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CEOs turnover justifications: a study in Brazilian public companies with pension funds as shareholders

Justificativas do turnover *de CEOs: Estudo em companhias brasileiras investidas por fundos de pensão*

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Keywords
CEO.
Turnover.
Justifications.
Pension Funds.

Abstract

The article provides the justifications for CEOs turnover in Brazilian public (listed) companies from 2010 to 2014, and it measures the disclosure intensity of these justifications. An index in two dimensions for 'voluntary and forced' justifications was proposed according to Parrino (1997). The index reliability was measured by KR-20 test. The sample covered 65 Brazilian public companies which have at least one pension fund as shareholder. Content analysis was applied to identify the CEOs turnover justifications. Corroborating Kaplan and Minton (2012), the results for Brazilian companies presented a growing trend towards turnover for cases of unsatisfactory performance. The CEOs turnover occurred predominantly in companies in which the shareholder was a pension fund from State-owned companies. The main justifications disclosed by specialized press were 'Unsatisfactory Performance' and 'Leave office to remain only in the Board of Directors' (do not accumulate executive positions).

Palavras-chave
CEO.
Turnover.
Justificativas.
Fundos de Pensão.

Resumo

O estudo identifica as justificativas para o turnover de CEO em companhias de capital aberto no período 2010 a 2014 e mede a intensidade da divulgação dessas justificativas. Para tanto, foi proposto um índice distribuído nas dimensões de divulgação 'forçada e voluntária', a exemplo do estudo de Parrino (1997). A confiabilidade do índice foi medida pelo teste KR-20. A amostra cobriu 65 companhias brasileiras de capital aberto que tinham no mínimo um Fundo de Pensão fechado como acionista. A identificação das justificativas sobre o turnover de CEO foi feita por Análise de Conteúdo. Os resultados para amostra brasileira apontam uma tendência de aumento no turnover quando o desempenho é insatisfatório, corroborando resultados do estudo de Kaplan e Minton (2012). As trocas de CEOs ocorreram predominantemente em companhias com participação societária de fundos de pensão vinculados às empresas estatais. As justificativas de 'desempenho insatisfatório' e 'atuação exclusiva no conselho' (não acumulo de cargos executivos) foram as mais divulgadas na mídia especializada.

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1 INTRODUCTION

In the sensitive environment of the Stock Exchange, the relevant events impact investors' decisions about buying, selling or holding their positions, influenced by exogenous factors that contribute substantially to the determination of the value of the shares. One of the events that have the potential to influence the investors' decisions is the CEO change, since this person acts in order to achieve the objectives and goals set by the Board of Directors.

Law 6,404/76 establishes that the public companies' managers must communicate immediately to the Stock Exchange and disclose to the press any relevant fact that has occurred in their business, which may have significant influence on the decision of market investors to sell or buy securities issued by the company. Change in a company's CEO tends to impact the management of the company and, as consequence, the pricing of its securities in the market, positively or negatively, depending on the justification for the command replacement, among other factors. As a result, investors review their expectations about the company's value due to the relevance of the CEO's role (Cheung & Jackson, 2012).

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A relevant group of these investors are the Closed Pension Funds. These players are institutional, regulated and sophisticated investors and had approximately R$ 812 billion in assets in the first four months of 2017, equivalent to 12.8% Gross Domestic Product (ABRAPP, 2017).

Certain news disclosed by the media to the market on the justifications that led to CEO change may be more intensively disseminated than others, and higher or lower disclosure intensity influences investors' decisions. CEOs changes present justification related to economic, social or political environment and these tend to interfere with the investor's evaluation and perception. In this sense, the objective of the research is to identify the justifications for CEO turnover, with elaboration of a metric to measure the disclosure intensity of these justifications in the Brazilian market in the period 2010-2014.

Murphy and Zabonjik (2007) reported that CEOs turnover increased in the United States in the 1990's compared with the 1970's and the 1980's. They affirmed that turnover was 10% per year on average in the 1970's and the 1980's, and 11% in the 1990's. Kaplan and Minton (2012) verified that approximately 64% companies' CEOs in office in 1992 did not remain in 1997, and only 25% of those in office in 1998 remained in 2003. In Brazil, the studies on the results of change in command are still incipient.

