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Personnel governance of corporatized public services: Effects of executive resources and corporation forms on turnover

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Abstract

Corporatization has potentials for public service provision but also induces far-reaching governance challenges. Appointing executives for public corporations is a powerful personnel governance mechanism for public authorities to manage public service provision and resource dependencies. However, the theoretical understanding of executive turnover is limited. Drawing on resource dependence theory and embedding publicness fit perspectives, Cox regressions for 491 executives of 275 German municipal corporations between 2006 and 2016 show that politicized executives, executives with higher pay, and internally hired executives have a longer tenure and a lower turnover likelihood. Furthermore, the findings reveal different governance rationalities between different corporation forms by showing a higher likelihood of executive turnover in not profit-making corporations than in profit-making corporations. This highlights the theoretical needs and potentials to conceptually differentiate between these two corporation forms in future research. Overall, this study enhances the theoretical understanding of executive turnover and provides important research perspectives.

Die politischen Entscheidungen zur Auslagerung öffentlicher Aufgaben auf öffentliche Unternehmen haben hohe Potenziale

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für eine effektive und effiziente öffentliche Aufgabenerfüllung, führen aber zugleich zu weitreichenden Governance-Herausforderungen. Die Besetzung von Mitgliedern des Top-Managementorgans öffentlicher Unternehmen ist ein besonders relevanter personeller Governance-Mechanismus für öffentliche Anteilseignern zur Steuerung der öffentlichen Aufgabenerfüllung und Ressourcenabhängigkeiten. Basierend auf der Theorie der Ressourcenabhängigkeiten und Publicness-Fit-Perspektiven zeigt eine Cox-Analyse von 491 Top-Managementmitgliedern aus 275 deutschen kommunalen Unternehmen zwischen 2006 und 2016, dass politisierte, intern-nachbesetzte und Top-Managementmitglieder mit höherem Vergütungsniveau eine längere Amtszeit und eine geringere Wechsel-/Turnoverwahrscheinlichkeit aufweisen. Darüber hinaus zeigen die Ergebnisse unterschiedliche Governance-Rationalitäten zwischen verschiedenen Unternehmensformen. Demnach ist die Turnoverwahrscheinlichkeit von Top-Managementmitgliedern in nicht gewinnbringenden öffentlichen Unternehmen signifikant höher als in gewinnbringenden Unternehmen. Dies verdeutlicht den theoretischen Bedarf, diese beiden Unternehmensformen in der zukünftigen Forschung konzeptionell zu differenzieren. Insgesamt erweitert diese Studie das theoretische Verständnis zum Turnover von Top-Managementmitgliedern und liefert wichtige Forschungsperspektiven.

1 | INTRODUCTION

Public sector reforms have made the corporatization of public service a global phenomenon (Andrews et al., 2020). The creation of public corporations—majority-owned enterprises of public authorities (OECD, 2015)—is a prominent approach to improve the performance in public service provision by enhancing executive autonomy and professionalism (Krause & Van Thiel, 2019; Tavares & Camões, 2010). However, operating with independent corporate status outside the traditional administrative system induces far-reaching challenges for governance and political control (Christensen & Lægheid, 2003; OECD, 2015; Papenfuß & Schmidt, 2020).

Within public corporations, executive directors (hereafter, executives) occupy positions with great autonomy in the management of public services (Krause & Van Thiel, 2019). Charged with high managerial flexibility, leeway, and power, executives and the resources they bring to the organization make key differences in the public corporation's strategy and performance (Boyne & Dahya, 2002).

The executive turnover—appointment of new and departure of existing executives—is a powerful personnel governance mechanism for public authorities to enforce/adapt strategic/political priorities (Ennsner-Jedenastik, 2014a; Petrovsky et al., 2015; Rutherford & Lozano, 2018). Further, however, it is a highly disruptive event because losing

high-level human resources is costly and often generates uncertainty in the organization and across its stakeholders (Hill, 2005; Petrovsky et al., 2015). Executive turnover is a highly discussed and timeless issue for public administration (Boyne et al., 2010b; Rutherford & Lozano, 2018; Villadsen, 2012) regarding the prevailing challenges of recruiting qualified personnel in an aging society and sustainability. The importance of executive turnover is also reflected in public debate, among other aspects with the “bitter flavor of favoritism” when appointing politicized executives (Meyer et al., 2018, p. 478, see also Ennsner-Jedenastik, 2014a). Thus, understanding major determinants of executive turnover becomes increasingly important for theoretical debates on the governance of organizations in the public, private, and nonprofit sector.

