO not a Founder	99	64.3	64.3	64.3
CEO a Founder	55	35.7	35.7	100.0
Total	154	100.0	100.0	

Table 7. CEO Ownership

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Under 5%	96	62.3	62.3	62.3
5-10%	36	23.4	23.4	85.7
11-30%	10	6.5	6.5	92.2
Above 31%	12	7.8	7.8	100.0
Total	154	100.0	100.0	

Table 8. NSE Sector

	Frequency	Percent	Valid Percent	Cumulative Percent
Agriculture	4	2.6	2.6	2.6
Conglomerate	6	3.9	3.9	6.5
Construction/Real Estate	4	2.6	2.6	9.1
Consumer Goods	28	18.2	18.2	27.3
Financial Services	53	34.4	34.4	61.7
Health Care	8	5.2	5.2	66.9
ICT	7	4.5	4.5	71.4
Industrial Goods	19	12.3	12.3	83.8
Natural Resources	3	1.9	1.9	85.7
Oil & Gas	8	5.2	5.2	90.9
Services	14	9.1	9.1	100.0
Total	154	100.0	100.0	

Table 9. NSE Sector Index

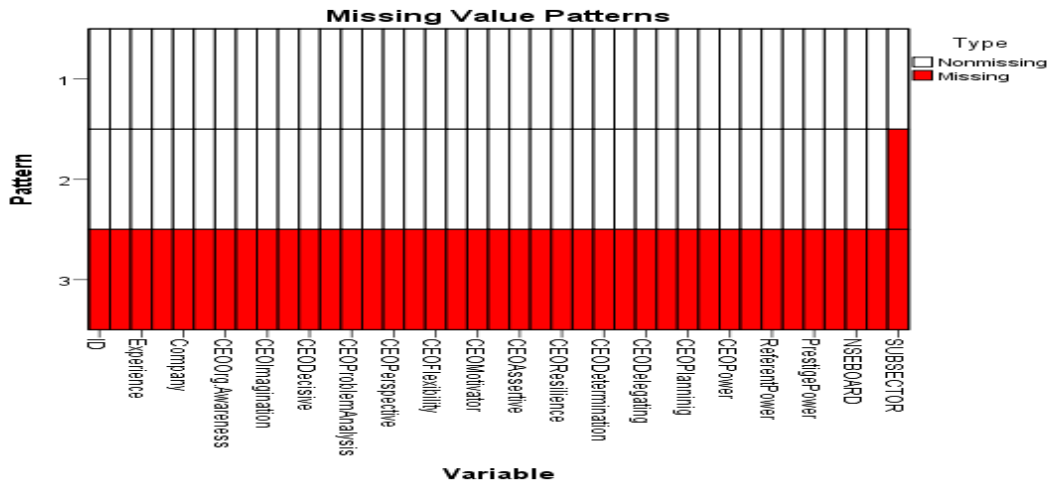
	Frequency	Percent	Valid Percent	Cumulative Percent
NSE Consumer Goods Index	28	18.2	18.2	18.2
NSE Banking Index	16	10.4	10.4	28.6
NSE Insurance Index	30	19.5	19.5	48.1
NSE Industrial Index	17	11.0	11.0	59.1
NSE Oil/Gas Index	8	5.2	5.2	64.3
NSE ASeM Index	3	1.9	1.9	66.2
Not Applicable	52	33.8	33.8	100.0
Total	154	100.0	100.0	

APPENDIX A3
DESCRIPTIVE STATISTICS FOR FIRMS AND POWER VARIABLES

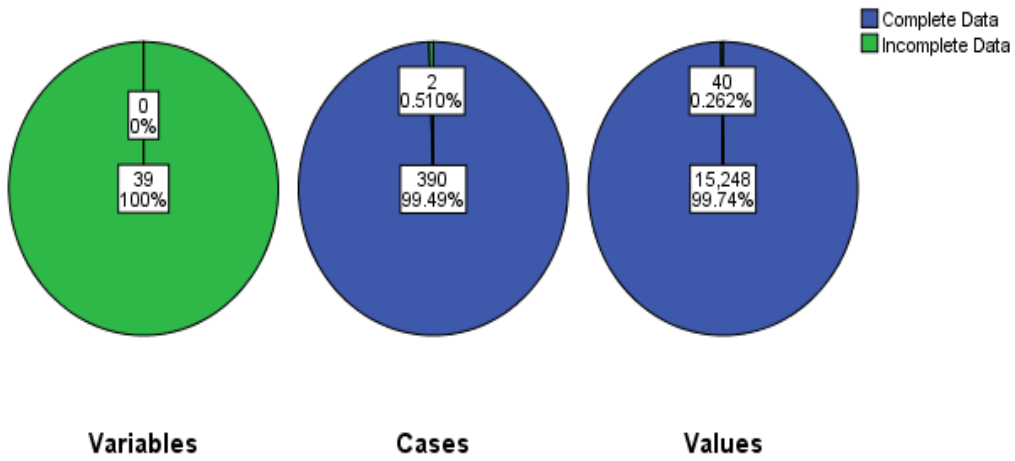
Descriptive Statistics for Firms and Power Variables

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Performance Variables									
LgShpricechg1yr	55	-.16	2.44	1.5248	.54631	-.921	.322	.654	.634
LgROA	123	-1.85	2.08	.5628	.59382	-1.052	.218	2.834	.433
LgTobinQ	153	-2.08	.84	-.4142	.53385	-.107	.196	.212	.390
CEO Power variables									
Tenure	154	0	2	1.00	.583	.000	.195	.000	.389
Founder	154	0	1	.39	.489	.457	.195	-1.815	.389
Ownership	154	1	4	1.67	.957	1.253	.195	.398	.389
ScResultoriented	154	28.00	51.67	42.7121	4.24133	-.509	.195	.314	.389
ScCognitive	154	25.33	44.00	35.0248	3.31799	-.326	.195	.497	.389
ScInterpersonal	154	14.00	24.00	19.1678	1.89911	-.083	.195	.170	.389
ScCEOPower	154	15.00	29.00	22.9437	2.47711	-.222	.195	.385	.389
Control Variables									
LogTA	153	4.43	14.98	9.5271	2.19825	.429	.196	.308	.390
LogRev	153	3.14	12.80	8.7894	2.00604	-.084	.196	.008	.390
Firm Age	154	2	89	36.29	17.485	.202	.195	-.563	.389
NSE OSE	154	0	1	.03	.160	6.019	.195	34.681	.389
NSE Sector	154	1	11	5.94	2.537	.570	.195	-.347	.389

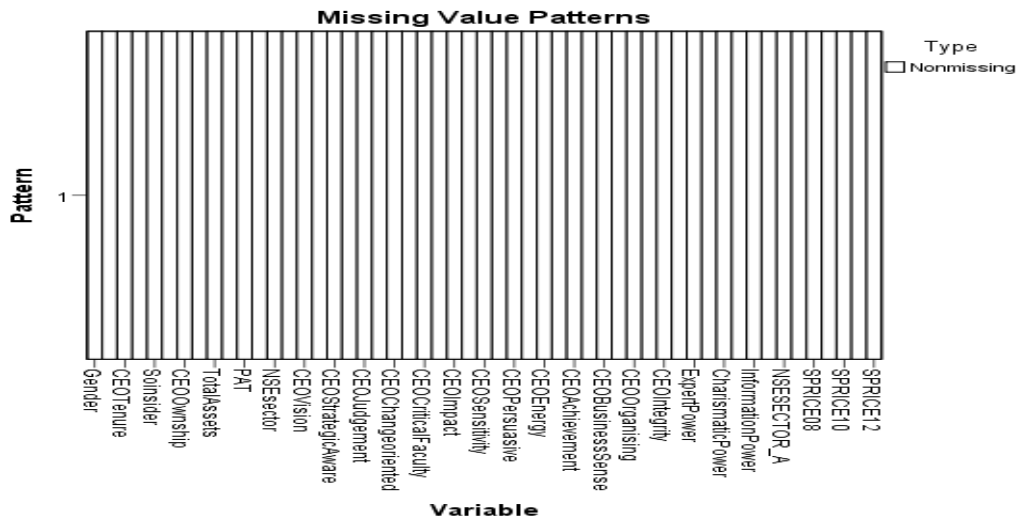
APPENDIX A4
MISSING VALUE ANALYSIS



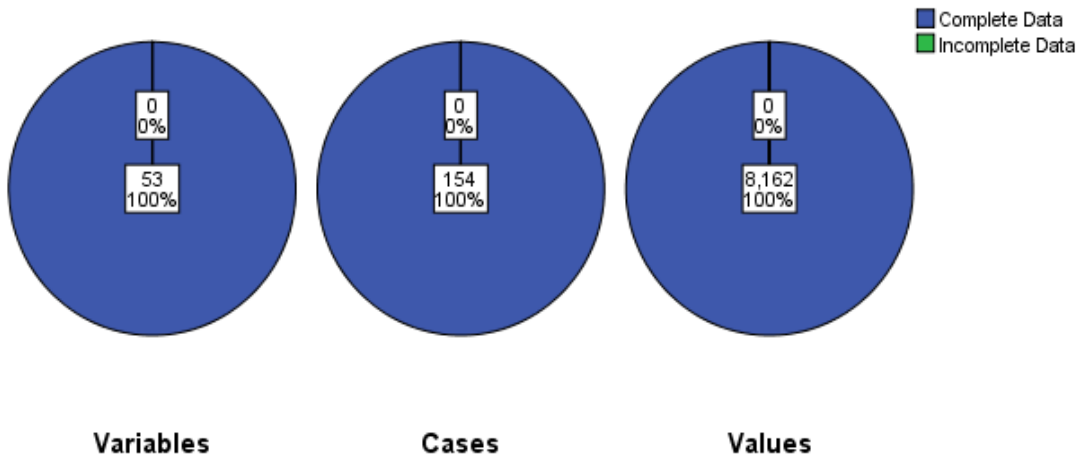
Overall Summary of Missing Values



CORRECTED MISSING DATA



Overall Summary of Missing Values



APPENDIX A5
FACTOR ANALYSIS

Table 5.1. Rotated Component Matrix: CEO Competencies

Loadings > .49 shown

	Component		
	1	2	3
CEO Vision		0.726	
CEO Org. Awareness		0.665	
CEO Strategic Aware.		0.751	
CEO Imagination		0.686	
CEO Judgment		0.610	
CEO Decisive	0.535	0.585	
CEO Change-oriented	0.652		
CEO Problem Analysis		0.567	
CEO Critical Faculty		0.538	
CEO Perspective		0.563	
CEO Impact			0.675
CEO Flexibility			0.783
CEO Sensitivity			0.786
CEO Motivator			0.583
CEO Persuasive			0.671
CEO Assertive	0.512		
CEO Energy	0.599		
CEO Resilience	0.772		
CEO Achievement	0.688		
CEO Determination	0.623		
CEO Business Sense	0.630		
CEO Delegating	0.518		
CEO Organising	0.647		
CEO Planning	0.672		
CEO Integrity	0.558		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.827	51.307	51.307	12.827	51.307	51.307	6.085	24.339	24.339
2	1.459	5.834	57.142	1.459	5.834	57.142	5.159	20.636	44.975
3	1.101	4.404	61.545	1.101	4.404	61.545	4.143	16.570	61.545

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component
	1
CEO Power	.758
Expert Power	.813
Referent Power	.794
Charismatic Power	.756
Prestige Power	.757
Information Power	.657

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

NB: Component 1. CEO Power Factor

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.439	57.310	57.310	3.439	57.310	57.310

Extraction Method: Principal Component Analysis.

