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증시 상장 후 창립 CEO의 존재가 기업 실패에 미치는 영향 : 상황이론적 접근을 중심으로

손은희* · 송재용**

<국문초록>

본 연구는 증시 상장 후의 불안정한 상황에서 창립 CEO의 존재가 기업의 성패에 어떤 영향을 미치는지를 알아보기 위해 다양한 내·외부적 상황의 조절효과를 분석하고 있다. 창립 CEO가 기업의 지분을 많이 소유할수록, 정당성을 획득할수록, 그리고 기업의 연한이 오래될수록 전환기의 불확실성으로부터 기업을 보호하는 창립자의 효과는 배가된다. 그러나 기업의 규모가 창립자의 역량을 초과할 정도로 지나치게 커질 경우, 그의 존재는 오히려 장애물로 작용한다. 본 연구는 1999년부터 2000년까지 한국에서 상장된 211개 기업샘플을 실증분석한 결과, 창립자의 소유지분 및 정당성이 클수록 상장 후 기업의 안정에 창립자가 긍정적인 영향을 미치는 반면, 기업의 규모가 클수록 창립자의 존재가 부정적으로 작용하여 상장 후 실패의 가능성을 높임을 확인하였다.

주제어 : 창립자 존재 효과, 증시 상장, 상황 이론

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The Impact of Founder-CEO Presence upon Post-IPO Firm Failure : Contingency Approach

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<Abstract>

This study looks at how internal and external contingencies can moderate the impact of founder-CEO presence when firms are faced with a transitional challenge after IPO. Whereas founder-CEO can act as a transformational shield when his presence is supported by strong founder ownership, legitimacy or older firm age (thus longer tenure), founder can also become a transitional obstacle when firm size is big enough to outgrow his managerial capabilities. The hypotheses were tested by tracking a sample of 211 firms that went public in Korea during 1999~2000. Bigger founder ownership and founder legitimacy interacted with founder presence to significantly lower the likelihood of firm failure, whereas bigger firm size interacted with founder presence to increase the likelihood.

Key Words : Founder-CEO, Firm Survival, Event-history Analysis, Post-IPO Firms

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Ⅰ. Introduction

Although a number of literatures have studied the founder-performance relationship, their empirical test results have been inconsistent and inconclusive(Daily and Dalton, 1992; Willard et al., 1992; Begley, 1995; Jayamaran et al., 2000; Certo et al., 2001; Adams et al., 2009). One reason that can be attributed to this inconsistency in the empirical results is the endogenous relationship between founder presence and firm performance. Since positive performance tend to induce early departure of founders-a phenomenon dubbed as "the paradox of entrepreneurial success" by Wasserman(2003), the results in general performance regression may be subject to distortion.

Another possibility is that founder-CEO presence itself does not have a direct influence upon firm performance but it rather interacts with other variables such as organizational age and size, as suggested in Jayamaran et al.(2000). They found that although founder-CEO presence did not have a strong main effect upon holding period stock returns, it did have a significant interaction when linked with firm age and size variable. On a similar note, it was shown in Fischer and Pollock(2004)'s study that although the presence of founder-CEO at the time of IPO did not improve the survival chances of the firm, it interacted positively with CEO ownership to lower the likelihood of firm failure. Both of their studies imply that the impact of founder-CEO presence upon firms is highly dependent upon internal and external contingencies.

For these reasons suggested above, it is difficult to come up with a coherent answer to the issue of founder-performance relationship. In substitution for the previously adopted regression analysis fraught with the problem of endogeneity, this study adopts the event history analysis to look at the relationship between founder-related variables, organizational variables and the likelihood of firm survival in the post-IPO setting with the financial performance variables controlled. As only a few studies look at founder-performance relationship from the perspective of firm survival(Daily et al., 2002), this study may make an addition to the extant firm survival and IPO-related literatures.

From one perspective, founder presence can act as a transformational shield that protects the firm from survival risks(Fischer and Pollock, 2004). However from another perspective, founder presence also act as a transitional obstacle to necessary organizational changes(Churchill and Lewis, 1983; Flamholtz, 1990). Thus, the objective of this study is not just to determine the pure impact of founder presence itself, but rather to find out when(under what contingencies) founder presence function as a transformational shield or a transitional obstacle.