Parrino (1997) was a precursor in establishing classifications for CEO change. The researcher divided the explanatory events into two dimensions: Forced and Voluntary. The division is arbitrary and not consensual among researchers. Some studies have attempted to mitigate arbitrariness by inserting elements of objectivity; thus, they adopt the information published in specialized media to get closer to the actual reason for CEO change. Dissanaike and Papazian (2004) recognized in their research the difficulties of objectively and accurately classifying CEO departure between forced and voluntary. It occurs because companies tend to hide the real motives of change, using evasive or vague expressions, providing no reason for the change or giving justifications that are not true.

Worrell, Davidson and Glascock (1993), Engel, Hayes and Wang (2003) classified the pieces of news on forced CEO turnover for cases where there was explicit declaration for dismissal, conflict or when the manager was asked to resign; other justifications are classified as voluntary. Cheung and Jackson (2012) criticized this method of classification because it depends on details provided by the company in the announcement, failing to capture cases in which companies deliberately avoid explaining the nature of the departure. An alternative found was to search, on specialized media, for the reasons of the change, such as Bushman, Dai, and Wang (2010) studies, when they sought the pieces of news on Factiva news database, and Parrino (1997), which searched for pieces of news on CEO changes on the Wall Street Journal.

Although the studies have classified the justifications between forced and voluntary, they have not evaluated the disclosure intensity of turnover justification. It is this gap the research intends to fill. In this sense, the research presents three important contributions for the studies in national scenario: it identifies justifications for command change in Brazilian companies; it proposes a metric to measure the intensity of disclosure of those justifications; and it creates opportunities for other researchers to use this metric in order to verify the correlations between the disclosure intensity and the abnormal returns observed in the capital market.

2 THEORETICAL FRAMEWORK

The capital market classifies investors into two large groups: sophisticated investors and naive investors. Naive investors tend to attribute greater importance to the historical performance of companies as investment decision criterion (James & Karceski, 2002, Del Guercio & Tkac, 2002, Gomes, 2014). On the other hand, large institutional investors are considered well informed, achieving economies of scale in the production of information, and active participation in the market. Lower research costs for these large institutional investors allow the use of more sophisticated valuation and pricing tools (James & Karceski, 2002).

Fletcher (1988) explains that the sophisticated investor avoids common mistakes of small investors by affirming they have vast resources and professionals trained in the best business schools in the world, as well as substantial experience in the capital market. For Hand (1990), institutional investors better evaluate reported earnings, besides being more able to identify systematic deviations in earnings.

Boehmer and Kelley (2009) emphasize that shares with greater institutional ownership have more consistent prices because institutional investors are more efficient in processing information. Pension Funds are part of the group of sophisticated investors due to the volume of resources they manage.

The largest Pension Funds in the country have connections with mixed-capital companies or public companies. PREVI, the largest closed Pension Fund in the country, is sponsored by Banco do Brasil, a mixed-capital company. The second largest Pension Fund, PETROS, by Petrobras, another mixed-capital company, and the third, FUNCEF, by Caixa Econômica Federal, a federal public company. Among the 20 largest closed Pension Funds in the country, 8 were sponsored by entities controlled by the public administration, which represented approximately 42% of the total assets of the Pension Funds in April 2017. De Dreu and Bikker (2012) verified that in the Netherlands, the total Pension Fund assets in 2010 represented 132% GDP of the country, the largest in the world in proportional terms.

Due to the regulatory framework to which the Pension Funds are subject, the National Monetary Council established through Resolution no. 3,792/2009 that these entities may not hold more than 10% of the stock of a public company. However, this does not prevent the Pension Funds from being able to compose the control block by means of a shareholders agreement, but this aspect is not the object of this study. The chief executive of a company tends to remain in the position for a certain period of time, more or less long depending on some factors. Cheung and Jackson (2012) argue that most of them are considered a public face of the company, and the CEO change may represent a change in this face, representing a rupture that tends to generate market restlessness and instabilities.