APPENDIX A6
RELIABILITY STATISTICS

Reliability Statistics – CEO COMPETENCIES

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.959	.960	25

Summary Item Statistics – CEO COMPETENCIES

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	3.876	3.723	4.067	.344	1.092	.008	25
Inter-Item Correlations	.489	.252	.722	.470	2.867	.007	25

Reliability Statistics – CEO POWER

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.841	.850	6

Summary Item Statistics – CEO POWER

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	3.824	3.568	4.039	.471	1.132	.026	6
Inter-Item Correlations	.485	.347	.619	.272	1.785	.006	6

APPENDIX A7
CORRELATION ANALYSIS

CORRELATIONS BETWEEN VARIABLES

Variables	Tenure	Founder	Owner-ship	Results-Oriented fac score	Cognitive factor score	Inter-Personal factor score	Power factor score
Tenure	1	0.117	0.410**	-0.124	-0.109	0.145	0.006
Founder	0.117	1	0.543**	-0.051	-0.115	0.060	-0.080
Ownership	0.410**	0.543**	1	0.007	-0.136	0.117	0.036
Results-Oriented fac score	-0.124	-0.051	0.007	1	0.000	0.000	0.631**
Cognitive factor score	-0.109	-0.115	-0.136	0.000	1	0.000	0.413**
Inter-Persl factor score	0.145	0.060	0.117	0.000	0.000	1	0.340**
Power factor score	0.006	-0.080	0.036	.631**	.413**	.340**	1
N	154	154	154	154	154	154	154

** . Correlation is significant at the 0.01 level (2-tailed).

Correlations Between Dependent Variables

		LgShpricechg1yr	LgROA	LgTobinQ
LgShpricechg1yr	Pearson Correlation	1	.292*	-.062
LgROA	Pearson Correlation	.292*	1	.504**
LgTobinQ	Pearson Correlation	-.062	.504**	1

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

N		154	154	154
---	--	-----	-----	-----

Correlations between Dependent and Independent Variables

Correlations

	Tenure	Founder	Ownership	CEO Res-orientd Facs	CEO Cognitive Facs	CEO Interpsl Facs	CEO O-Power Facs	Return on Asset	Tobin's Q	Sh Price change 1yr
Tenure	1	.092	.410**	-.124	-.109	.145	.006	-.065	.002	-.123
Founder	.092	1	.501**	-.032	-.062	.043	-.067	-.107	.009	-.008
Ownership	.410**	.501**	1	.007	-.136	.117	.036	-.116	.002	.101
CEO Res-orientd Facs	-.124	-.032	.007	1	.000	.000	.631**	.074	.081	.180*
CEO Cognitive Facs	-.109	-.062	-.136	.000	1	.000	.413**	.065	.129	.128
CEO Interpsl Facs	.145	.043	.117	.000	.000	1	.340**	.120	.200*	.014
CEO O-Power Facs	.006	-.067	.036	.631**	.413**	.340**	1	.051	.196*	.223**
Return on Asset	-.065	-.107	-.116	.074	.065	.120	.051	1	.171*	.150
Tobin's Q	.002	.009	.002	.081	.129	.200*	.196*	.171*	1	.148
Sh Price change 1yr	-.123	-.008	.101	.180*	.128	.014	.223**	.150	.148	1
	154	154	154	154	154	154	154	154	154	154

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

APPENDIX A8
MULTICOLLINEARITY TESTING

CORRELATIONS BETWEEN VARIABLES

Variables	Tenure	Founder	Owner-ship	Results-Oriented fac score	Cognitive factor score	Inter-Personal factor score	Power factor score
Tenure	1	0.117	0.410**	-0.124	-0.109	0.145	0.006
Founder	0.117	1	0.543**	-0.051	-0.115	0.060	-0.080
Ownership	0.410**	0.543**	1	0.007	-0.136	0.117	0.036
Results-Oriented fac score	-0.124	-0.051	0.007	1	0.000	0.000	0.631**
Cognitive factor score	-0.109	-0.115	-0.136	0.000	1	0.000	0.413**
Inter-Persl factor score	0.145	0.060	0.117	0.000	0.000	1	0.340**
Power factor score	0.006	-0.080	0.036	.631**	.413**	.340**	1
N	154	154	154	154	154	154	154

** . Correlation is significant at the 0.01 level (2-tailed).

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error				Beta	Zero-order	Partial	Part	Tolerance
1	(Constant)	13.444	8.957		1.501	.135					
	Tenure	-18.125	7.427	-.214	-2.441	.016	-.123	-.195	-.194	.816	1.226
	Founder	-13.779	9.782	-.134	-1.409	.161	-.017	-.114	-.112	.692	1.446
	Ownership	13.495	5.351	.262	2.522	.013	.101	.202	.200	.583	1.714
2	(Constant)	-140.643	87.964		-1.599	.112					
	Tenure	-16.057	8.583	-.190	-1.871	.064	-.123	-.166	-.154	.655	1.527
	Founder	-13.760	10.607	-.134	-1.297	.197	-.017	-.116	-.107	.631	1.586
	Ownership	14.102	6.053	.274	2.330	.021	.101	.206	.191	.489	2.046
	CEO Vision	10.610	11.536	.111	.920	.360	.164	.083	.076	.460	2.174
	CEO Org. Awareness	-5.911	14.325	-.055	-.413	.681	.135	-.037	-.034	.376	2.656
	CEO Strategic Aware.	17.064	17.955	.135	.950	.344	.172	.085	.078	.336	2.979
	CEO Imagination	-7.925	12.926	-.076	-.613	.541	.126	-.055	-.050	.434	2.304
	CEO Judgment	2.779	15.900	.027	.175	.862	.157	.016	.014	.283	3.533

	CEO Decisive	-6.259	14.802	-.063	-.423	.673	.131	-.038	-.035	.305	3.276
	CEO Change-oriented	2.853	13.322	.031	.214	.831	.189	.019	.018	.314	3.186
	CEO Problem Analysis	-6.821	11.547	-.072	-.591	.556	.075	-.053	-.049	.452	2.211
	CEO Critical Faculty	1.539	14.346	.015	.107	.915	.162	.010	.009	.369	2.711
	CEO Perspective	16.051	11.394	.178	1.409	.161	.226	.126	.116	.423	2.363
	CEO Impact	-12.645	11.751	-.129	-1.076	.284	.022	-.097	-.088	.473	2.114
	CEO Flexibility	-2.105	14.119	-.020	-.149	.882	.058	-.013	-.012	.372	2.689
	CEO Sensitivity	-1.124	14.410	-.011	-.078	.938	.096	-.007	-.006	.350	2.857
	CEO Motivator	15.273	15.202	.138	1.005	.317	.170	.090	.083	.359	2.785
	CEO Persuasive	-11.493	13.533	-.109	-.849	.397	.078	-.076	-.070	.410	2.439
	CEO Assertive	-3.514	10.838	-.038	-.324	.746	.072	-.029	-.027	.487	2.055
	CEO Energy	-10.936	14.092	-.112	-.776	.439	.144	-.070	-.064	.324	3.089
	CEO Resilience	15.029	12.304	.155	1.222	.224	.229	.109	.100	.418	2.393
	CEO Achievement	-6.596	15.803	-.070	-.417	.677	.193	-.038	-.034	.242	4.126
	CEO Determination	5.449	12.789	.058	.426	.671	.188	.038	.035	.366	2.736
	CEO Business Sense	3.788	12.458	.042	.304	.762	.144	.027	.025	.355	2.814

	CEO Delegating	-4.948	15.137	-.042	-.327	.744	.091	-.029	-.027	.409	2.443
	CEO Organising	-.705	15.604	-.006	-.045	.964	.163	-.004	-.004	.345	2.901
	CEO Planning	5.123	13.962	.051	.367	.714	.143	.033	.030	.344	2.910
	CEO Integrity	7.197	13.638	.072	.528	.599	.170	.048	.043	.363	2.757
	CEO Gender	6.293	17.143	.033	.367	.714	.018	.033	.030	.836	1.197
	Education	18.180	22.343	.077	.814	.417	.092	.073	.067	.752	1.330
3	(Constant)	-147.916	91.071		-1.624	.107					
	Tenure	-17.798	8.731	-.211	-2.039	.044	-.123	-.185	-.168	.634	1.577
	Founder	-16.043	10.939	-.157	-1.467	.145	-.017	-.134	-.121	.594	1.683
	Ownership	13.084	6.139	.254	2.131	.035	.101	.193	.175	.476	2.100
	CEO Vision	11.661	12.150	.122	.960	.339	.164	.088	.079	.416	2.406
	CEO Org. Awareness	-3.582	14.495	-.033	-.247	.805	.135	-.023	-.020	.369	2.713
	CEO Strategic Aware.	13.349	18.316	.105	.729	.468	.172	.067	.060	.323	3.094
	CEO Imagination	-9.679	13.065	-.093	-.741	.460	.126	-.068	-.061	.426	2.348
	CEO Judgment	1.503	16.094	.015	.093	.926	.157	.009	.008	.277	3.612
	CEO Decisive	-2.403	14.936	-.024	-.161	.872	.131	-.015	-.013	.300	3.329
	CEO Change-oriented	-4.550	13.904	-.050	-.327	.744	.189	-.030	-.027	.289	3.463

CEO Problem Analysis	-8.289	11.727	-.088	-.707	.481	.075	-.065	-.058	.439	2.276
CEO Critical Faculty	3.847	14.941	.036	.257	.797	.162	.024	.021	.341	2.934
CEO Perspective	14.737	11.902	.163	1.238	.218	.226	.114	.102	.389	2.573
CEO Impact	-18.195	12.350	-.185	-1.473	.143	.022	-.135	-.121	.429	2.330
CEO Flexibility	-8.931	15.299	-.085	-.584	.560	.058	-.054	-.048	.317	3.151
CEO Sensitivity	7.799	15.205	.075	.513	.609	.096	.047	.042	.315	3.174
CEO Motivator	14.557	15.665	.131	.929	.355	.170	.086	.076	.339	2.950
CEO Persuasive	-8.480	14.880	-.080	-.570	.570	.078	-.053	-.047	.340	2.943
CEO Assertive	-1.949	11.501	-.021	-.169	.866	.072	-.016	-.014	.433	2.310
CEO Energy	-15.580	14.544	-.160	-1.071	.286	.144	-.099	-.088	.305	3.283
CEO Resilience	17.492	12.702	.181	1.377	.171	.229	.126	.113	.393	2.545
CEO Achievement	-9.253	16.518	-.098	-.560	.576	.193	-.052	-.046	.222	4.498
CEO Determination	5.908	12.907	.063	.458	.648	.188	.042	.038	.360	2.780
CEO Business Sense	-.197	13.075	-.002	-.015	.988	.144	-.001	-.001	.323	3.094
CEO Delegating	-12.362	15.978	-.105	-.774	.441	.091	-.071	-.064	.368	2.717
CEO Organising	4.089	16.891	.037	.242	.809	.163	.022	.020	.295	3.392