In order to define the contingencies that moderate the impact of founder presence, this study borrows a variety of theoretical standpoints such as agency theory, legitimacy theory and the organizational life-cycle theory. As different contingencies are tested in the same research setting, we may be able to compare them and figure out which factor can make a founder most powerful. The moderating contingency variables examined in this study are founder ownership, founder media exposure, firm size and firm age.

In the sections to be followed, I develop theoretical arguments to suggest when and how founder-CEO leadership act either as a transformational shield or a transitional obstacle to a radical change. It is argued that bigger founder ownership, founder legitimacy(proxied by his media exposure) and firm age(virtually same as founder tenure) strengthen the founder's role as a transformational shield by decreasing agency, legitimacy and managerial risk, respectively and thus may lower the likelihood of firm failure. On the other hand, bigger firm size turns the founder into a transitional obstacle by increasing managerial risk.

These hypotheses are tested by tracking a sample of 211 firms that went public in Korea during 1999~2000. Bigger founder ownership and founder legitimacy interacted with founder presence to significantly lower the likelihood of firm failure, whereas bigger firm size interacted with founder presence to increase the likelihood.

Ⅱ. Theory and Hypotheses

2.1 Founder-CEO Leadership and Firm Failure

Founder not only establishes a firm but also interacts with its members since its inception. This allows founder to accumulate firm-specific capital that are specifically catered to firm needs and firm culture. As founders continue to function as a focal point for other decision makers because of their knowledge, experience, and organizational stature (Pfeffer and Salancik, 1978; Nelson, 2003), they accrue more amount of organization-specific knowledge and experience than any other member of the firm. Because such knowledge is highly tacit and sticky, it can be considered as an organizational asset that cannot be quickly copied or replaced by hired managers.

Founders have more psychological attachment to and bigger "sunk cost" in the firm compared to hired "mercenary" CEOs(Fischer and Pollock, 2004; Moon, 2001; Ross and Staw, 1993). This commitment acts as an 'anti-agency cost' in that such managers will more likely refrain from exploiting, or 'draining' organizational resources(Nelson, 2003).

Such firm-specific knowledge and psychological commitment possessed by the founder will allow organizational members to develop interpersonal trust and social bonds to the founder and comply to his decision(Tyler and Degoey, 1996). This perception of trustworthiness will not only facilitate seamless communication within the organization, but also prevent unnecessary political battles and conflicts that are deleterious to firm survival.

On the other hand, there are competing arguments that suggest the negative influence of founder. The most common and compelling argument put forward by organizational life cycle theorists is that the skills and capabilities owned by the founder as an entrepreneur cannot support the transition to a post-venture firm(Rubenson and Gupta, 1996; Flamholtz, 1990; Tashakori, 1980; Greiner, 1972). Entrepreneurs often have difficulties dealing with increased managerial tasks, as fundamental changes in management style do not commonly emerge in response to the demands of an evolving organizational context(Willard et al., 1992).

Another problem with founders is their lack of objectivity and 'extreme bias towards optimism'(Certo et al., 2001). Although the founder's psychological attachment to the firm have the aforementioned benefits, this often implies that the founder does not have an inadequate level of emotional distance that is required to make a sensible judgment.

Overall, there are competing theories to explain the impact of founder-CEO presence upon firm survival. Thus, whether or not founder-CEO presence is beneficial to firm survival remains an empirical question, rather than a fixated argument. I expect that the presence of a founder-CEO will have an indeterminate relationship with the likelihood of firm failure as it can work in both directions depending upon how contingencies are. Therefore, I leave the discussion of the main effect until the actual analysis result comes out.