Over the past decades, research was done on the relationship between CEO turnover and company's performance. This relationship implies recognizing that there is an incentive mechanism for CEOs to align their interests with those of shareholders, and this relationship is generally considered negative (Murphy & Zimmerman, 1993; Kang & Shivdasani, 1995; Denis, Denis & Sarin, 1997, Maldonado, 2004; and Maldonado, 2004). The death of a CEO or his/her retirement due to illness is usually a surprising event. Johnson, Magee, Nagarajan and Newman (1985) analyzed 53 sudden deaths of CEOs from 1971 to 1982. The result showed that sudden deaths of CEOs have little impact on the return of common stock, but surplus returns were verified, suggesting that there are positive and negative price adjustments for deaths of CEOs.

Agrawal, Jaffe, and Karpoff (1999) studies found weak evidence of CEO turnover in the circumstances of accounting fraud and corporate corruption. The determining justifications for CEO change are variable over time. Regulation is a justification that can lead to CEO departure. For example, BM&FBovespa has determined for the differentiated levels of corporate governance that the same person could not simultaneously play the role of CEO and Chairman of the Board of Directors. As a result, many CEOs who had accumulated their functions were removed from one of them and, in many cases, remained only as Chairman of the Board. The political changes that occur in the Executive Branch may impact the management of companies in which the Public Administration has a significant participation in capital. Most of the changes have their origin in political arrangements and cause the change of the company's main executive.

Market participants have access to information from reports of financial analysts, previous announcements and comments from the specialized media, reducing the dependence on information provided by companies and thus enabling other sources to form opinions on the true reason for CEO departure. Cheung and Jackson (2012) examined whether the effects of the volatility of returns coming from CEO departure differ between voluntary and forced departures in the Australian context. The authors criticized the previous studies because they would have based only on official announcement issued by the company, which might conceal the real reasons for the departure. Thus, they affirm that the methodology used by them presents better statistical consistency in relation to previous studies.

The composition of the turnover justification is divided into (1) forced and (2) voluntary. This division is in line with the procedures adopted by Parrino (1997), Bushman et al. (2010) and Cheung and Jackson (2012). Justifications of voluntary nature tend to have a low occurrence because of the CEOs' natural tendency to protect himself/herself in companies' boards. Part of the reasons for protection can be explained by the fact that there are companies around the world controlled by families, and it is common the existence of CEOs who are part of the controlling families, which would explain certain continuity even in the face of poor performance (Faccio & Lang, 2002; Rachpradit, Tang & Ba Khang, 2012).

3 METHODOLOGICAL PROCEDURES

The company's population data were collected in two different ways. First, through analysis of reference reports, there was identification of Brazilian public companies listed on IBOVESPA that had CEO turnover in the period 2010-2014 and the respective dates. Then, the companies that had a Closed Pension Fund among their shareholders were identified.

In this study, one searched for pieces of news available on Bloomberg® platform, complemented by specialized media Exame, ComDinheiro and Valor Econômico, which were analyzed using Content Analysis technique. The objective was to verify the occurrence of selected terms within a text or texts, these being implicit or explicit.

To identify the reasons for CEO turnover, Bardin protocol (2010) was adopted, following the procedures: 1) preliminary identification of dates in which the turnover occurred by analyzing the companies' reports sent to BM&FBovespa and to Securities and Exchange Commission of Brazil (CVM); 2) separation and organization of pieces of news to be submitted to ATLAS.ti®7 to mitigate subjectivity. Expressions and synonyms used in the research are summarized in Chart 1.