CEO Planning	1.653	14.199	.017	.116	.908	.143	.011	.010	.333	3.003
CEO Integrity	7.992	13.948	.080	.573	.568	.170	.053	.047	.347	2.878
CEO Gender	2.918	17.406	.015	.168	.867	.018	.015	.014	.812	1.231
Education	15.203	23.375	.064	.650	.517	.092	.060	.054	.689	1.452
CEO Power	13.234	10.448	.157	1.267	.208	.179	.116	.104	.438	2.281
Expert Power	10.459	15.667	.096	.668	.506	.186	.062	.055	.326	3.071
Referent Power	-10.778	13.752	-.120	-.784	.435	.124	-.072	-.064	.287	3.486
Charismatic Power	.736	11.478	.008	.064	.949	.148	.006	.005	.426	2.345
Prestige Power	22.047	13.496	.222	1.634	.105	.229	.149	.134	.366	2.731
Information Power	-9.945	9.072	-.134	-1.096	.275	.146	-.101	-.090	.451	2.220

a. Dependent Variable: Sh Price change 1yr

APPENDIX A9
COMMON METHOD BIAS TESTING

THE HARMAN SINGLE-FACTOR TEST FOR COMMON METHOD BIAS

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.516
Bartlett's Test of Sphericity	Approx. Chi-Square	1548.999
	df	741
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.523	34.675	34.675	13.523	34.675	34.675
2	2.949	7.562	42.237	2.949	7.562	42.237
3	2.347	6.019	48.256	2.347	6.019	48.256
4	2.316	5.939	54.195	2.316	5.939	54.195
5	2.077	5.326	59.521	2.077	5.326	59.521
6	1.714	4.394	63.915	1.714	4.394	63.915
7	1.592	4.082	67.998	1.592	4.082	67.998
8	1.441	3.694	71.692	1.441	3.694	71.692
9	1.293	3.316	75.008	1.293	3.316	75.008
10	1.033	2.650	77.658	1.033	2.650	77.658
11	.995	2.552	80.210			

Extraction Method: Principal Component Analysis.

Partial Correlations (Controlling for Firm Size – Total Assets)

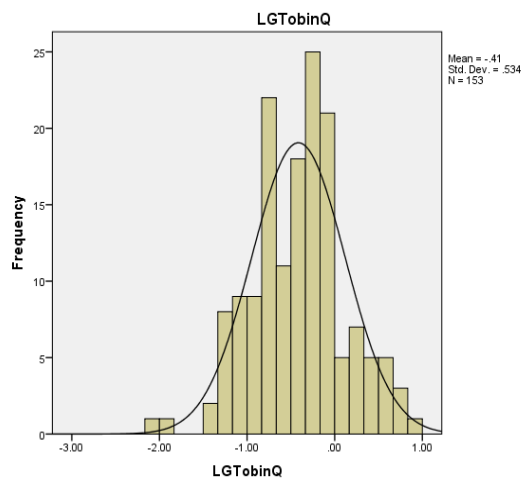
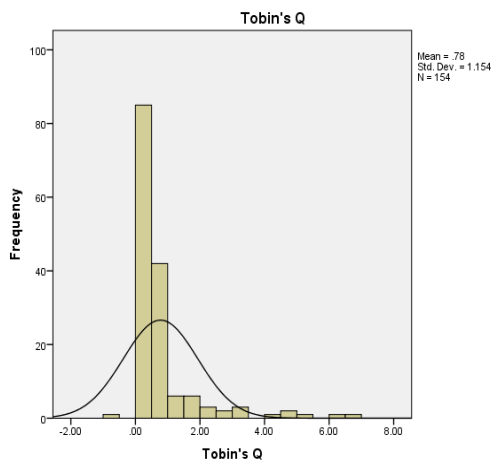
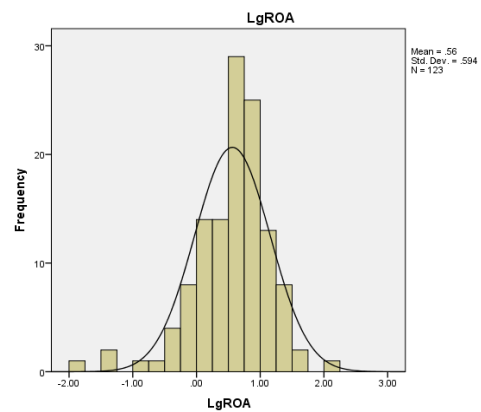
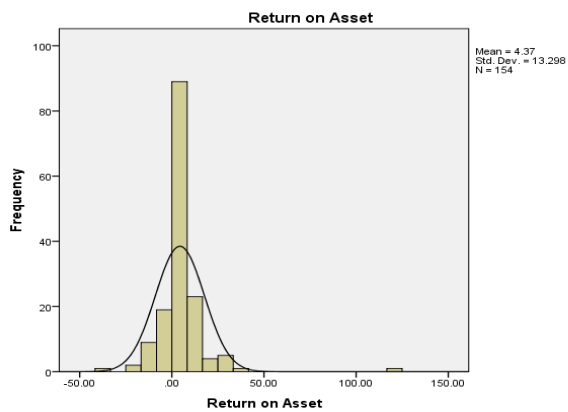
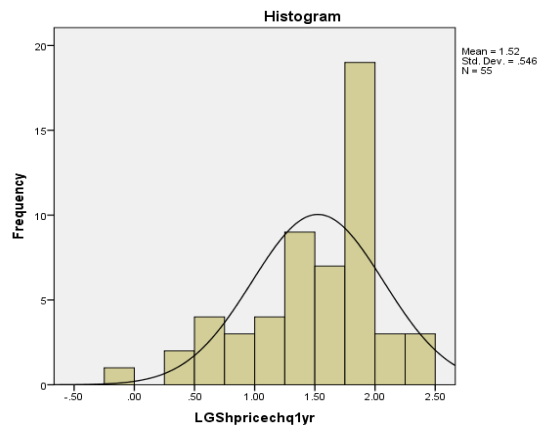
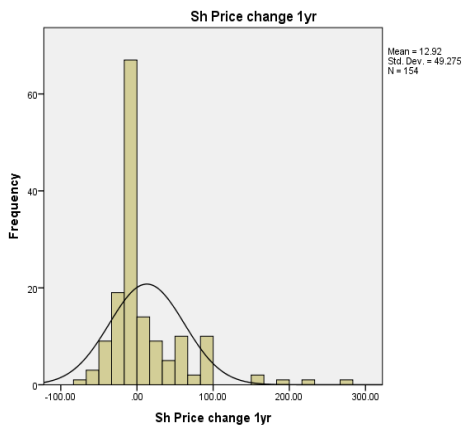
Control Variables			Tenure	Founder	Ownership	CEO Res-oriented Facs	CEO Cognitive Facs	CEO Interpsl Facs	CEO O-Power Facs	Total Assets
-none ^a	Tenure	Correlation	1.000	.117	.410	-.124	-.109	.145	.006	-.326
		Significance (2-tailed)		.150	.000	.126	.177	.073	.937	.000
		df	0	152	152	152	152	152	152	152
	Founder	Correlation	.117	1.000	.543	-.051	-.115	.060	-.080	-.066
		Significance (2-tailed)	.150		.000	.531	.155	.457	.322	.417
		df	152	0	152	152	152	152	152	152
	Ownership	Correlation	.410	.543	1.000	.007	-.136	.117	.036	-.062
		Significance (2-tailed)	.000	.000		.932	.093	.148	.661	.445
		df	152	152	0	152	152	152	152	152
	CEO Res-oriented Facs	Correlation	-.124	-.051	.007	1.000	.000	.000	.631	.208
		Significance (2-tailed)	.126	.531	.932		1.000	1.000	.000	.010
		df	152	152	152	0	152	152	152	152
	CEO Cognitive Facs	Correlation	-.109	-.115	-.136	.000	1.000	.000	.413	.166
		Significance (2-tailed)	.177	.155	.093	1.000		1.000	.000	.039
		df	152	152	152	152	0	152	152	152
	CEO Interpsl Facs	Correlation	.145	.060	.117	.000	.000	1.000	.340	-.205
		Significance (2-tailed)	.073	.457	.148	1.000	1.000		.000	.011
		df	152	152	152	152	152	0	152	152
CEO O-Power Facs	Correlation	.006	-.080	.036	.631	.413	.340	1.000	.145	
	Significance (2-tailed)	.937	.322	.661	.000	.000	.000		.074	
	df	152	152	152	152	152	152	0	152	
Total Assets	Correlation	-.326	-.066	-.062	.208	.166	-.205	.145	1.000	
	Significance (2-tailed)	.000	.417	.445	.010	.039	.011	.074		

Total Assets	Tenure	df	152	152	152	152	152	152	152	0
		Correlation	1.000	.101	.413	-.061	-.059	.084	.057	
		Significance (2-tailed)		.215	.000	.456	.469	.302	.482	
	Founder	df	0	151	151	151	151	151	151	
		Correlation	.101	1.000	.541	-.038	-.106	.048	-.072	
		Significance (2-tailed)	.215		.000	.640	.192	.556	.378	
	Ownership	df	151	0	151	151	151	151	151	
		Correlation	.413	.541	1.000	.020	-.128	.107	.045	
		Significance (2-tailed)	.000	.000		.804	.116	.189	.580	
	CEO Res-orientd Facs	df	151	151	0	151	151	151	151	
		Correlation	-.061	-.038	.020	1.000	-.036	.045	.621	
		Significance (2-tailed)	.456	.640	.804		.660	.585	.000	
	CEO Cognitive Facs	df	151	151	151	0	151	151	151	
		Correlation	-.059	-.106	-.128	-.036	1.000	.035	.399	
		Significance (2-tailed)	.469	.192	.116	.660		.664	.000	
	CEO Interpsl Facs	df	151	151	151	151	0	151	151	
		Correlation	.084	.048	.107	.045	.035	1.000	.381	
		Significance (2-tailed)	.302	.556	.189	.585	.664		.000	
	CEO O-Power Facs	df	151	151	151	151	151	0	151	
		Correlation	.057	-.072	.045	.621	.399	.381	1.000	
		Significance (2-tailed)	.482	.378	.580	.000	.000	.000		
		df	151	151	151	151	151	151	0	

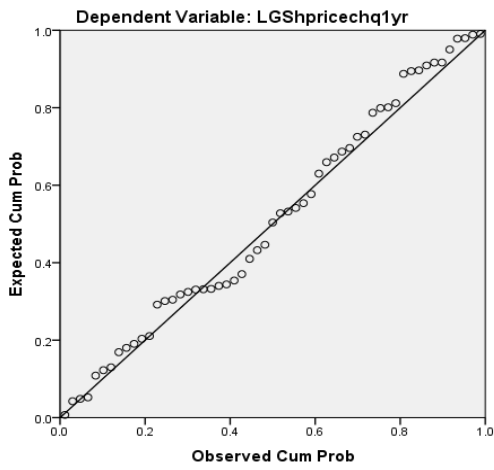
a. Cells contain zero-order (Pearson) correlations.