2.2 Firm Founder as a Transformational Shield or a Transitional Obstacle : Contingency Approach

The post-IPO period provides an opportunity to test the role of founder during a transition period. Whereas founder-CEOs can act as a transformational shield to a sociopolitical change (Fischer and Pollock, 2004) against challenges and uncertainties for certain reasons, they could rather act as an obstacle to transition for other reasons(Churchill and Lewis, 1983; Flamholtz, 1990). Thus, whether or not the presence of a founder-CEO is beneficial or deleterious to a firm is a purely empirical question in a sense. Rather than trying to find an absolute answer to this question, we should be better off trying to clarify the contingencies under which the presence of a founder-CEO can vary and identify which factors are most relevant in determining benefits(or drawbacks) of founder-CEO presence. A few number of researches have adopted such an approach, looking at the moderating influence of ownership(Fischer and Pollock 2004), or organization size and age(Jayamaran et al., 2001) upon founder-CEO presence and firm outcome. However, the moderating effects of different contingencies have not been examined comprehensively in one research setting.

2.3 Sources of Firm Risk that Brings Post-IPO Failure

IPO is a significant, non-repeatable event that incurs costs, liabilities and challenges and many post-IPO firms become subject to significant risk of failure(Fischer and Pollock 2004). In reference to a variety of literatures regarding the risks and challenges that IPO firms face(Al-Busaidi 2006), I re-define three risks that arise from corporate IPO and relevant to founder-CEOs : legitimacy risk, agency risk and managerial risk.

Agency risk : In general, CEOs and top management team members hold a significant portion of ownership stakes in private firms. However when firms go public, insiders' equity ownership is drastically diluted as new stocks are issued. Increased seperation of management and ownership can cause an agency problem (Jensen and Meckling, 1976). Alignment of interest cannot be guaranteed under such circumstances and firms become more prone to opportunistic behaviors of managers.

Legitimacy risk : Organizational legitimacy has been defined as the acceptance of an organization by its environment (Dowling and Pfeffer, 1975; Hannan and Freeman, 1989; Meyer and Rowan, 1977; Deeds et al., 2004), which is gained by meeting the expectations and abiding social norms, values and meanings(Hirsch and Andrews, 1984; Parsons, 1960; Deephouse and Carter, 2005). It has been noted that emerging organizations' survival prospects are enhanced by organizational legitimacy, as having the legitimacy allows them to attract resources (Deeds et al., 2005).

The legitimacy risk that IPO firms suffer come from their liability of newness(Stinchcombe, 1968) and the high level of uncertainty perceived by external investors and customers. The low-level of credibility and reputation of newly-debuted IPO firms make it difficult for them to gain access to financial capital and secure vital resources from the external environment (Al-Busaidi, 2006).

Managerial risk : The transformation from private to public status are accompanied by a disruption to organizational routines and a new need to adapt to new systems and cultures. Organizations are restructured as more formal government structure is put in place, new executives and staff are hired to deal with investors and regulatory institutions(Fischer and Pollock 2004).

The raised financial capital from the public market offering and dramatic expansion of firm size brings forth a tough managerial challenge for executives(Flamholtz, 1990). Not only that, expansion in product offerings and market scope enabled by raised financial resources result in a "leadership crisis"(Greiner, 1972; Hanks, 1990) in which a firm outgrows the expertise of the entrepreneur(Boeker and Karichalil, 2002).

2.4 Agency Risk and Firm Failure

Moderating Effect of Founder Ownership : As mentioned above, post-IPO firms become prone to increased agency risk as a result of dilution of inside ownership. In a case in which the founder remains present as CEO even after the IPO, ownership dilution is much less significant(Nelson, 2003). Because ownership provides founder with the power and discretion to actually pursue and push the strategic objectives as a chief executive(Finkelstein and Hambrick, 1990), remaining founder-CEO tend to maintain a significant portion of his ownership stakes.

Without the power and discretion to support the founder, the knowledge and experience possessed by him cannot be translated to strategic efficacy. Ownership stakes should be preserved in order to effectively secure the role of founder as the focal point of organizational decision-making and communication.

In addition to that, although most founders are generally found to be psychologically committed to the firm, it can be thought that ownership provides a real motivation. Greater ownership percentage strengthens alignment of interest and reduces agency cost, making the founder use resources more prudently(Hitt, Bierman, Shimizu, and Kochar, 2001).

Hypothesis 1 : The presence of a founder-CEO with greater ownership stakes will lower the likelihood of firm failure.

