Public Abstract
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This paper examines the influence of firm disclosure on CEO turnover. Two competing theoretical views motivate my inquiry. One view is that an expanded disclosure policy improves firm information environment and hence allows for greater monitoring. Greater monitoring, in turn, constrains managers from undertaking actions that are contrary to shareholder interest. As such, this view anticipates a negative relation between disclosure and CEO turnover. A contrary view is that an expanded disclosure policy limits managerial ability to manipulate performance metrics such as a firmâ€™s earnings. Consequently, managers have limited ability to conceal poor firm performance. Greater disclosure is also argued to improve board ability to assess managerial talent. Both these arguments point to a positive association between firm disclosure policy and CEO turnover. In my dissertation, I evaluate the empirical validity of these two competing views. Following prior research, I evaluate disclosure based on firm management earnings guidance policy. In general, I find a positive association between involuntary CEO turnover and disclosure quality. This finding is robust across several tests and supports the view that an expanded disclosure policy limits managerial ability to conceal bad news and improves board ability to assess CEO talent. Overall, my study highlights the influence of disclosure policy on CEO succession.