Several studies in leading journals investigate determinants of executive turnover for both private firms (Berns & Klärner, 2017; Giambattista et al., 2005) and public administration (e.g., Christensen et al., 2014; Petrovsky et al., 2017), but studies on the important public corporation context remain scarce. The current research in this field is limited to state-owned enterprises on the federal level focusing on the effects of decision rights' delegation (Chen et al., 2012), performance (Chang & Wong, 2009; Conyon & He, 2014), and political control (Ennsner-Jedenastik, 2014a).

However, no empirical study has analyzed the determinants of executive turnover in municipal-owned corporations (MCs) with their specificities on ownership structures, goal ambiguity, and political influence (Papenfuß & Keppeler, 2020). Corporatization is particularly widespread at the municipal level (Andrews et al., 2020; Clifton et al., 2019; Voorn & Genugten, 2021), and the disruptive/adaptive effects of executive turnover are most noticeable for citizens here.

Moreover, relevant yet unexplored in this context is how executive resources and public corporation forms affect executive turnover. Here, the resource dependence theory highlights the critical role of executive pay (Pandher & Currie, 2013), firm-internal knowledge (Karaevli & Zajac, 2013), political experiences (Lester et al., 2008), and the organizational form (Malatesta & Smith, 2014). However, regarding current debates on resource dependence theory in the public sector (Andrews & Beynon, 2016) as well as publicness fit and person-organization fit (Jin et al., 2018; Krøtel & Villadsen, 2016; Petrovsky et al., 2015), little is known about which executive resources match the public corporation context and contribute to longer/shorter executive tenure.

To expand the theoretical understanding of the outlined gaps, the research question of this study is as follows: In how far do the resources of executives influence their turnover in MCs, and are there governance differences between the two corporation forms of profit-making and not profit-making MCs?

The study makes the following contributions:

First, it enhances the overarching theoretical understanding of factors influencing executive turnover in MCs from the resource dependence theory perspective. Only few empirical studies consider this important phenomenon and rather focus primarily on organizational factors. Exceeding these scarce insights, this study broadens the theoretical knowledge on the relevant role of executive resources in the executive turnover context.

Second, this study enriches recent theoretical debates on the effects of publicness. Since it has been theorized that the degree of publicness fit between executive's capabilities and public organizations' requirements benefit public corporations, this study specifies how matches on control publicness fit, ownership publicness fit, and funding publicness fit are associated with higher executive tenure.

Third, this study provides a novel methodological approach for conceptualizing and measuring the two corporation forms—profit-making and not profit-making public corporations. Beyond previous classifications based on industries/legal forms, the study's classification centers on the firms' profit capacity. The significant effect of corporation forms on executive turnover indicates different governance rationalities regarding this personnel governance mechanism. This provides a crucial impulse for the entire research field on corporatization and other related disciplines to use the proposed measurement for theoretical discourses in future research.

Fourth, despite numerous studies on executive pay and turnover, little research bridges these two streams. This study offers new insights into the interdependencies between the governance mechanism of executive pay and

executive turnover, addressing the role of executive pay level for recruiting/retaining high-level human resources for MCs.

2 | RELEVANCE OF PUBLIC CORPORATIONS AND PERSONNEL GOVERNANCE

Public corporations are enterprises controlled by public authorities at all government levels, either through majority ownership by one or more public authorities or by exercising an equivalent degree of control (European Commission, 2016; OECD, 2015; Papenfuß, 2020). They often operate under private law with legally independent corporate status and their executives have high degrees of autonomy/flexibility (Voorn et al., 2017).

Worldwide, public corporations provide critical services/infrastructures that are the most noticeable at the municipal level. Public corporations nowadays account for about 10% of the global gross domestic product (Bruton et al., 2015) and have a combined value of \$2 trillion, with up to 10% national employment (OECD, 2017). Taking Germany as an example, there are 18,566 spin-off organizational forms like public corporations—approximately 88% of which are at the municipal level (German Federal Statistical Office, 2020). Similar corporatization developments are observable in many other countries (e.g., Aars & Ringkjøb, 2011; Bernier et al., 2020; Bruton et al., 2015; Leixnering et al., 2020; OECD, 2017; Tavares & Camões, 2010; Voorn et al., 2017).

