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**Measuring the consequences of short-termism in business –
the econometric evidence for a sample of European
companies**

The problem of short-termism leads to too much focus of the companies' executives on short-term goals at the cost of long-term objectives of their organizations. In order to investigate the consequences of this phenomenon, we use the panel data on 1024 of the largest companies listed on European stocks over the 1998-2013 period. In our econometric specifications, we make an explicit distinction between the short- and long-run effects of the selected proxies of short-termism such as the tenure of the incumbent CEO on the measures of the company performance such as the market capitalization and ROE. In order to explain how the company performance is affected in the short run and to account for the potential endogeneity of the CEO tenure, we use the system GMM and compare it with more standard panel specifications. As regards the measurement of the long run impact of distinct variables on the company's performance, we use the cross-section models based on the long-run transformations of our dataset.