APPENDIX A10
HETEROSCEDASTICITY TESTING

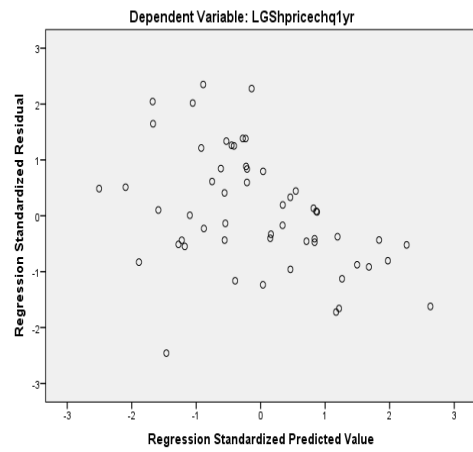
Dependent Variables before and after remedying for Heteroscedasticity



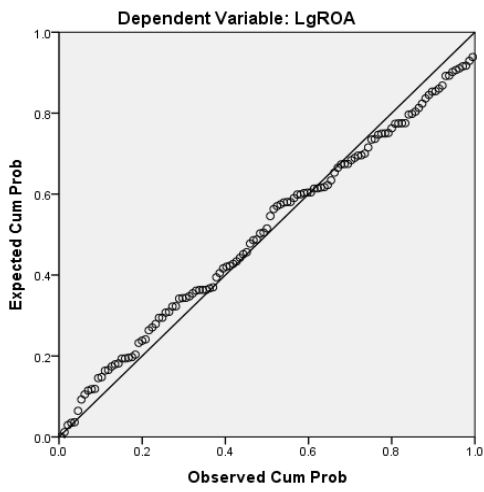
Normal P-P Plot of Regression Standardized Residual



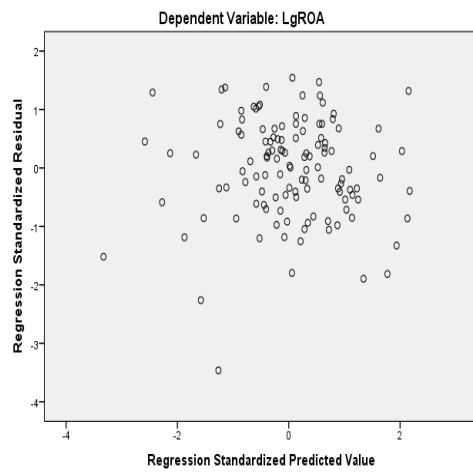
Scatterplot



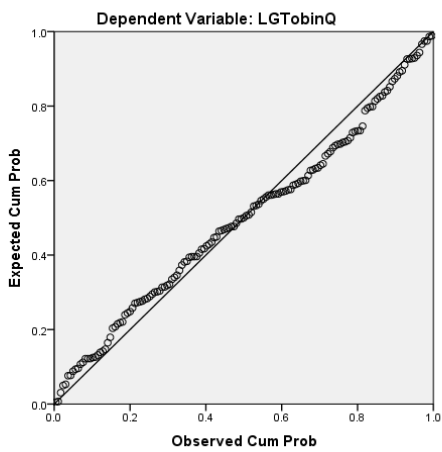
Normal P-P Plot of Regression Standardized Residual



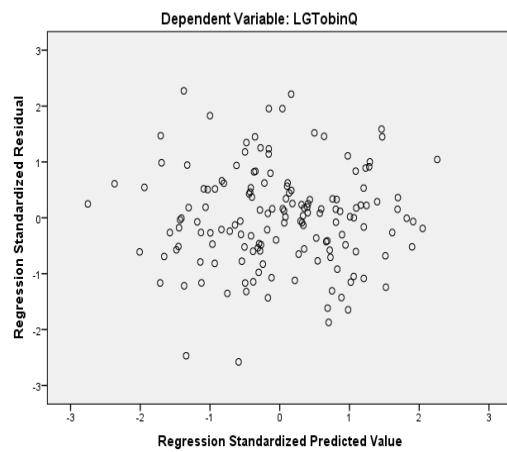
Scatterplot



Normal P-P Plot of Regression Standardized Residual



Scatterplot



**APPENDIX A11A
REGRESSION ANALYSIS RESULT
(FOR SHARE PRICE CHANGE)**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.238 ^a	.057	.020	.54071	.057	1.562	2	52	.219
2	.375 ^b	.141	.053	.53167	.084	1.594	3	49	.203
3	.867 ^c	.751	.440	.40896	.610	2.353	25	24	.020
4	.918 ^d	.843	.528	.37532	.092	1.749	6	18	.167

a. Predictors: (Constant), Education, CEO Gender

b. Predictors: (Constant), Education, CEO Gender, Ownership, Tenure, Founder

c. Predictors: (Constant), Education, CEO Gender, Ownership, Tenure, Founder, CEO Vision, CEO Assertive, CEO Flexibility, CEO Planning, CEO Imagination, CEO Resilience, CEO Problem Analysis, CEO Impact, CEO Critical Faculty, CEO Integrity, CEO Persuasive, CEO Org. Awareness, CEO Delegating, CEO Perspective, CEO Business Sense, CEO Motivator, CEO Determination, CEO Decisive, CEO Organising, CEO Sensitivity, CEO Strategic Aware., CEO Change-oriented, CEO Energy, CEO Judgment, CEO Achievement

d. Predictors: (Constant), Education, CEO Gender, Ownership, Tenure, Founder, CEO Vision, CEO Assertive, CEO Flexibility, CEO Planning, CEO Imagination, CEO Resilience, CEO Problem Analysis, CEO Impact, CEO Critical Faculty, CEO Integrity, CEO Persuasive, CEO Org. Awareness, CEO Delegating, CEO Perspective, CEO Business Sense, CEO Motivator, CEO Determination, CEO Decisive, CEO Organising, CEO Sensitivity, CEO Strategic Aware., CEO Change-oriented, CEO Energy, CEO Judgment, CEO Achievement, CEO Power, Charismatic Power, Information Power, Prestige Power, Expert Power, Referent Power

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.913	2	.457	1.562	.219 ^b
	Residual	15.203	52	.292		
	Total	16.116	54			
2	Regression	2.265	5	.453	1.603	.177 ^c
	Residual	13.851	49	.283		
	Total	16.116	54			
3	Regression	12.102	30	.403	2.412	.015 ^d
	Residual	4.014	24	.167		
	Total	16.116	54			
4	Regression	13.581	36	.377	2.678	.014 ^e
	Residual	2.536	18	.141		
	Total	16.116	54			

a. Dependent Variable: LgShpricechg1yr

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.365	1.137		-.321	.749
	CEO Gender	.315	.285	.149	1.103	.275
	Education	.510	.353	.195	1.445	.154
2	(Constant)	-.126	1.136		-.111	.912
	CEO Gender	.232	.283	.110	.820	.416
	Education	.463	.350	.177	1.322	.192
	Tenure	-.221	.139	-.236	-1.595	.117
	Founder	-.251	.174	-.225	-1.437	.157
	Ownership	.186	.097	.326	1.916	.061
3	(Constant)	-1.110	1.209		-.918	.368
	CEO Gender	.421	.236	.199	1.783	.087
	Education	.709	.307	.271	2.308	.030
	Tenure	-.230	.118	-.245	-1.950	.063
	Founder	-.311	.139	-.278	-2.238	.035
	Ownership	.182	.081	.320	2.254	.034
	CEO Vision	.207	.159	.196	1.302	.205
	CEO Org. Awareness	.161	.197	.136	.819	.421
	CEO Strategic Aware.	-.147	.247	-.104	-.594	.558
	CEO Imagination	-.173	.178	-.150	-.973	.340
	CEO Judgment	-.426	.219	-.373	-1.948	.063
	CEO Decisive	-.312	.203	-.283	-1.533	.138
	CEO Change-oriented	.105	.183	.104	.574	.572
	CEO Problem Analysis	-.087	.159	-.083	-.548	.589
	CEO Critical Faculty	.010	.197	.009	.051	.960
	CEO Perspective	.480	.157	.480	3.068	.005
	CEO Impact	.258	.162	.237	1.597	.123
	CEO Flexibility	.168	.194	.145	.869	.393
	CEO Sensitivity	-.296	.198	-.257	-1.498	.147
	CEO Motivator	.545	.209	.444	2.607	.015
	CEO Persuasive	-.480	.184	-.411	-2.608	.015
	CEO Assertive	-.081	.149	-.079	-.541	.593
	CEO Energy	-.024	.194	-.022	-.124	.902
	CEO Resilience	.538	.169	.501	3.178	.004
CEO Achievement	-.208	.218	-.198	-.955	.349	
CEO Determination	-.212	.176	-.203	-1.208	.239	
CEO Business Sense	.091	.171	.091	.532	.600	
CEO Delegating	-.194	.208	-.148	-.930	.362	

	CEO Organising	.120	.215	.097	.557	.583
	CEO Planning	.054	.192	.049	.279	.783
	CEO Integrity	-.097	.188	-.088	-.517	.610
4	(Constant)	-1.454	1.148		-1.267	.221
	CEO Gender	.390	.220	.184	1.773	.093
	Education	.785	.295	.300	2.665	.016
	Tenure	-.233	.110	-.249	-2.126	.048
	Founder	-.343	.132	-.307	-2.595	.018
	Ownership	.193	.075	.338	2.560	.020
	CEO Vision	.267	.153	.253	1.742	.099
	CEO Org. Awareness	.125	.183	.105	.682	.504
	CEO Strategic Aware.	-.239	.231	-.170	-1.036	.314
	CEO Imagination	-.212	.165	-.184	-1.286	.215
	CEO Judgment	-.420	.203	-.368	-2.068	.053
	CEO Decisive	-.274	.188	-.249	-1.458	.162
	CEO Change-oriented	.032	.175	.032	.182	.857
	CEO Problem Analysis	-.096	.148	-.092	-.651	.523
	CEO Critical Faculty	.014	.188	.012	.076	.940
	CEO Perspective	.545	.150	.545	3.634	.002
	CEO Impact	.228	.155	.209	1.468	.159
	CEO Flexibility	.193	.193	.166	1.000	.331
	CEO Sensitivity	-.222	.191	-.193	-1.163	.260
	CEO Motivator	.617	.198	.502	3.124	.006
	CEO Persuasive	-.605	.187	-.518	-3.239	.005
	CEO Assertive	-.057	.145	-.056	-.396	.697
	CEO Energy	-.152	.183	-.140	-.828	.419
	CEO Resilience	.605	.160	.564	3.783	.001
	CEO Achievement	-.283	.208	-.270	-1.359	.191
	CEO Determination	-.199	.162	-.190	-1.222	.237
	CEO Business Sense	.147	.165	.146	.888	.386
	CEO Delegating	-.206	.201	-.158	-1.025	.319
	CEO Organising	.223	.213	.180	1.047	.309
	CEO Planning	.043	.179	.039	.243	.811
	CEO Integrity	-.113	.176	-.102	-.638	.531
	CEO Power	.204	.132	.219	1.548	.139
	Expert Power	-.090	.197	-.075	-.457	.653
	Referent Power	.156	.173	.158	.903	.378
Charismatic Power	-.271	.144	-.269	-1.879	.077	
Prestige Power	.241	.171	.219	1.414	.174	
Information Power	-.181	.115	-.220	-1.571	.134	