The political decisions to transfer public services to public corporations have high potentials for effective and efficient public service provision for public authorities and their citizens but also induce far-reaching control and governance challenges in a multilevel delegation chain (Bel et al., 2021; Papenfuß, 2020; Voorn & Genugten, 2021). In parliamentary systems, this chain of delegation runs from voters/taxpayers and their representatives in the government to the administration and further to the public corporations' executives (Ennsner-Jedenastik, 2014a). In the two-tier board systems, such as in German corporations, the executive directors/management board are legally separated from the nonexecutive directors/supervisory board. Nonexecutive directors supervise/advise executives and are involved in decisions of fundamental importance. As in all board systems, the executives are a particularly important human resource responsible for the day-to-day management. They have high managerial flexibility and power in providing public services and control organizational strategy/performance (Boyne & Dahya, 2002; OECD, 2015).

The role of personnel governance is especially important in the public corporate governance system (Expert Commission G-PCGM, 2021; Meyer et al., 2018; Papenfuß & Schmidt, 2020; Voorn & Genugten, 2021). Accordingly, appointing executives—occupying positions with great power and autonomy (Krause & Van Thiel, 2019; Papenfuß, 2020)—is a key personnel governance mechanism to enforce strategic/political priorities in the overall management of public service provision (Ennsner-Jedenastik, 2014a; Petrovsky et al., 2015; Rutherford & Lozano, 2018). In this context, a longer or shorter executive tenure can have functional and dysfunctional effects (Berns & Klarner, 2017; Giambatista et al., 2005) and needs to be reflected in the public corporations' personnel governance.

3 | THEORETICAL FRAMEWORK AND DEVELOPMENT OF HYPOTHESES

3.1 | State of research on executive turnover

Empirical studies in leading public administration journals center mainly on effects of turnover in public administration's top positions, focusing on their functional and dysfunctional consequences on public service performance (Boyne et al., 2011; Boyne & Dahya, 2002; Hill, 2005), organizational changes (Villadsen, 2012), and corporate capacity (Villadsen, 2016). Another research stream analyzes turnover determinants, focusing on public service performance (Boyne et al., 2010b; Petrovsky et al., 2015) and politicization/political changes in the government (Boyne et al., 2010a; Christensen et al., 2014; McCabe et al., 2008). Besides, few studies analyze to what extent internal

hiring (Petrovsky et al., 2015), governing board structures (Rutherford & Lozano, 2018), and political conflicts (Doherty et al., 2018) determine turnover in administration's top positions.

However, the theoretical understanding of executive turnover determinants in public corporations is limited. With specificities on autonomy, ownership structures, organizational goal ambiguity, and political influence (Papenfuß & Keppeler, 2020), the personnel governance and executive turnover theoretically diverge significantly from those of public administration and the private sector. The few existing studies in the public corporation context analyze the effects of organizational factors on executive turnover in state-owned enterprises, especially the effects of decision rights' delegation (Chen et al., 2012), performance (Chang & Wong, 2009; Conyon & He, 2014), and political control (Ennsner-Jedenastik, 2014a)—neglecting the important organizational context of MC.

Unlike the extensive research presented for private firms (Berns & Klarnar, 2017; Giambatista et al., 2005), a significant research gap exists on how far executive resources and corporation forms determine executive turnover in public corporations.

3.2 | Resource dependence theory perspectives on executive turnover in the publicness fit debate

This article draws on the resource dependence theory (Pfeffer & Salancik, 1978) and embeds publicness fit perspectives (Petrovsky et al., 2015) for conceptualizing executive turnover in MCs. The resource dependence theory is a popular approach within the public administration field for analyzing governance challenges of autonomous public organizations (Andrews & Beynon, 2016; Malatesta & Smith, 2014) and offers a pertinent framework to enhance the executive turnover discourse (Berns & Klarnar, 2017; Hillman et al., 2009).

Resource dependence theory suggests that environmental uncertainty and external dependencies constrain all organization types. Continually, organizations engage in strategic actions to acquire control over resources held by actors (e.g., expertise, social networks) and organizations (e.g., labor, capital) to consistently maintain their goals (Pfeffer & Salancik, 1978). Crucial among resource provision strategies are those that provide a channel between the organization and its most influential stakeholders (Hillman et al., 2009; Pfeffer & Salancik, 1978).

The public service provision outside the traditional administrative system in MCs has changed how public services are affected by external dependencies like market-based conditions/uncertainties and diverse, influential stakeholders. MCs must tackle organizational goal ambiguity and various stakeholder demands, such as politicians, policymakers, citizens/consumers, and other actors (Andrews & Beynon, 2016). Thus, regarding resource dependence theory, the public owner is required to evaluate executives providing important resources that best mitigate the dependencies for public corporations.