2.5 Legitimacy Risk and Firm Failure

Moderating role of founder reputation : Being perceived as legitimate by the external resource providers is critical for firms to gain access to the resources necessary to exploit the perceived opportunity(Deeds et al., 2004) and overcome the liability of newness. Researchers have dealt with different types of external endorsements that can enhance a firm's legitimacy, such as winning certification(Rao, 2004; Wade et al., 1996), allying with established firms(Stuart et al., 1999; Stuart, 2000), and being associated to prestigious VC capitalists (Barry et al., 1990; Gompers, 1996; Gulati and Higgins, 2003). or deal underwriter(Carter and Manaster, 1990; Higgins and Gulati, 2003, 2006; Pollock, 2004). (Please refer to Pollock and Gulati (2007) for a comprehensive review).

Aside from externally oriented endorsements, the presence of a highly reputed founder-CEO at an IPO event and thereafter is also an effective way of mitigating legitimacy risk. It has been noted that entrepreneur's positive reputation has an uncertainty-reducing effect to external investors and lead to a better chance of fundraising(Shane and Cable, 2002). We have seen many cases in which strong founder reputation itself can make a firm stand out amongst others to the market audience and potential alliance partners, such as Steve Jobs of Apple and Richard Branson of Virgin Group.

There exist different concepts and definitions of legitimacy and reputation in the literature (Aldrich and Fiol, 1994; Suchman, 1995), but this study specifically focuses on the concept of cognitive legitimacy.

Cognitive legitimacy is enhanced by the dissemination of information to external constituents and the accordingly improved reputation(Deeds et al., 2004). As the availability of information has been shown to bias individual judgements (Tversky and Kahneman, 1974), we can infer that the amount of information available through the media about a particular founder will improve his or her cognitive reputation(Deeds et al., 2004) and enable the firm to garner critical resources and to enhance visibility to external constituents(Certo, 2003; Higgins and Gulati, 2003).

Hypothesis 2 : The presence of a highly reputed founder-CEO will lower the likelihood of firm failure.

2.6 Managerial Risk and Firm Failure

Moderating role of firm size : According to the organizational life cycle theorists, different phases in the life cycle require different management needs (Clifford, 1975; Hanks, 1990). As firms evolve from a newly established entrepreneurial venture to a full-fledged firm, executives face the need to overcome administrative challenges that arise from more complex and decentralized management environment(Tushman and Romanelli, 1985).

Not only that, founders have greater discretion and influence when the organization is small, as they are less constrained by organizational systems and structures(Daily et al., 2002). It is typically argued that once a threshold size is reached, the value of founder to a venture is severely limited (Flamholtz, 1990; Boeker and Karichalil, 2002). The negative moderating effect of firm size upon the founder-CEO presence and stock returns relationship has been tested by Jayaraman et al.(2000) and proven to be significant. A similar logic could be applied to our study although the dependent variable is the event of firm failure.

Hypothesis 3 : The presence of a founder-CEO will increase the likelihood of firm failure, if the firm is bigger.

Moderating role of firm age : For active founder-CEOs, firm age equals their tenure. Thus by definition, bigger firm age means longer tenure of founder-CEOs. Founder-CEOs of older firms with longer tenure thus have more time to develop firm-specific experience and knowledge, as well as stronger support and trust from the employees of the organizations, compared to founder-CEOs of nascent firms. Although some studies propose that paradigm inertia, belief immutability and mental stagnation resulting from longer tenure may act as a burden to the firm(Miller, 1991; Jayaraman et al., 2000), CEO and TMT literatures commonly suggest that longer CEO tenure strengthens their power and discretion within the firm(Finkelstein, 1992; Porac, Wade, and Pollock, 1999). Especially because we are looking at the chances of firm failure rather than performance variables, our focus is on strategic stability rather than strategic efficiency. In that case, it should be reasonable to suggest that the presence of founder will interact positively with firm age to prevent firm failure.

Hypothesis 4 : The presence of a founder-CEO will lower the likelihood of firm failure, if the firm is older.

Ⅲ. Method

3.1 Sample

The sample firms used to test the hypotheses were chosen among the firms that went public on the KOSPI and KOSDAQ market during 1999~2000.