DIMENSION/JUSTIFICATIONS	EXPRESSIONS AND SYNONYMS
FORCED TURNOVER	
Unsatisfactory Economic, Financial Strategic Performance	Performance, challenges, results
Due to illness	Illness, attack, disease, sickness
Due to Death	New Market, Level 1, Level 2, Regulatory Framework, Regulation, permanence in the Board
Leave the position to remain only in the Board of Directors	Novo Mercado, Nível 1, Nível 2, Marco Regulatório, Regulação, permanência no Conselho.
Due to Accounting Fraud or Corporate Corruption	Fraud, scheme, swindle, chicane, farce, hoax, wile, corruption, adulteration, misrepresentation.
Due to new regulations of the Financial System	Regulation, Central Bank
Caused by Government Political Changes	Change, replacement, alteration, alternation, agent, CEO
Due to Organizational Restructuring	Reorganization, restructuring, renovation
VOLUNTARY TURNOVER	
Due to retirement	Retirement, departure, leave of absence, inactivity
Motivated by Personal Causes	Invitation to another company, family issues

Chart 1 - Expressions and Synonyms used in Content Analysis
Source: Elaborated by the authors based on Parrino (1997)

For the construction of the disclosure intensity index of justifications for CEO turnover, eleven propositions were elaborated. The idea was to provide an index that captured the disclosure scope of news on CEO change. The assumption is that the wider the disclosure on justifications for CEO change, the more important the event would be for institutional investors. The proxies used to quantify the disclosure intensity are presented in Chart 2.

The pieces of news on CEO turnover were grouped according to turnover justifications. When the answer confirmed the proposition, it was assigned 1 (one) point, and 0 (zero) when negative. Thus, the higher the score of the piece of news, the greater the extent of its dissemination. The index for each proposition was determined by dividing the absolute score by the maximum possible score (11).

Posteriorly, the arithmetic mean of each proposition was calculated for each justification. To test the reliability of the index, the Kuder-Richardson-20 (KR-20) was used, which is a coefficient used in research instruments for formats with dichotomous responses. The closer to one (1), the greater the reliability of the instrument. The test result indicated that the KR-20 was 0.638, which indicates internal consistency of the instrument, considering that the KR-20 is acceptable when over 0.6 (Maroco & Garcia-Marques, 2006).

P01: The piece of news brings headline on CEO turnover
P02: The media are exclusive to economic area
P03: The piece of news was not published on the same date there was the Board of Directors meeting on CEO turnover
P04: More than one piece of news were published
P05: More than one piece of news published on the same day
P06: The piece of news on CEO turnover is exclusive
P07: The piece of news is published on Bloomberg®
P08: The piece of news is published on Bloomberg® and on other media
P09: The same piece of news has more than one-day publication on Bloomberg®
P10: The same piece of news is published on other media besides Bloomberg®, on the same date
P11: There are pieces of news with more than one-day publication on Bloomberg® and on other media

Chart 2 - Proxies to quantify the disclosure intensity of justifications for CEO turnover
Source: Elaborated by the authors

4 RESULTS AND DISCUSSION

The study found 65 CEO turnover events in the period investigated. It was found that the media did not report news on the justification for the change in approximately 50% events. This finding denotes a low level of disclosure of this information to stakeholders regarding a set of companies. In relation to the 33 companies that disclosed the information, 30 disclosure events occurred regarding companies where there was participation of pension funds connected to state companies. The massive participation of state funds in CEO changes is a consequence of the relevant participation of these funds in the capital market. Table 1 shows the justifications and the amount of turnover in the period.

Table 1. Justifications and Turnover

Justifications	Total	Participation of Closed Pension Funds	
		state-owned	non-state-owned
Total of turnover events observed	**65**	**61**	**4**
Total of justifications disclosed	**33**	**31**	**2**
Forced dimension			
Unsatisfactory performance	12	11	1
Due to illness	0	0	0
Due to Death	0	0	0
Permanence only in the Board of Directors	13	12	1
Due to Accounting Fraud or Corporate Corruption	0	0	0
Government Political Changes	5	5	0
Restructuration of the Board	1	1	0
Financial System Regulation	1	1	0
Voluntary Dimension			
Retirement	1	1	0
Motivated by Personal Causes	0	0	0
Total of justifications not disclosed	**32**	**30**	**2**

Source: Elaborated by the authors.

