

## The impact of founder-CEO succession on IPO survival: Evidence from Japanese junior stock markets

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This study explores the impact of founder-chief executive officer (CEO) succession on the survival of initial public offering (IPO) firms. Using data on approximately 1,200 IPOs in Japanese junior stock markets, we examine the factors that affect the time to delisting from junior stock markets, by identifying two types of delisting: failure and buyout. The results reveal that IPO firms managed by founder-CEOs are less likely to delist from junior stock markets, suggesting that these firms survive longer than those managed by successor-CEOs. We also find evidence that undervalued firms are more likely to delist due to failure, while the time to failure is not associated with founder-CEO succession. Moreover, we provide evidence that IPO firms are more likely to go private via buyout under unfavorable market conditions and that IPO firms managed by founder-CEOs are less likely to go private via buyout, irrespective of market conditions, suggesting that founder-CEOs are unwilling to take a buyout.