Firms that were spun off from an established firm or established as a joint venture were dropped from our sample list, because their survival cannot be attributed to entrepreneurial founders but rather to the support from their mother or partner firms. Two firms were dropped because of missing data. In particular, the data of Taesan LCD in 2008 was dropped for being a serious outlier that distorts the net income-firm failure relationship (It recorded a tremendous amount of net loss in 2008 due to a wrong KIKO investment, but has not exited the market as of April 2009). After dropping these firms, a total of 211 IPO firms remained for analysis.

The primary data source is disclosure and annual reports of each firm at Data Analysis Retrieval Transfer System(http://dart.fss.or.kr) operated by Financial Supervisory Service, TS2000P Database(http://www.kocoinfo.com), and KIS-LINE(http://www.kisline.com). Data related to founder-CEO's media exposure were gathered from the KINDS archive of news articles(http://www.kinds.or.kr).

The selected firms were analyzed from the year of IPO(either 1999 or 2000) till April 2009. The panel dataset of this study includes 1698 firm-years.

3.2 Variables

3.2.1 Dependent variable

Firm failure : The dependent variable in this study, firm failure, is defined as delisting from the stock market. Whereas previous studies tracked delisting during the five years after firm IPO (Fischer and Pollock, 2004), the time frame of our study is extended to the end of year 2009 because we do not observe sufficiently many instances of firm failure during the five year frame. We also believe that it is reasonable to extend the time frame because agency risks, legitimacy risk and agency risk take effect throughout the life of a firm, not merely during the five years of post-IPO period. Whereas The outcome was coded 1 during the year a firm was delisted and 0 otherwise. A firm was dropped from the sample after delisting, and the others remained as "right-censored" at the end of the observation period. In case that a firm was acquired by another firm, it was dropped from the sample and right-censored, but it was not coded as a failure.

3.2.2 Independent variable

Founder-CEO Presence : This dummy variable is coded 1 if one of the original founders of a company is the CEO that year. Founders were identified by the KISLINE database and cross-checked by searching the internet. Founder is defined as the person presiding as a CEO at the time when the firm gained registered corporation status(이윤진 · 송재용, 2007). In cases where there is huge gap in time between the timing of establishment and the timing of registration, the CEO who established the firm was often different from the presiding CEO at the timing of registration. However, such instances were few and mostly were cases in which the firm established was akin to an ad-hoc organization rather than a professional firm.

3.2.3 Moderating/Control variable

Founder-CEO Ownership : This measure equals the percentage of shares outstanding that are owned by an IPO firm's active founder-CEO.

Founder-CEO Reputation : Although reputation itself cannot be measured empirically, media exposure is taken as a popular proxy of CEO reputation(Milbourn, 2003; Francis et al., 2004; Lee, 2006). Media exposure was measured by looking at the number of articles featuring the CEO in all national daily newspapers and economic newspapers available for search in the media archive at the KINDS archive(the list of newspapers selected as national daily newspapers and economic newspapers can be found in KINDS). We first searched for news articles whose title included founder-CEO's names in it, then dropped any news that only featured the firm and was irrelevant to the CEO per se(for example a case in which the CEO's name only appeared in a bracket next to the firm name). There were cases in which a few founder-CEOs were involved in serious misdeeds including fraud, tax evasion or insider trading, so this measure could not be defined as the number of media exposure regardless of the news tones. Positive(e.g. CEO winning a prize) and non-negative exposures(e.g. a biography or interview) were summed as positive and negative exposures were subtracted from the sum.

Firm Age : This measure equals the number of years past since firm founding.

Firm Size : This measure equals log of the amount of firm's total asset.

High-technology industry dummy : The survival chances of firms varies systematically according to what industry they belong to. According to the arguments of the prior research that firms involved in more technologically complex industries are more prone to failure(Jain and Kini, 2000), we include a dummy variable to control this effect. The criteria for choosing high-technology industry were borrowed from Certo at al.(2001). They include computer hardware/software, semiconductors and printed circuits, biotechnology, telecommunications, pharmaceuticals, specialty chemicals and aerospace.

Sales and net income : All others being equal, bigger sales and net income will prevent firm failure. As the objective of this study is to clarify the effect of founders, we controlled these measures to clear out the effect of financial conditions. Total sales was transformed into a natural log value to control for extreme effects(Jayamaran et al., 2000; Fischer and Pollock, 2004).