Public companies' managers must communicate immediately to the Stock Exchange and disclose to the press any relevant fact that has occurred in their business, which may have significant influence on the decision of market investors to sell or buy securities issued by the company (§ 4º Art. 157, Lei 6.404/76). However, approximately 50% companies investigated do not show interest in effectively and timely disclosing the justifications for CEO change, whether forced or voluntary. One possible explanation would be that 36% justifications refer to "Unsatisfactory Performance", and this could characterize bad news for the market.

The eminently normative justification for "Permanence only in the Board of Directors," due to changes in the stock exchange regulatory framework, and known by institutional investors and therefore with less power to interfere with investment decisions, represented around 39% changes in the period.

It is observed that the justifications for CEOs change were divided into three categories: (i) Unsatisfactory performance; (ii) Permanence of the CEO only in the Board of Directors and (iii) Government Political Changes. These justifications represented approximately 80% total identified as explanations for executive turnover. No turnover was found due to death, illness, corruption, fraud or personal nature justification.

The justification "Unsatisfactory Performance" represented approximately 36% turnover, but if the "Permanence only in the Board of Directors" justification has not taken into account due to its transitory character, there would be approximately 63% turnover in the period. The finding that the justification "Performance" is the cause for most CEO changes is in line with the results of Bushman et al. (2010) and Jenter and Lewellen (2014). Jenter and Kanaan (2015) confirmed that CEOs are more likely to be dismissed because of poor performance.

Table 2 presents the quantitative of pieces news and turnover distributed over time.

Table 2. Quantity of pieces of news and Turnover

		Participation of state-owned Pension Funds		**Participation of other funds**	
Year	**Total Turnover**	**Turnover**	**News**	**Turnover**	**News**
2010	2	2	3	0	0
2011	6	6	9	0	0
2012	5	5	13	0	0
2013	11	11	25	0	0
2014	9	7	14	2	2
Total	**33**	**31**	**64**	**2**	**2**

Source: Elaborated by the authors.

Pension Funds are part of the group of sophisticated investors due to the volume of resources they manage. Among the country's closed Pension Funds in April 2017, the three largest funds (PREVI, PETROS, FUNCEF) connected to federal public administration represented approximately 37.0% total assets of these institutional investors. Moreover, the 20 largest funds, out of a total of 261, amounted in April 2017 to about 65% total assets of closed Pension Funds in Brazil. The significant participation of these funds in the capital market may explain the fact that most justifications for turnover (94%) occurred in companies where there is participation of state funds.

Regulation is a justification that has caused most CEO changes in the companies investigated, and made many CEOs to remain only in the Board of Directors. BM&FBovespa has determined for differentiated levels of corporate governance that the same person could not simultaneously play the role of CEO and Chairman of the Board of Directors. This justification is temporary and punctual, and its standardization does not depend on the participation of the funds in the companies, since this is a general regulation applicable to all Brazilian public companies. In this aspect, the specificities of Brazilian regulation prevail, which differs from previous international studies regarding this point, making the comparison with previous findings impossible. In 2013, it was recorded that 46% changes in all command positions occurred due to this justification. This concentration was due to the decision of many companies to make the change in the last year of the established deadline. There was also predominance of turnover in companies where there was participation of state pension funds due to the expressive participation of these funds in the capital market. Thus, this justification is not directly related to the participation of the funds, since the regulation was directed to all companies, regardless of the characteristics of their shareholders being state or non-state funds.

In relation to CEOs turnover due to poor performance, these results can be compared with previous studies that refer their justification to several points: competition culture (Fiordelisi & Ricci, 2014); market performance is also poor (Jenter & Kanaan, 2015); weak performance in the early years in office (Jenter & Lewellen, 2014); low or high optimism of CEOs that are more prone to forced turnover (Campbell, Gallmeyer, Johnson, Rutherford & Stanley, 2011).