a. Dependent Variable: LgShpricechg1yr

**APPENDIX A11B
REGRESSION ANALYSIS RESULTS
(FOR RETURN ON ASSETS)**

RETURN ON ASSETS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.257 ^a	.066	.050	.57868	.066	4.234	2	120	.017
2	.350 ^b	.122	.085	.56811	.056	2.503	3	117	.063
3	.579 ^c	.336	.119	.55733	.213	1.183	25	92	.277
4	.599 ^d	.359	.091	.56610	.024	.528	6	86	.785

a. Predictors: (Constant), Education, CEO Gender

b. Predictors: (Constant), Education, CEO Gender, Ownership, Tenure, Founder

c. Predictors: (Constant), Education, CEO Gender, Ownership, Tenure, Founder, CEO Vision, CEO Assertive, CEO Flexibility, CEO Planning, CEO Imagination, CEO Resilience, CEO Problem Analysis, CEO Impact, CEO Critical Faculty, CEO Integrity, CEO Persuasive, CEO Org. Awareness, CEO Delegating, CEO Perspective, CEO Business Sense, CEO Motivator, CEO Determination, CEO Decisive, CEO Organising, CEO Sensitivity, CEO Strategic Aware., CEO Change-oriented, CEO Energy, CEO Judgment, CEO Achievement

d. Predictors: (Constant), Education, CEO Gender, Ownership, Tenure, Founder, CEO Vision, CEO Assertive, CEO Flexibility, CEO Planning, CEO Imagination, CEO Resilience, CEO Problem Analysis, CEO Impact, CEO Critical Faculty, CEO Integrity, CEO Persuasive, CEO Org. Awareness, CEO Delegating, CEO Perspective, CEO Business Sense, CEO Motivator, CEO Determination, CEO Decisive, CEO Organising, CEO Sensitivity, CEO Strategic Aware., CEO Change-oriented, CEO Energy, CEO Judgment, CEO Achievement, CEO Power, Charismatic Power, Information Power, Prestige Power, Expert Power, Referent Power

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.836	2	1.418	4.234	.017 ^b
	Residual	40.185	120	.335		
	Total	43.020	122			
2	Regression	5.259	5	1.052	3.259	.009 ^c
	Residual	37.761	117	.323		
	Total	43.020	122			
3	Regression	14.443	30	.481	1.550	.058 ^d
	Residual	28.577	92	.311		
	Total	43.020	122			
4	Regression	15.459	36	.429	1.340	.137 ^e
	Residual	27.561	86	.320		
	Total	43.020	122			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.219	.810		1.506	.135
	CEO Gender	-.590	.203	-.257	-2.906	.004
	Education	-.008	.251	-.003	-.031	.975
2	(Constant)	1.106	.808		1.369	.174
	CEO Gender	-.524	.201	-.228	-2.602	.010
	Education	.034	.249	.012	.138	.890
	Tenure	.148	.099	.146	1.505	.135
	Founder	.196	.124	.161	1.577	.117
	Ownership	-.186	.069	-.300	-2.700	.008
3	(Constant)	.318	1.096		.290	.773
	CEO Gender	-.460	.214	-.200	-2.153	.034
	Education	-.101	.279	-.035	-.361	.719
	Tenure	.215	.107	.211	2.010	.047
	Founder	.124	.126	.103	.989	.325
	Ownership	-.183	.073	-.296	-2.499	.014
	CEO Vision	.219	.144	.191	1.518	.132
	CEO Org. Awareness	.084	.179	.065	.468	.641
	CEO Strategic Aware.	.120	.224	.079	.539	.591
	CEO Imagination	-.006	.161	-.005	-.039	.969
	CEO Judgment	-.265	.198	-.213	-1.337	.185
	CEO Decisive	-.066	.184	-.055	-.357	.722
	CEO Change-oriented	.134	.166	.122	.805	.423
	CEO Problem Analysis	-.096	.144	-.084	-.668	.506
	CEO Critical Faculty	.028	.179	.022	.155	.877
	CEO Perspective	-.106	.142	-.097	-.747	.457
	CEO Impact	-.080	.147	-.068	-.547	.585
	CEO Flexibility	-.007	.176	-.005	-.039	.969
	CEO Sensitivity	-.339	.179	-.271	-1.893	.061
	CEO Motivator	.149	.190	.112	.786	.434
	CEO Persuasive	.011	.167	.009	.068	.946
	CEO Assertive	-.030	.135	-.027	-.220	.826
	CEO Energy	.204	.176	.174	1.162	.248
CEO Resilience	.035	.153	.030	.225	.822	
CEO Achievement	-.200	.198	-.176	-1.015	.313	
CEO Determination	.172	.159	.152	1.080	.283	
CEO Business Sense	-.045	.155	-.041	-.289	.774	
CEO Delegating	-.047	.189	-.033	-.249	.804	

	CEO Organising	-.100	.195	-.075	-.515	.608
	CEO Planning	-.062	.174	-.052	-.358	.721
	CEO Integrity	.556	.170	.462	3.268	.002
4	(Constant)	.190	1.152		.165	.869
	CEO Gender	-.452	.220	-.197	-2.050	.043
	Education	-.030	.296	-.011	-.102	.919
	Tenure	.216	.110	.212	1.967	.052
	Founder	.128	.133	.106	.968	.336
	Ownership	-.165	.076	-.267	-2.187	.031
	CEO Vision	.210	.154	.183	1.367	.175
	CEO Org. Awareness	.058	.184	.045	.318	.752
	CEO Strategic Aware.	.124	.232	.081	.535	.594
	CEO Imagination	-.015	.165	-.012	-.089	.929
	CEO Judgment	-.238	.204	-.192	-1.172	.245
	CEO Decisive	-.087	.189	-.073	-.463	.644
	CEO Change-oriented	.173	.176	.158	.985	.328
	CEO Problem Analysis	-.063	.148	-.055	-.425	.672
	CEO Critical Faculty	-.031	.189	-.024	-.165	.870
	CEO Perspective	-.092	.151	-.085	-.614	.541
	CEO Impact	-.022	.156	-.019	-.144	.886
	CEO Flexibility	.031	.194	.024	.158	.875
	CEO Sensitivity	-.392	.192	-.314	-2.046	.044
	CEO Motivator	.164	.198	.123	.826	.411
	CEO Persuasive	-.071	.188	-.056	-.379	.706
	CEO Assertive	-.030	.145	-.027	-.204	.839
	CEO Energy	.225	.184	.192	1.226	.224
	CEO Resilience	.046	.161	.039	.285	.776
	CEO Achievement	-.181	.209	-.158	-.863	.391
	CEO Determination	.180	.163	.159	1.104	.273
	CEO Business Sense	-.012	.166	-.011	-.070	.944
	CEO Delegating	.028	.202	.020	.141	.888
	CEO Organising	-.199	.213	-.148	-.934	.353
	CEO Planning	-.068	.180	-.057	-.378	.706
	CEO Integrity	.558	.177	.463	3.152	.002
	CEO Power	-.115	.132	-.114	-.871	.386
	Expert Power	.140	.198	.107	.709	.480
Referent Power	.142	.174	.132	.820	.415	
Charismatic Power	-.068	.145	-.062	-.469	.640	
Prestige Power	-.182	.171	-.153	-1.065	.290	
Information Power	.016	.115	.018	.137	.891	

a. Dependent Variable: LgROA

APPENDIX A11C
REGRESSION ANALYSIS RESULTS
(FOR TOBIN'S Q)

TOBIN'S Q

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.111 ^a	.012	-.001	.53408	.012	.934	2	150	.395
2	.186 ^b	.035	.002	.53334	.022	1.138	3	147	.336
3	.424 ^c	.180	-.022	.53958	.145	.865	25	122	.652
4	.445 ^d	.198	-.050	.54711	.018	.444	6	116	.848

a. Predictors: (Constant), Education, CEO Gender

b. Predictors: (Constant), Education, CEO Gender, Ownership, Tenure, Founder

c. Predictors: (Constant), Education, CEO Gender, Ownership, Tenure, Founder, CEO Vision, CEO Assertive, CEO Flexibility, CEO Planning, CEO Imagination, CEO Resilience, CEO Problem Analysis, CEO Impact, CEO Critical Faculty, CEO Integrity, CEO Persuasive, CEO Org. Awareness, CEO Delegating, CEO Perspective, CEO Business Sense, CEO Motivator, CEO Determination, CEO Decisive, CEO Organising, CEO Sensitivity, CEO Strategic Aware., CEO Change-oriented, CEO Energy, CEO Judgment, CEO Achievement

d. Predictors: (Constant), Education, CEO Gender, Ownership, Tenure, Founder, CEO Vision, CEO Assertive, CEO Flexibility, CEO Planning, CEO Imagination, CEO Resilience, CEO Problem Analysis, CEO Impact, CEO Critical Faculty, CEO Integrity, CEO Persuasive, CEO Org. Awareness, CEO Delegating, CEO Perspective, CEO Business Sense, CEO Motivator, CEO Determination, CEO Decisive, CEO Organising, CEO Sensitivity, CEO Strategic Aware., CEO Change-oriented, CEO Energy, CEO Judgment, CEO Achievement, CEO Power, Charismatic Power, Information Power, Prestige Power, Expert Power, Referent Power

