PRICE REACTION TOWARDS CEO SUCCESSION: EVIDENCE OF MALAYSIAN PUBLIC LISTED COMPANIES

Abstract

This study observes the impact of CEO succession on stock price of Malaysian Public Limited Companies (PLCs). Standard event study methodology is used to examine the immediate price effects of all Bursa Malaysia listed firms that announced CEO turnover during 2008 to 2010. The finding shows that the market is indifferent on the date of announcement. However, there is a significant positive abnormal returns of 1.5% in 10 days before the announcement date using both the market return and market adjusted return models. Profitability as measured by return on asset, and growth as measured by market to book value, appear to affect significantly firms' price returns.