Another point that has to be highlighted is that in Brazil there is no explicit culture of activism of institutional shareholders. In the American market this activism is recognized as strong, and makes it explicit the influence of the Pension Funds on the management of large companies in which they invest (Kaplan & Minton, 2012). However, according to Punsuvo, Kayo and Barros (2007), even when pension funds do not act publicly, managers hired to manage their resources seem to be able to influence the departure of some directors based on corporate performance. The greater participation of State Funds (31x2) shown in Table 1, to the detriment of non-state funds, may signal the existence of an effective but not explicit activism of State Pension Funds, which may press for CEO change when the results are not considered satisfactory.

The cases of CEO change as a result of "Government political changes" occurred in Companies where there was predominance of participation of state funds, besides the direct participation of the Treasury, such as Eletrobras and Petrobras. The media reported that these changes were caused by party assignments or personal nominations from the Presidency. It cannot be said or denied that the Funds have exercised their power of influence or activism over these changes.

In order to elucidate CEOS turnover, there are three iconic cases whose reflections remain in 2017. The company OI S.A., which operates in the telecommunications area, changed its CEO in 2014 due to performance. But this change was not enough to improve the Company's results because in 2016 the Judicial Branch was requested by the company to have its Judicial Recovery, whose developments are still unforeseeable. In 2012, one of the largest Brazilian companies, Petrobras, had a woman as CEO for the first time. The CEO change for Grace Foster was based on an eminently political decision of the then President of the Republic. When she took office, she became a member of a select group of women in charge of large companies in the world. Fortune magazine's list of the world's top 500 companies in market value indicated that only 12 of these companies were headed by women, and she was the only one in the oil sector.

This change was not enough to stop one of the world's biggest corruption scandals. Judicial Branch's Operation Car Wash continues to date with the investigation of active and passive corruption crimes, resulting in arrests and convictions of businessmen and politicians from various Federal Government echelons. Another iconic CEO change was at Companhia Estácio Participações, which operates in the area of education, which in 2012 changed its CEO due to the regulation of the capital market. The CEO who accumulated this position being also Chairman of the Board of Directors remained only in the Board. In 2017, the merger project of the Company to merge with Kroton, another giant in the sector, which would result in the largest Private Education Company in the country, was not authorized by the Administrative Council for Economic Defense - CADE, due to the concentration that there would be in the education private sector.

To measure the disclosure intensity of justification for CEO turnover, the proxies shown in Table 2 were used. The propositions that obtained the greatest number of "No" answers corresponded to an index closer to 0 (zero), while the propositions with the highest number of "Yes" answers corresponded to an index close to 1 (one). To better analyze the data and understand the results, these were arranged according to the grouping of the justifications. Table 3 presents the composition of the index of each item analyzed.

The Content Analysis of the piece of news on turnover indicated that the most frequent justifications found in the research came from the poor performance, besides CEO departure due to the regulation of the capital market. Of the events reported in the media, 31 refer to CEOs change of companies with participation of closed state pension funds, and only 2 non-state companies. This concentration of turnover having as justification the "Performance" may be associated with the non-explicit activism of State Pension Funds.

In relation to the dissemination of the 66 pieces of news, one observed the behavior of the disclosure intensity of the events related to motivations of forced dimension: a) all the pieces of news were published on days different from the date of the meeting of the board of directors, resulting in a disclosure intensity index equal to 1; b) for the propositions "The piece of news has a headline on CEO turnover" and "The piece of news on CEO turnover is exclusive," the average disclosure intensity was 0.94, denoting the importance of the event to specialized media; c) for the proposition "The media are exclusive to economic area," the average disclosure intensity was 0.93, meaning greater interest from specific media of the financial market area; d) in relation to having more than one piece of news published, the average intensity was 0.82, which shows a concern of the investigated media investigated to disclose news on CEOs turnover.