Years post IPO : This variable was included as time elapsed since IPO may affect a firm's long-term survival chances(Fischer and Pollock, 2004).

- **Statistical Method**

This study adopted discrete-time event history technique that estimate logit models of dichotomous outcomes for pooled time series data in which the same units are observed at multiple time intervals(Allison, 1984; Yamaguchi, 1991; Fischer and Pollock, 2004). As firm data were collected from annual reports at the end of each year, continuous-time event history could not be used. The model of hazard rate is the following :

$$\lambda_{(t)} = \Pr(Y_{it} = 1 \mid T \geq t,\ \alpha + \beta' X)$$

$$\lambda_{(t)} = \frac{1}{1 + \exp^{-(\alpha + \beta' X)}}$$

$$\log\left[\frac{\Pr(Y_{it} = 1)}{1 - \Pr(Y_{it} = 1)}\right] = \mu_t + \delta X_{it} + \gamma W_{it} + \beta Z_i + \alpha_i$$

Y refers to a dichotomous dummy variable which takes value 1 when the event(in this study, a firm going delisted) takes place. *X* refers to a vector of independent variables that may affect the probability of an event taking place(in this study, founder-CEO presence, ownership, etc).

Stata 10.0 and streg command(which allows analysis of parametric survival models) was used for statistical analysis. The exponential model was chosen among the parametric survival models, assuming that the baseline hazard $\lambda_{(t)}|_{X=0}$ is constant. Cluster command was used to mitigate any problem that can arise from multiple observations of the same unit.

Ⅳ. Result

Before starting the analysis, we ran a multicollinearity test that checks their VIF indices. In particular, one has to be careful to avoid multicollinearity when using interaction terms because it can be highly correlated with the main variable. In this study, severe multicollinearity was observed between founder-CEO presence and the interaction term between founder presence and the log of firm size. In order to cope with this problem, Cronbach's transformation was used whereby the interaction terms are created by centering the variables about their means before multiplying them(Kleinbaum, Kupper, Muller, and Nizam, 1998; Waldman et al., 2001). Other interaction terms and variables did not cause such multicollinearity.

A correlational matrix with the descriptive statistics is presented in Table 1. The total number of observation is 1698, and 42 out of 211(about 19%) firms were delisted, whereas the rest were right-censored.

〈Table 1〉 Descriptive Statistics and Correlation(N = 1698)

Variables	Mean	S.D	Min	Max	1	2	3	4	5	6	7	8	9	10
1.Failure	0.0241	0.1535	0.0000	1.0000	1									
2.Founder-CEO	0.5165	0.4998	0.0000	1.0000	-0.0704*	1								
3.Ownership	18.2847	15.8365	0.0000	83.2000	-0.1131*	0.5786*	1							
4.Media	0.8146	3.5183	-50.0000	41.0000	-0.0386	0.199*	0.0895*	1						
5.Yearpost	4.2141	2.6796	0.0100	9.9900	0.0235	-0.2973*	-0.2416*	-0.0765*	1					
6.Hightech	0.4240	0.4943	0.0000	1.0000	0.0125	0.1601*	0.0576*	0.0222	-0.0788*	1				
7.Firmage	17.1240	10.8164	1.78	65.05	-0.0523	-0.2429*	0.0052	-0.1067*	0.309*	-0.1541*	1			
8.Firmasset(L)	10.6714	1.0341	6.5309	13.7291	-0.1067	0.1174	0.0783	0.1764*	0.2315*	0.0278	0.2817*	1		
9.Firmsales(L)	10.258	1.2976	5.8833	14.3735	-0.1103	0.1665	0.1389*	0.1319*	0.1257*	-0.0431*	0.3378*	0.7321*	1	
10.Net Income	-1534.903	13552.72	-151025	77718	-0.2474*	0.1669*	0.1997*	0.1741*	-0.1164*	-0.0178	0.1543*	0.2524*	0.3209*	1

Note) (L) Natrual Log.
* : 0.05 significance level.

From the correlation matrix, we can note that founder-CEO presence is positively related to high-technology industry dummy and founder ownership percentage. This implies that founders are more likely to remain in high-technology firms. The finding is consistent with previous researches that founders with more ownership stakes tend to resist turnover and remain in the firm(Boeker and Karichalil 2002; Rhee and Song 2007).