Executives bring in essential resources (e.g., experience, political networks) that generate benefits by reducing environmental dependencies (Hillman et al., 2009) and contribute to organizational goal achievement (Malatesta & Smith, 2014). Pfeffer and Salancik (1978, p. 163) noted that “when an organization appoints an individual to a board, it expects the individual will come to support the organization, will concern himself with its problems, will variably present it to others, and will try to aid it.”

Closely related to the question of competent executives for managing resource dependencies is the debate regarding publicness fit. Scholars highlight that the degree of publicness fit—overlap between executive's capabilities and public organizations' requirements/context—is a relevant factor in the personnel governance (Kirkpatrick et al., 2017; Krøtel & Villadsen, 2016; Petrovsky et al., 2015). The publicness fit concept (Petrovsky et al., 2015) distinguishes between three dimensions: (1) control publicness fit (e.g., experiences with rule-based political control and access to policymakers); (2) ownership publicness fit (e.g., experiences of interacting/reporting to public owners/overseers); and (3) funding publicness fit (e.g., experiences in competing for funds in the governmental budgetary processes or specific market environments).

Thus, in identifying the benefits of the resource provision of executives, it is vital for the public owner to appoint executives that match the MC context. Accordingly, appointing executives can be deemed a type of specific human resource investment that helps MCs and public authorities gain better access to critical resources and stakeholders. Theoretically, executives are less likely confronted with a turnover when their resource provisions fit the context. Executives with valuable capabilities are difficult and costly to replace. On the other hand, in some situations, shorter tenure and turnover are justified and necessary to get new resources and approaches to keep pace with changes in the organizational environment, manage resource dependencies, or ensure good governance standards.

3.3 | Hypotheses

From a resource dependence theory perspective, executive pay is a critical factor for attracting/retaining executives with relevant capabilities for managing resource dependencies (Expert Commission G-PCGM, 2021; Pandher & Currie, 2013; Papenfuß & Schmidt, 2016; Pfeffer & Davis-Blake, 1987). The executive's pay signifies the value attached to the executive's capability to bridge the boundaries between external uncertainties/dependencies with relevant stakeholders. In the discussion of executive turnover in public corporations, the pay is of particular interest given the broad discretion in executive pay setting. The pay level diverges considerably between executives of public corporations. From resource dependence theory and embedded publicness fit perspective, decision-makers may offer higher pay to those executives whose capabilities fit in a better manner to manage public organization's priorities/complexities and mitigate dependencies (Petrovsky et al., 2015). However, labor market conditions substantially constrain the ease by which executives with a critical resources provision and a high publicness fit can be attracted/retained. Executives with relevant and scarce resources have a more powerful pay-setting position in bargaining (Shen et al., 2010). Less qualified/appropriate executives are more replaceable/substitutable and receive lower pay are easier to replace. Therefore, the first hypothesis is as follows:

Hypothesis 1: The likelihood of turnover is lower for executives with higher individual pay than those with lower individual pay.

From the viewpoint of resource dependence theory and control publicness fit, another critical dependence factor for public corporations is government policies, regulation, and control by public authorities (Hillman, 2005). Creating additional linkages to the political sphere by appointing politicized executives offers potential for political control of public corporations (Ennsner-Jedenastik, 2014a) and privileged access to influential socio-political stakeholders (Lester et al., 2008). Equipped with experience of typical political processes/priorities, politicized executives can have a high control publicness fit (Petrovsky et al., 2015) in the highly political environment of public corporations. However, despite the potential benefits, controversial debates arise about whether appointing politicized individuals in top positions relates more to rewarding political allies (i.e., partisanship/patronage) than promoting professionalism (Meyer et al., 2018). Empirical studies highlight that politicization—whether perceived beneficially or negatively—has become an important factor for occupying top positions (Ennsner-Jedenastik, 2014b; Lester et al., 2008) and is associated with a lower turnover likelihood in state-owned enterprises on the federal level (Ennsner-Jedenastik, 2014a). The second hypothesis is as follows:

Hypothesis 2: The likelihood of turnover is lower for politicized executives than for nonpoliticized executives.