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.533	2	.266	.934	.395 ^b
	Residual	42.786	150	.285		
	Total	43.319	152			
2	Regression	1.504	5	.301	1.058	.386 ^c
	Residual	41.815	147	.284		
	Total	43.319	152			
3	Regression	7.799	30	.260	.893	.629 ^d
	Residual	35.520	122	.291		
	Total	43.319	152			
4	Regression	8.596	36	.239	.798	.779 ^e
	Residual	34.722	116	.299		
	Total	43.319	152			

a. Dependent Variable: LgTobinQ

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.166	.669		.248	.804
	CEO Gender	-.215	.168	-.104	-1.281	.202
	Education	-.115	.208	-.045	-.553	.581
2	(Constant)	.031	.679		.046	.964
	CEO Gender	-.175	.169	-.085	-1.034	.303
	Education	-.113	.209	-.044	-.538	.592
	Tenure	.149	.083	.162	1.793	.075
	Founder	.073	.104	.067	.701	.485
	Ownership	-.055	.058	-.099	-.948	.345
3	(Constant)	-.697	.951		-.733	.465
	CEO Gender	-.155	.185	-.075	-.837	.404
	Education	-.233	.242	-.091	-.964	.337
	Tenure	.103	.093	.112	1.110	.269
	Founder	.059	.109	.054	.542	.589
	Ownership	-.055	.064	-.098	-.862	.390
	CEO Vision	.107	.125	.104	.857	.393
	CEO Org. Awareness	-.056	.155	-.048	-.362	.718
	CEO Strategic Aware.	-.158	.194	-.116	-.817	.416
	CEO Imagination	.131	.140	.117	.938	.350
	CEO Judgment	-.031	.172	-.028	-.182	.856
	CEO Decisive	.152	.160	.141	.948	.345
	CEO Change-oriented	-.132	.144	-.134	-.913	.363
	CEO Problem Analysis	.106	.125	.103	.848	.398
	CEO Critical Faculty	-.131	.155	-.114	-.844	.400
	CEO Perspective	-.006	.123	-.006	-.052	.959
	CEO Impact	-.033	.127	-.031	-.263	.793
	CEO Flexibility	.150	.152	.132	.986	.326
	CEO Sensitivity	-.081	.155	-.072	-.521	.603
	CEO Motivator	.197	.164	.164	1.199	.233
	CEO Persuasive	.158	.145	.138	1.090	.278
	CEO Assertive	-.015	.117	-.015	-.129	.897
	CEO Energy	.295	.152	.279	1.936	.055
	CEO Resilience	.105	.133	.100	.789	.431
	CEO Achievement	-.154	.171	-.150	-.897	.372
CEO Determination	-.078	.138	-.077	-.567	.572	
CEO Business Sense	-.062	.135	-.063	-.459	.647	
CEO Delegating	-.008	.164	-.006	-.047	.963	

	CEO Organising	-.091	.169	-.075	-.539	.591
	CEO Planning	-.062	.151	-.057	-.409	.683
	CEO Integrity	.002	.148	.002	.011	.991
4	(Constant)	-.388	.997		-.389	.698
	CEO Gender	-.178	.191	-.086	-.935	.352
	Education	-.320	.256	-.125	-1.250	.214
	Tenure	.107	.095	.116	1.118	.266
	Founder	.071	.115	.065	.616	.539
	Ownership	-.063	.065	-.112	-.955	.342
	CEO Vision	.077	.133	.074	.575	.566
	CEO Org. Awareness	-.041	.159	-.035	-.257	.798
	CEO Strategic Aware.	-.149	.200	-.109	-.743	.459
	CEO Imagination	.152	.143	.135	1.064	.290
	CEO Judgment	-.029	.176	-.026	-.167	.867
	CEO Decisive	.152	.163	.141	.931	.354
	CEO Change-oriented	-.134	.152	-.137	-.883	.379
	CEO Problem Analysis	.122	.128	.119	.951	.344
	CEO Critical Faculty	-.125	.164	-.109	-.762	.447
	CEO Perspective	-.049	.130	-.050	-.377	.707
	CEO Impact	-.006	.135	-.005	-.043	.966
	CEO Flexibility	.089	.168	.078	.529	.598
	CEO Sensitivity	-.056	.166	-.049	-.335	.739
	CEO Motivator	.139	.172	.116	.811	.419
	CEO Persuasive	.192	.162	.168	1.184	.239
	CEO Assertive	-.025	.126	-.025	-.198	.843
	CEO Energy	.351	.159	.332	2.202	.030
	CEO Resilience	.074	.139	.071	.533	.595
	CEO Achievement	-.104	.181	-.101	-.574	.567
	CEO Determination	-.085	.141	-.084	-.604	.547
	CEO Business Sense	-.120	.143	-.122	-.836	.405
	CEO Delegating	-.045	.175	-.035	-.258	.797
	CEO Organising	-.121	.185	-.100	-.655	.514
	CEO Planning	-.078	.156	-.072	-.503	.616
	CEO Integrity	.002	.153	.002	.016	.988
	CEO Power	-.051	.114	-.056	-.446	.657
	Expert Power	.151	.171	.129	.885	.378
	Referent Power	-.108	.150	-.111	-.718	.474
	Charismatic Power	.028	.126	.029	.227	.821
	Prestige Power	.001	.148	.001	.007	.994
Information Power	.103	.100	.129	1.035	.303	

a. Dependent Variable: LgTobinQ

APPENDIX A12A
REGRESSION ANALYSIS RESULTS
(CONTROLLING FOR FIRM SIZE – SHARE PRICE CHANGE)

Regression Model Summary – Controlling for Firm Size

Share price change

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.352 ^a	.124	.073	.52611	.124	2.409	3	51	.078
2	.441 ^b	.194	.094	.52008	.070	1.396	3	48	.255
3	.914 ^c	.836	.616	.33873	.642	3.606	25	23	.001
4	.948 ^d	.898	.675	.31130	.062	1.705	6	17	.180

a. Predictors: (Constant), LogTA, CEO Gender, Education

b. Predictors: (Constant), LogTA, CEO Gender, Education, Founder, Tenure, Ownership

c. Predictors: (Constant), LogTA, CEO Gender, Education, Founder, Tenure, Ownership, CEO Impact, CEO Problem Analysis, CEO Resilience, CEO Vision, CEO Assertive, CEO Flexibility, CEO Delegating, CEO Imagination, CEO Critical Faculty, CEO Org. Awareness, CEO Persuasive, CEO Integrity, CEO Perspective, CEO Organising, CEO Decisive, CEO Business Sense, CEO Motivator, CEO Energy, CEO Determination, CEO Sensitivity, CEO Strategic Aware., CEO Planning, CEO Change-oriented, CEO Judgment, CEO Achievement

d. Predictors: (Constant), LogTA, CEO Gender, Education, Founder, Tenure, Ownership, CEO Impact, CEO Problem Analysis, CEO Resilience, CEO Vision, CEO Assertive, CEO Flexibility, CEO Delegating, CEO Imagination, CEO Critical Faculty, CEO Org. Awareness, CEO Persuasive, CEO Integrity, CEO Perspective, CEO Organising, CEO Decisive, CEO Business Sense, CEO Motivator, CEO Energy, CEO Determination, CEO Sensitivity, CEO Strategic Aware., CEO Planning, CEO Change-oriented, CEO Judgment, CEO Achievement, Charismatic Power, Information Power, CEO Power, Prestige Power, Expert Power, Referent Power

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.000	3	.667	2.409	.078 ^b
	Residual	14.116	51	.277		
	Total	16.116	54			
2	Regression	3.133	6	.522	1.930	.095 ^c
	Residual	12.983	48	.270		
	Total	16.116	54			
3	Regression	13.477	31	.435	3.789	.001 ^d
	Residual	2.639	23	.115		
	Total	16.116	54			
4	Regression	14.469	37	.391	4.035	.002 ^e
	Residual	1.647	17	.097		
	Total	16.116	54			

a. Dependent Variable: LgShpricechg1yr

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.767	1.125		-.682	.498
	CEO Gender	.306	.278	.145	1.102	.276
	Education	.442	.345	.169	1.281	.206
	LogTA	.065	.033	.261	1.982	.053
2	(Constant)	-.646	1.149		-.562	.577
	CEO Gender	.242	.277	.115	.875	.386
	Education	.388	.345	.148	1.123	.267
	LogTA	.065	.036	.261	1.791	.080
	Tenure	-.121	.147	-.129	-.821	.416
	Founder	-.226	.171	-.202	-1.317	.194
	Ownership	.192	.095	.336	2.018	.049
3	(Constant)	-1.313	1.003		-1.309	.203
	CEO Gender	.404	.195	.191	2.066	.050
	Education	.557	.258	.213	2.154	.042
	LogTA	.097	.028	.388	3.462	.002
	Tenure	-.105	.104	-.113	-1.014	.321
	Founder	-.282	.115	-.253	-2.449	.022
	Ownership	.195	.067	.341	2.898	.008
	CEO Vision	.191	.132	.181	1.449	.161
	CEO Org. Awareness	.148	.163	.125	.908	.373
	CEO Strategic Aware.	-.149	.204	-.106	-.731	.472
	CEO Imagination	-.245	.149	-.213	-1.647	.113
	CEO Judgment	-.497	.182	-.435	-2.728	.012
	CEO Decisive	-.283	.169	-.256	-1.678	.107
	CEO Change-oriented	.073	.152	.073	.481	.635
	CEO Problem Analysis	-.082	.131	-.078	-.625	.538
	CEO Critical Faculty	.064	.164	.055	.393	.698
	CEO Perspective	.445	.130	.445	3.421	.002
	CEO Impact	.241	.134	.221	1.798	.085
	CEO Flexibility	.240	.162	.206	1.483	.152
	CEO Sensitivity	-.230	.165	-.200	-1.397	.176
CEO Motivator	.549	.173	.447	3.171	.004	
CEO Persuasive	-.476	.153	-.407	-3.121	.005	
CEO Assertive	-.113	.124	-.111	-.913	.371	
CEO Energy	.014	.161	.013	.085	.933	
CEO Resilience	.552	.140	.514	3.934	.001	

	CEO Achievement	-.301	.182	-.287	-1.649	.113
	CEO Determination	-.173	.146	-.166	-1.183	.249
	CEO Business Sense	.023	.143	.023	.164	.871
	CEO Delegating	-.183	.172	-.140	-1.061	.300
	CEO Organising	.163	.178	.132	.914	.370
	CEO Planning	-.005	.160	-.005	-.034	.973
	CEO Integrity	-.057	.156	-.051	-.365	.718
4	(Constant)	-1.617	.953		-1.696	.108
	CEO Gender	.381	.182	.180	2.089	.052
	Education	.655	.248	.250	2.637	.017
	LogTA	.081	.027	.326	3.027	.008
	Tenure	-.130	.097	-.138	-1.333	.200
	Founder	-.323	.110	-.289	-2.944	.009
	Ownership	.204	.063	.357	3.254	.005
	CEO Vision	.242	.127	.229	1.899	.075
	CEO Org. Awareness	.119	.152	.101	.788	.442
	CEO Strategic Aware.	-.215	.192	-.153	-1.124	.277
	CEO Imagination	-.269	.138	-.235	-1.955	.067
	CEO Judgment	-.475	.169	-.416	-2.805	.012
	CEO Decisive	-.262	.156	-.237	-1.678	.112
	CEO Change-oriented	.024	.145	.024	.164	.871
	CEO Problem Analysis	-.092	.122	-.088	-.755	.461
	CEO Critical Faculty	.052	.157	.044	.330	.745
	CEO Perspective	.502	.125	.502	4.007	.001
	CEO Impact	.221	.129	.202	1.711	.105
	CEO Flexibility	.236	.161	.203	1.470	.160
	CEO Sensitivity	-.188	.159	-.164	-1.184	.253
	CEO Motivator	.618	.164	.503	3.769	.002
	CEO Persuasive	-.577	.155	-.494	-3.716	.002
	CEO Assertive	-.073	.120	-.072	-.609	.551
	CEO Energy	-.097	.153	-.089	-.631	.536
	CEO Resilience	.604	.133	.563	4.548	.000
	CEO Achievement	-.353	.174	-.336	-2.024	.059
	CEO Determination	-.172	.135	-.165	-1.277	.219
	CEO Business Sense	.085	.138	.085	.617	.546
	CEO Delegating	-.196	.167	-.150	-1.172	.257
	CEO Organising	.238	.176	.193	1.351	.194
	CEO Planning	-.009	.150	-.008	-.059	.954
	CEO Integrity	-.063	.147	-.056	-.425	.676
	CEO Power	.119	.113	.128	1.058	.305
	Expert Power	-.039	.164	-.033	-.240	.813
Referent Power	.138	.144	.139	.961	.350	