Among the three models, the final model with interaction terms included showed improved log-likelihood. As the final model has the strongest explanatory power, discussion of results will be based upon it.

As for the analysis result, the first hypothesis about the moderating role of founder ownership was supported at $p < 0.1$. The coefficient was in the opposite direction and the p-value was 0.057. The second hypothesis about the moderating role of founder reputation was strongly supported at $p < 0.005$. The third hypothesis about the moderating role of firm size was supported at $p < 0.05$, whereas the fourth hypothesis about the moderating role of firm age was not supported. The predicted direction was correct but the coefficient was not significant.

〈Table 2〉 Results of Discrete-time Event History Analysis(N = 1698)

Variables	Model 1 (Basic model)	Model 2 (Effect of Founder Variable)	Model 3 (Effect of Moderating Variables)
Constant	-2.0432 (1.3944)	-3.1449** (1.3368)	-3.7018** (1.3736)
Founder-CEO Presence		0.4433 (0.5946)	-0.7313 (0.6957)
Founder Ownership		-0.0553** (0.0258)	-0.0597** (0.0253)
Founder Media Exposure		-0.0284** (0.0135)	0.1212** (0.0554)
Years Post IPO	0.0109 (0.040)	-0.0219 (0.0480)	-0.0453 (0.0524)
High-technology firm	0.1311 (0.3021)	0.1958 (0.3086)	0.1780 (0.3084)
Firm Age	-0.0125 (0.2127)	-0.0071 (0.0215)	-0.0299 (0.0457)
Firm Size(L)	-0.4671** (0.2200)	-0.3692* (0.2152)	-0.1283 (0.2420)
Firm Sales(L)	-0.3107 (0.2292)	-0.2475 (0.2254)	-0.3344 (0.2420)
Net Income	-0.0000**** (0.0000)	-0.0000**** (0.0000)	-0.0000**** (0.0000)
Founder X Ownership(H1) (Note)			-0.0911* (0.0479)
Founder X Media(H2) (Note)			-0.3337**** (0.1157)
Founder X Firm Size(H3) (Note)			0.6438** (0.3114)
Founder X Firm Age(H4) (Note)			-0.0346 (0.0869)
Log psuedo-likelihood	-95.1404	-89.53433	-83.99523

Note) * $p < .10$, ** $p < .05$, *** $p < .01$, **** $p < 0.005$; (L) Natrual Log; Clustered robust standard deviations are in the parentheses.
The interaction term was created by Cronbach's transformation (centering).

Ⅴ. Discussion

This study has provided additional evidence to show that founder-CEO's contribution to the organization is dependent upon internal and external contingencies, extending the extant literatures about the founder-CEO presence and performance relationship.

Similar to the result of Fischer and Pollock(2004), founder-CEO's ownership proved to be significantly improving the firm's survival chances. It may be inferred that founder-CEO's ownership can prevent agency problems strengthen the power and discretion of the CEO to pursue strategic objectives.

On the other hand, founder-CEO's reputation interacted with the CEO status to significantly reduce the likelihood of firm failure. The significance level was the highest amongst all moderating variables. Thus, it can be confirmed that founder-CEOs can act as a transformational shield(Fischer and Pollock, 2004) against legitimacy risk that many firms face after IPO, reducing uncertainty and enhancing visibility.

In accordance with the arguments of life-cycle theorists, founder-CEO do seem to be acting as a transitional obstacle as firms get larger in size. However, the moderating effect of firm age was indeterminate. This suggest that whereas CEOs become faced with more organizational challenges as organizations grow, capabilities to overcome such challenges do not seem to be just naturally accruing with the passage of time. Thus, a CEO should constantly and actively sought out to strengthen his position within and without the organization by either obtaining more stocks or establishing an amicable relationship with the press and media.

Overall, this study provides an managerial implication for active founder-CEOs in the industry that they should take their own initiative to fortify his presence within and without the organization if they want to contribute to its stable future. However, since this study dealt with the failure rate of organization rather than the actual financial performance, interpretation of the hypotheses should be limited to enhancing organizational stability, rather than organizational efficiency.

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