Table 3. Intensity Index of Disclosure of News on Justifications for CEO Turnover

PROPOSITIONS/ JUSTIFICATIONS	Amount of news	The piece of news brings headline on CEO turnover	The media are exclusive to economic area	The news was not published on the same date there was a Board of Directors meeting on CEO turnover	More than one piece of news published	More than one piece of news published on the same day	The piece of news on CEO turnover is exclusive	The piece of news is published on Bloomberg®	The piece of news is published on Bloomberg ® and other media	The same piece of news has more than one-day publication on Bloomberg®	The same piece of news is published on other media besides Bloomberg®, on the same date	There are pieces of news with more than one-day publication on Bloomberg® and on other media	INDEX
FORCED DIMENSION													
Economic, Financial or Strategic Unsatisfactory Performance	32	1	0.94	1	0.88	0.59	0.94	0.34	0.19	0.16	0.47	0	0.59
Leave office to remain only in the Board of Directors	20	0.95	0.95	1	0.60	0.25	0.90	0.20	0.05	0	0.15	0,05	0.46
Caused by Government Political Changes	8	0.75	0.75	1	0.63	0.25	0.88	0.63	0.13	0.25	0.25	0	0.50
Due to new regulations in the Financial System	2	1	1	1	1	0	1	0	0	0	0	0	0.45
Due to Restructuring of the Board	3	1	1	1	1	1	1	0.33	0.33	0	1	0	0.70
MEAN		***0.94***	***0.93***	***1***	***0.82***	***0.42***	***0.94***	***0.30***	***0.14***	***0.08***	***0.37***	***0.01***	
VOLUNTARY DIMENSION													
Due to retirement	1	0	0	0	0	0	0	0	0	0	1	0	0.09
MEAN		***0***	***1***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***1***	***0***	

Source: Elaborated by the authors

However, this pieces of news disperse in the dissemination along the events, considering that the average rate of disclosure intensity is reduced to 0.42; e) propositions “The piece of news is published on Bloomberg® and other media” and “The same piece news is published on other media besides Bloomberg®, on the same date” had average rate of disclosure intensity of 0.30 and 0.37 respectively, indicating the timeliness of Bloomberg® base in reporting events that could potentially interfere with institutional investors’ decision.

However, other media did not attributed the same importance to turnover news, since the average rate of disclosure intensity was only 0.14; f) as to the intensity of permanence of the news throughout the time window studied, we observed a mean index of 0.08 for proposition “The same piece of news has more than one-day publication Bloomberg®” and average index of 0.01 for the proposition “There are pieces of news with more than one-day publication on Bloomberg® on other media,” once again clarifying the ephemerality of the news on CEOs change in companies that have Pension Funds as institutional shareholders.

The justifications for changes in Forced Dimension that had the lowest index of disclosure were “Leave office to Remain Only in the Board of Directors” and "Due to New Regulations of the Financial System.” It is natural that there occurs disclosure of the pieces of news considered more important to other media. It is in this sense that the proposition that evaluates whether there was publication of more than one piece of news on the same day has been inserted.

The result showed that the pieces of news on the reasons for the change due to “Restructuring of the Board” and “Performance” were more disseminated because due to the existence of more than one piece of news on the same day. However, it should be noted that there was only 1 CEO change event based on the “Restructuring of the Board”, as shown in Table 1. Due to the dynamics of the corporate world, business news tends to be short-lived. When the same piece presented more than one-day publication on Bloomberg® base, it was of greater importance than when it had only one-day publication. Nevertheless, only the justifications “Performance” and “Caused by Government Political Changes” presented the same piece of news published with more than one-day publication on this medium, denoting the importance of these justifications.

When the turnover piece of news had more than one-day publication on Bloomberg® platform and on other specialized media, it meant that it was considered more important than others. In this research, only the justification “Leave office to remain only in the Board of Directors” had more than one-day publication simultaneously on Bloomberg® and on other specialized medias.

News about CEO turnover can be exclusive, that is, deal only with this fact, or be disclosed together with others. The second form of disclosure demonstrates less importance attributed to the event. The justifications of Forced Dimension showed that most pieces of news were exclusive, and exceptionally, the subject was disclosed together with other pieces news, then demonstrating its importance.

When the piece of news brought headline on turnover it was because the media intended to attract the attention from the reader to a greater extent than if the headline were evasive or did not exist. With the exception of the justifications of Voluntary Dimension, all other justifications presented a high intensity index of piece of news with a specific headline. This finding is consistent with the exclusivity of the pieces of news on the event. The disclosure of the same piece of news in more than one medium on the same day demonstrates greater repercussion on the event. However, there were a few pieces of news with this characteristic. The findings show that approximately 91% pieces of news were disseminated in media exclusive to economic area, which are the most accessed by investors.