	Charismatic Power	-.218	.121	-.216	-1.803	.089
	Prestige Power	.218	.142	.198	1.539	.142
	Information Power	-.173	.095	-.211	-1.815	.087

a. Dependent Variable: LgShpricechg1yr

APPENDIX A12B
REGRESSION ANALYSIS RESULT
(CONTROLLING FOR FIRM SIZE - RETURN ON ASSETS)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.333 ^a	.111	.088	.56708	.111	4.894	3	118	.003
2	.416 ^b	.173	.130	.55397	.062	2.883	3	115	.039
3	.633 ^c	.401	.195	.53294	.228	1.370	25	90	.143
4	.650 ^d	.423	.169	.54134	.022	.538	6	84	.778

a. Predictors: (Constant), Education, CEO Gender, LogTA

b. Predictors: (Constant), Education, CEO Gender, LogTA, Founder, Tenure, Ownership

c. Predictors: (Constant), Education, CEO Gender, LogTA, Founder, Tenure, Ownership, CEO Impact, CEO Problem Analysis, CEO Resilience, CEO Vision, CEO Assertive, CEO Flexibility, CEO Delegating, CEO Imagination, CEO Critical Faculty, CEO Org. Awareness, CEO Persuasive, CEO Integrity, CEO Perspective, CEO Organising, CEO Decisive, CEO Business Sense, CEO Motivator, CEO Energy, CEO Determination, CEO Sensitivity, CEO Strategic Aware., CEO Planning, CEO Change-oriented, CEO Judgement, CEO Achievement

d. Predictors: (Constant), Education, CEO Gender, LogTA, Founder, Tenure, Ownership, CEO Impact, CEO Problem Analysis, CEO Resilience, CEO Vision, CEO Assertive, CEO Flexibility, CEO Delegating, CEO Imagination, CEO Critical Faculty, CEO Org. Awareness, CEO Persuasive, CEO Integrity, CEO Perspective, CEO Organising, CEO Decisive, CEO Business Sense, CEO Motivator, CEO Energy, CEO Determination, CEO Sensitivity, CEO Strategic Aware., CEO Planning, CEO Change-oriented, CEO Judgement, CEO Achievement, Charismatic Power, Information Power, CEO Power, Prestige Power, Expert Power, Referent Power

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.721	3	1.574	4.894	.003 ^b
	Residual	37.946	118	.322		
	Total	42.668	121			
2	Regression	7.376	6	1.229	4.006	.001 ^c
	Residual	35.291	115	.307		
	Total	42.668	121			
3	Regression	17.105	31	.552	1.943	.008 ^d
	Residual	25.562	90	.284		
	Total	42.668	121			
4	Regression	18.051	37	.488	1.665	.028 ^e
	Residual	24.616	84	.293		
	Total	42.668	121			

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.575	.810		1.945	.054
	LogTA	-.057	.024	-.213	-2.437	.016
	CEO Gender	-.583	.200	-.253	-2.914	.004
	Education	.052	.248	.018	.210	.834
2	(Constant)	1.654	.817		2.023	.045
	LogTA	-.068	.026	-.253	-2.653	.009
	CEO Gender	-.535	.197	-.233	-2.711	.008
	Education	.114	.246	.040	.463	.644
	Tenure	.042	.104	.042	.405	.686
	Founder	.169	.122	.139	1.387	.168
	Ownership	-.192	.068	-.310	-2.846	.005
3	(Constant)	.511	1.054		.485	.629
	LogTA	-.092	.029	-.339	-3.129	.002
	CEO Gender	-.444	.205	-.193	-2.164	.033
	Education	.045	.272	.016	.164	.870
	Tenure	.097	.109	.095	.884	.379
	Founder	.098	.121	.080	.805	.423
	Ownership	-.195	.071	-.314	-2.763	.007
	CEO Vision	.234	.138	.204	1.690	.094
	CEO Org. Awareness	.096	.172	.075	.560	.577
	CEO Strategic Aware.	.123	.215	.081	.573	.568
	CEO Imagination	.062	.156	.050	.397	.692
	CEO Judgement	-.197	.191	-.159	-1.030	.306
	CEO Decisive	-.093	.177	-.078	-.526	.600
	CEO Change-oriented	.164	.160	.150	1.027	.307
	CEO Problem Analysis	-.101	.138	-.088	-.729	.468
	CEO Critical Faculty	-.024	.172	-.019	-.139	.890
	CEO Perspective	-.072	.137	-.067	-.529	.598
	CEO Impact	-.064	.141	-.054	-.453	.651
	CEO Flexibility	-.075	.170	-.059	-.440	.661
	CEO Sensitivity	-.402	.173	-.321	-2.319	.023
CEO Motivator	.145	.182	.109	.798	.427	
CEO Persuasive	.007	.160	.006	.046	.964	
CEO Assertive	.001	.130	.001	.008	.994	

	CEO Energy	.168	.169	.143	.995	.322
	CEO Resilience	.021	.147	.018	.146	.885
	CEO Achievement	-.112	.192	-.098	-.586	.560
	CEO Determination	.135	.153	.119	.877	.383
	CEO Business Sense	.019	.151	.018	.129	.897
	CEO Delegating	-.057	.181	-.040	-.315	.754
	CEO Organising	-.141	.187	-.105	-.754	.453
	CEO Planning	-.006	.168	-.005	-.037	.971
	CEO Integrity	.518	.164	.430	3.161	.002
	(Constant)	.380	1.107		.343	.732
	LogTA	-.095	.031	-.351	-3.046	.003
	CEO Gender	-.442	.212	-.192	-2.086	.040
	Education	.123	.288	.043	.426	.671
	Tenure	.095	.113	.094	.845	.401
	Founder	.105	.127	.087	.826	.411
	Ownership	-.178	.073	-.287	-2.447	.017
	CEO Vision	.239	.148	.209	1.619	.109
	CEO Org. Awareness	.064	.176	.050	.365	.716
	CEO Strategic Aware.	.096	.223	.063	.432	.667
	CEO Imagination	.053	.160	.042	.329	.743
	CEO Judgement	-.174	.197	-.140	-.886	.378
	CEO Decisive	-.102	.181	-.085	-.563	.575
	CEO Change-oriented	.182	.169	.167	1.081	.283
	CEO Problem Analysis	-.067	.142	-.059	-.473	.637
	CEO Critical Faculty	-.075	.182	-.059	-.412	.682
4	CEO Perspective	-.042	.146	-.038	-.287	.775
	CEO Impact	-.014	.150	-.011	-.090	.928
	CEO Flexibility	-.020	.187	-.016	-.107	.915
	CEO Sensitivity	-.432	.185	-.346	-2.342	.022
	CEO Motivator	.163	.190	.122	.858	.393
	CEO Persuasive	-.104	.180	-.082	-.576	.566
	CEO Assertive	-.011	.140	-.010	-.080	.937
	CEO Energy	.161	.178	.137	.906	.368
	CEO Resilience	.048	.154	.041	.310	.757
	CEO Achievement	-.099	.203	-.087	-.489	.626
	CEO Determination	.149	.157	.132	.952	.344
	CEO Business Sense	.060	.161	.055	.373	.710
	CEO Delegating	.016	.194	.011	.083	.934
	CEO Organising	-.218	.205	-.162	-1.063	.291
	CEO Planning	-.007	.174	-.006	-.039	.969
	CEO Integrity	.499	.171	.415	2.920	.004
	CEO Power	-.016	.131	-.016	-.125	.901

	Expert Power	.081	.191	.062	.424	.672
	Referent Power	.164	.167	.152	.980	.330
	Charismatic Power	-.130	.141	-.118	-.925	.358
	Information Power	.007	.111	.008	.064	.949
	Prestige Power	-.155	.165	-.130	-.943	.348

APPENDIX A12C
REGRESSION ANALYSIS RESULT
(CONTROLLING FOR FIRM SIZE - TOBIN'S Q)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.378 ^a	.143	.126	.49911	.143	8.297	3	149	.000
2	.390 ^b	.152	.118	.50146	.009	.536	3	146	.658
3	.575 ^c	.331	.160	.48938	.179	1.292	25	121	.181
4	.590 ^d	.349	.139	.49536	.018	.515	6	115	.796

a. Predictors: (Constant), Education, CEO Gender, LogTA

b. Predictors: (Constant), Education, CEO Gender, LogTA, Founder, Tenure, Ownership

c. Predictors: (Constant), Education, CEO Gender, LogTA, Founder, Tenure, Ownership, CEO Impact, CEO Problem Analysis, CEO Resilience, CEO Vision, CEO Assertive, CEO Flexibility, CEO Delegating, CEO Imagination, CEO Critical Faculty, CEO Org. Awareness, CEO Persuasive, CEO Integrity, CEO Perspective, CEO Organising, CEO Decisive, CEO Business Sense, CEO Motivator, CEO Energy, CEO Determination, CEO Sensitivity, CEO Strategic Aware., CEO Planning, CEO Change-oriented, CEO Judgement, CEO Achievement

d. Predictors: (Constant), Education, CEO Gender, LogTA, Founder, Tenure, Ownership, CEO Impact, CEO Problem Analysis, CEO Resilience, CEO Vision, CEO Assertive, CEO Flexibility, CEO Delegating, CEO Imagination, CEO Critical Faculty, CEO Org. Awareness, CEO Persuasive, CEO Integrity, CEO Perspective, CEO Organising, CEO Decisive, CEO Business Sense, CEO Motivator, CEO Energy, CEO Determination, CEO Sensitivity, CEO Strategic Aware., CEO Planning, CEO Change-oriented, CEO Judgement, CEO Achievement, Charismatic Power, Information Power, CEO Power, Prestige Power, Expert Power, Referent Power

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.201	3	2.067	8.297	.000 ^b
	Residual	37.118	149	.249		
	Total	43.319	152			
2	Regression	6.605	6	1.101	4.378	.000 ^c
	Residual	36.713	146	.251		
	Total	43.319	152			
3	Regression	14.341	31	.463	1.932	.006 ^d
	Residual	28.978	121	.239		
	Total	43.319	152			
4	Regression	15.100	37	.408	1.663	.022 ^e
	Residual	28.219	115	.245		
	Total	43.319	152			