5 CONCLUSIONS

The classification proposed by Parrino (1997) showed that forced turnover (97%) predominates in the Brazilian scenario, to the detriment of voluntary turnover. These data confirm the findings of Lausten (2002) and Jenter and Lewellen (2014) on forced and voluntary dimensions. The study also showed a trend for increasing companies’ command change especially when performance is unsatisfactory, despite the fact that the country’s capital market is small and ownership is concentrated. The results indicate that CEOs changes in the period went from 2 in 2010 to 9 in 2014, confirming the studies of Kaplan and Minton (2012) of trend for increase in turnover. According to the regulation, CEOs change has to be disclosed, but the company is not required to disclose the justification for this change, which may explain the lack of disclosure of justifications for 32 CEO change events.

Most events on the media refer to CEOs change of companies with participation of closed state pension funds as a result of their significant participation in the capital market.

It was observed that all the pieces of news published occurred on days different from the date of the board of directors meeting and there was greater interest of disclosure by specific media of the financial market area.

The news disclosure is dispersed throughout the events, even those replicated on other media, besides Bloomberg® base. However, Bloomberg® database was the main medium that disseminated the pieces of news that could quickly impact the decisions of institutional investors. Other media did not attribute the same importance to turnover news, making clear the ephemerality of the news on CEOs change in companies that have Pension Funds as their institutional shareholders.

It is worth noticing that the pieces of news published on Bloomberg® platform reaches a specific audience, which are the big investors, and they may react to the news stories depending on the judgment is made. Thus, it was observed whether the piece of news on turnover was published on Bloomberg® platform. The result showed that CEO turnover "Caused by Government Political Changes" was the one that was most disseminated on the platform, which shows the importance of the CEO in the management of companies controlled by the Public Administration, as in Petrobras' iconic case.

Capital market players showed great interest in "Performance" because the media tend to intensify the disclosure of piece of news in which they realize the potential for greater repercussion. The justification "Remain only in the Board of Directors" is transitory in nature because it occurred for a given situation and tends not to recur in future periods. Therefore, the justification "Performance" was that which predominated during the period studied, confirming the studies of Jenter and Kanaan (2015). This research was not aimed at identifying compliance with legal requirements, but rather the extent attributed by specialized media to forced and voluntary dimensions of CEO change in companies with closed pension funds as shareholders.

Because the research worked with annual data, the risk of more than one change over the year is admitted without this change being identified. This risk is mitigated according as CEO turnover is not a frequent event, in view of possible consequences. The results on voluntary justifications should be evaluated with caution due to the occurrence of only one event, which characterizes a limitation of the study.

Although some researchers have directed their efforts to classifying the justifications between forced and voluntary turnover, this division is still permeated by some subjectivity inherent in this research typology, which constitutes a study limitation. Still, the justifications found in the publications that compound the research may be different from the true causes of CEOs changes due to risks of the media disclosing materials prepared by the companies themselves. Another important aspect was the finding that of the 65 CEO turnover events in the period under analysis, the media reported only 33, demonstrating a low level of disclosure of this information to stakeholders. However, it is worth emphasizing that the companies' obligation to report the CEOs change to CVM and BM& FBovespa occurred in accordance with regulatory requirements. Although companies have a legal duty to communicate CEOs change, this duty does not extend to justification for the change. As a result, it was observed in the research that 32 CEO change events (49%) did not have their justifications disclosed. Thus, it is suggested that this perspective should be included in future research.

Greater disclosure of turnover could supposedly have impact on assets pricing, positively or negatively. The studies found demonstrate the effects of CEO turnover disclosure on the capital market. However, no studies were found regarding the evaluation of effects of the possible relationship between the intensity of the disclosure of the justifications for the change and the company's assets pricing, showing a gap to be explored.

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