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.713	.636		1.121	.264
	LogTA	-.088	.019	-.364	-4.770	.000
	CEO Gender	-.203	.157	-.098	-1.294	.198
	Education	-.022	.195	-.009	-.115	.908
2	(Constant)	.782	.660		1.185	.238
	LogTA	-.094	.021	-.386	-4.504	.000
	CEO Gender	-.190	.159	-.092	-1.192	.235
	Education	-.004	.198	-.002	-.019	.984
	Tenure	.003	.084	.004	.039	.969
	Founder	.037	.098	.034	.372	.710
	Ownership	-.063	.055	-.114	-1.160	.248
3	(Constant)	-.432	.864		-.500	.618
	LogTA	-.125	.024	-.517	-5.226	.000
	CEO Gender	-.133	.168	-.065	-.792	.430
	Education	-.034	.223	-.013	-.154	.877
	Tenure	-.059	.090	-.064	-.657	.513
	Founder	.022	.099	.021	.226	.822
	Ownership	-.071	.058	-.127	-1.222	.224
	CEO Vision	.128	.113	.124	1.129	.261
	CEO Org. Awareness	-.039	.141	-.034	-.278	.782
	CEO Strategic Aware.	-.155	.176	-.113	-.880	.381
	CEO Imagination	.225	.128	.200	1.755	.082
	CEO Judgement	.061	.157	.055	.391	.697
	CEO Decisive	.114	.145	.106	.786	.433
	CEO Change-oriented	-.090	.131	-.092	-.688	.493
	CEO Problem Analysis	.099	.113	.097	.880	.381
	CEO Critical Faculty	-.202	.141	-.175	-1.428	.156
	CEO Perspective	.040	.112	.041	.354	.724
	CEO Impact	-.011	.115	-.010	-.096	.924
	CEO Flexibility	.057	.139	.050	.411	.682
	CEO Sensitivity	-.166	.142	-.148	-1.173	.243
	CEO Motivator	.192	.149	.160	1.286	.201
	CEO Persuasive	.152	.131	.133	1.160	.248
CEO Assertive	.027	.106	.027	.252	.802	
CEO Energy	.246	.138	.233	1.776	.078	
CEO Resilience	.087	.121	.083	.721	.472	

	CEO Achievement	-.033	.157	-.032	-.210	.834
	CEO Determination	-.130	.126	-.127	-1.031	.305
	CEO Business Sense	.026	.123	.027	.212	.833
	CEO Delegating	-.022	.148	-.017	-.145	.885
	CEO Organising	-.147	.154	-.122	-.959	.339
	CEO Planning	.015	.138	.014	.108	.914
	CEO Integrity	-.051	.134	-.047	-.377	.707
4	(Constant)	-.126	.904		-.139	.890
	LogTA	-.131	.025	-.538	-5.148	.000
	CEO Gender	-.164	.173	-.079	-.950	.344
	Education	-.109	.235	-.043	-.463	.645
	Tenure	-.060	.092	-.066	-.656	.513
	Founder	.039	.104	.036	.375	.708
	Ownership	-.080	.059	-.143	-1.345	.181
	CEO Vision	.117	.121	.113	.969	.335
	CEO Org. Awareness	-.033	.144	-.028	-.226	.822
	CEO Strategic Aware.	-.187	.182	-.137	-1.031	.305
	CEO Imagination	.245	.131	.219	1.876	.063
	CEO Judgement	.059	.160	.053	.370	.712
	CEO Decisive	.132	.148	.122	.892	.374
	CEO Change-oriented	-.121	.138	-.123	-.881	.380
	CEO Problem Analysis	.116	.116	.113	.998	.320
	CEO Critical Faculty	-.185	.149	-.161	-1.246	.215
	CEO Perspective	.021	.119	.021	.174	.862
	CEO Impact	.006	.122	.006	.053	.958
	CEO Flexibility	.019	.152	.017	.125	.901
	CEO Sensitivity	-.111	.151	-.098	-.734	.464
	CEO Motivator	.139	.155	.115	.892	.374
	CEO Persuasive	.147	.147	.128	.996	.321
	CEO Assertive	.001	.114	.001	.005	.996
	CEO Energy	.262	.145	.248	1.803	.074
	CEO Resilience	.077	.126	.073	.610	.543
	CEO Achievement	.008	.165	.008	.051	.960
	CEO Determination	-.128	.128	-.125	-.996	.321
	CEO Business Sense	-.021	.131	-.022	-.161	.873
	CEO Delegating	-.062	.158	-.049	-.392	.695
	CEO Organising	-.146	.167	-.121	-.875	.383
	CEO Planning	.006	.142	.006	.043	.965
	CEO Integrity	-.078	.140	-.072	-.561	.576
	CEO Power	.085	.107	.094	.798	.427
Expert Power	.070	.156	.059	.447	.656	

	Referent Power	-.079	.136	-.081	-.577	.565
	Charismatic Power	-.057	.115	-.058	-.498	.619
	Information Power	.091	.090	.114	1.009	.315
	Prestige Power	.039	.134	.036	.287	.775

APPENDIX A13
CEO POWER PORTFOLIO PERFORMANCE

A. VERY POWERFUL CEOS						
CO. ID	COMPANY	CEOPOWER %	1yrchg	2yrschg	3yrschg	4yrschg
17	INTBREW	1	184.21	152.34	613.66	229.94
95	FIDSON	1	51.43	(65.36)	(40.45)	(33.75)
118	PAINTCOATING	1	276.92	(41.67)	292.00	292.00
3	PRESCO	0.75	96.08	148.18	203.57	68.15
23	DANGFLOUR	0.75	64.00	(51.19)	(17.42)	(35.69)
24	DANGSUGAR	0.75	27.66	(62.50)	(59.13)	(61.29)
40	ACCESS	0.75	88.54	(4.74)	19.08	28.01
50	STERLINGBNK	0.75	71.29	(25.11)	40.65	(28.51)
55	ZENITHBANK	0.75	60.02	29.07	43.31	(11.41)
129	OANDO	0.75	(43.86)	(81.29)	(86.86)	(84.52)
	AVERAGE RETURNS (%)		87.63	(0.23)	100.84	36.29
	NET OF CHARGES		80.26	(4.14)	92.87	30.95
B. LESS POWERFUL CEOS						
2	OKOMU	0.5	83.98	179.61	86.81	107.32
19	NB	0.5	55.69	90.91	177.25	259.85
25	FLOURMILLS	0.5	(0.69)	(5.80)	80.56	103.19
41	DIAMONDBANK	0.5	157.29	(34.13)	(33.24)	(33.78)
44	FBNH	0.5	96.50	14.49	11.89	(25.53)
109	ASHAKACEM	0.5	58.85	(32.29)	55.41	5.53
117	WAPCO	0.5	35.33	43.81	98.54	129.53
133	MOBIL	0.5	(18.42)	(22.52)	10.58	(67.01)
153	UNILEVER	0.5	60.34	72.86	151.35	347.98
51	UBA	0.25	76.06	(50.16)	(57.78)	(65.32)
	AVERAGE RETURNS (%)		60.49	25.68	58.14	76.17
	NET OF CHARGES		54.21	20.75	51.91	69.25
			1yrchg	2yrschg	3yrschg	4yrschg
	NSE ALLSHARE INDEX		35.45	13.36	34.82	(10.72)

NB: () = negative

APPENDIX B1
SUMMARY OF PILOT STUDY

Pilot Study

1. Introduction

The small scale preliminary study was conducted between February and April 2012 to evaluate feasibility and adverse events; and also to pre-test the proposed questionnaire, collect preliminary data and identify design issues in an attempt to improve upon the study design before commencing the main research study. The format which comprised three phases involved using a focus group to establish the issues to be addressed in the main questionnaire survey. The piloting of the research proposal was done in Nigeria.

2. Purpose of the study

The main objective of the pilot study is to evaluate feasibility, test the proposed questionnaire and obtain feedback in an attempt to identify design issues, collect preliminary data, assess thoroughly the planned statistical and data analysis techniques and procedures, and improve upon the study design before commencing the main research.

3. Methodology

The data collection method was basically through survey, questionnaire survey.

Questionnaire Design

The proposed research design includes the use of a research instrument, a questionnaire. Closed-ended questions were used in the questionnaire. Remenyi et al., (2009) note that closed-ended questions are typically used in quantitative studies. The assumption is that detailed knowledge is available on the attribute of interest and therefore it is possible to pre-specify the categories of response. Questionnaire responses will be quantified by assigning numbers to the responses based on nominal, ordinal, interval and ratio rules.

Regarding the structure of the questionnaire, the proposed questionnaire (CEO Power Assessment Questionnaire) is divided into three parts. The first part of the questionnaire provided background questions and general information such as age, gender, and level of education, profession and years of experience of the respondents in the stockmarket. The second part which measures CEO personal

qualities was adapted from the work on Personal Competencies for Board of Directors developed by Dulewicz and Gay (1995). Finally part 3 which is made of two parts (A and B) is comprised of questions related to CEO Power dimension and Factors influencing share price performance in the stockmarket. A 5 point Likert scale was adopted in part 3 of the questionnaire that varied from 1 as 'Strongly disagree' to 5 as 'Strongly agree'. The scale used in part 2 had been repeatedly used in previous studies, for example Dulewicz, V (1994b) and Dulewicz, V (1995). The scales used were both single item and multiple item scales.

Sampling

The sampling frame for the pilot study is professionals in the stockmarket including top management team of companies quoted on the Nigerian Stock Exchange. A total of 91 respondents comprising of Stockbrokers, top management of the regulatory agencies, senior executives of some of the listed firms, registrars capital market analysts and other professionals completed the questionnaire.

4. Data Analysis

The responses of the pilot study were subjected to exploratory data analysis to obtain the feel of the data. In addition to other statistical analysis performed, the results of reliability testing using Cronbach's alpha that was performed on CEO personal competencies scale and CEO power dimension scale gave the researcher some indication and comfort regarding the stability and consistency of the measures used and that will be used in the main study.

5. Findings

The pilot was useful in identifying concerns with some items in the questionnaire. Given the cultural issues surrounding disclosure of age by respondents, the pilot revealed the need to delete item on age from the questionnaire while retaining item 3b (age group) which will be used by SPSS to perform other analysis including independent sample t-test.

Another concern from the pilot was the length of the questionnaire. Though the total numbers of items in the questionnaire were considered satisfactory, it was observed that anything above 60 items or 7 pages would put off or drastically reduce the interest and thus the response rate of the respondents.

Finally, the favourable comments in respect of the research topic, the numerous requests for the outcome of the research to be published, the prompt and spontaneous attention given the researcher and the respectable response rate (75%) of returned completed questionnaires indicate the area of research was of vital relevance to the industry.

2. Major Contributions of the Pilot Study

Pilot studies are conducted for a range of important different reasons and can provide valuable insights for researchers. This pilot study threw up several issues that helped in improving the main research study. The major contributions of the pilot study were as follows:

The Pilot study in addition to taking serious note of cultural issues such as age, also gave an indication as to areas to be modified or reviewed in the questionnaire before commencing the full scale study to ensure that the final questionnaire would be more acceptable to respondents in terms of length and time required to complete it.

Another major contribution of the pilot was the discovery of factors that enhance full completion of the measuring instrument and a successful respondent response rate. Furthermore, the pilot made possible the testing of the scales in the questionnaire. As noted by Teijlingen and Hundley (2001), conducting a pilot does not guarantee success in the main study but it does increase the likelihood.

Finally, the pilot was helpful in developing and testing adequacy of the research instrument, testing the research process, establishing the effectiveness of the sampling frame and techniques. Practical logistical problems which might occur using proposed methods were identified. The pilot equally helped the researcher to gather preliminary data and assess the proposed data analysis techniques.