Another important factor contributing to mitigating external uncertainty and dependence in the public corporation context with importance for ownership publicness fit and influence on executive turnover is the degree of the prior executive's experience gained inside or outside the firm (Karaevli & Zajac, 2013). Increased firm-specific knowledge and internal training are key resources that expand the overlaps to public corporation's requirements/context (Wang & Sun, 2020). Hence,

executives promoted from inside the public corporation have a high ownership publicness fit (Petrovsky et al., 2015), such as knowledge regarding the firm's stakeholders, local environment, and the municipality's social specificities. This firm-specific professionalism enables longer-tenured personnel who rise to top management ranks to employ accumulated firm-specific resources and achieve better performance (Petrovsky et al., 2015). Additionally, higher firm-specific skills and experience coupled with limited connections outside the public corporation leave internally hired executives with fewer exit options, potentially reducing turnover (Petrovsky et al., 2017). The third hypothesis is as follows:

Hypothesis 3: The likelihood of turnover is lower for executives hired from inside than those hired outside the public corporation.

For a theoretical understanding of executive turnover, it is also important to consider the potential effects of corporations' contextual conditions (Hillman et al., 2009; Malatesta & Smith, 2014) and funding publicness fit. After corporatization, public services are placed in a complex socioeconomic environment with market competitiveness alongside the public interest. In this context, studies find that funding affects organizational policies (Andrews, 2020). However, the intensity to which market forces and business logic influence public corporations strongly depends on their profit-making capacity—related to funding publicness. In the organizational goal system of public service provision and efficiency goals, profit-making public corporations probably act in a more commercial-oriented context with more private competitors to generate revenues for both business activity and disbursements to the public budget. In contrast, not profit-making public corporations act in a more “political market,” competing for grants/subsidies of the governmental budget to ensure their public services. These differing organizational contexts prompt differences in governance cultures, institutional/business logic, and public sector values (Chang & Wong, 2009; Petrovsky et al., 2015). Because executive turnover is more likely in competitive, uncertain environments than in stable environments according to resource dependence theory (Hillman et al., 2009), the fourth hypothesis is as follows:

Hypothesis 4: The likelihood of turnover is higher for executives in the profit-making corporation form than for those in the not profit-making corporation form.

4 | DATA AND METHODOLOGY

4.1 | Empirical design and case selection

The study examines public corporations in Germany. Germany is a characteristic constitutional state with a parliamentary democracy comparable to several other countries. The principles of subsidiarity/local autonomy play an important role. Each municipality has its own self-governing authority to organize public service provision. As in many other countries following the “classical” continental European administrative system and traditions (Kuhlmann & Wollmann, 2019), German municipalities are sophisticated in implementing public sector reforms (Kuhlmann, 2010).

The German commercial law offers public decision-makers with high legal flexibility regarding the appointment and pay of executives. As the representative of MC's shareholder meeting, the mayor is charged with decisions of fundamental importance but relies on the multiparty city council (representing up to 90 members from five to over 10 parties).

For the research question, Germany is a fruitful testing ground, (1) exceeding the existing insights on state-owned enterprises on the federal level (Ennser-Jedenastik, 2014a), (2) offering insights into the effects of political structures in multiparty systems surpassing existing studies (e.g., Boyne et al., 2010a; Petrovsky et al., 2017), (3) providing a rich set of profit-making/not profit-making MCs, and (4) providing comprehensive published executive pay data due to compensation disclosure laws and public corporate governance codes (Papenfuß & Schmidt, 2020).

4.2 | Sample and data collection

The final sample comprises 491 executives with published executive pay and identifiable career paths serving in 275 MCs owned by German cities between January 2006 and December 2016. Data were collected manually in four steps:

First, all majority-owned MCs of the 183 German cities with over 50,000 inhabitants were identified from the cities' shareholdings reports. Corporations with direct or indirect (second degree) majority city ownership (at least 50%) were included, while dissolved/merged MCs were excluded. The study analyzes MCs of 12 public services that are frequently represented in municipal portfolios: energy provision, drinking water provision/water disposal, waste disposal, public transport, public housing, fairs and events, hospitals, social services, culture, urban development, municipal property/facility management, and municipal utilities.

Second, the available annual financial statements of the MCs were obtained from the company register, which serves as a national repository of corporate reports starting from the financial year 2006. All executives serving between January 2006 and December 2016 with published pay were included. At the time of analysis, the financial year 2016 is the most recent year for which executive pay data were structurally available in the financial statements or the cities' shareholding reports. The data collection step yielded 602 full-time executives (excluding 25 provisional/interim executives with short temporary appointments below 1 year).

In the third step, extensive internet research was conducted through "Google" to identify the executives' internal/external hiring, politicization, tenure, birth date, and academic background. Search terms comprised executives' first and last names solely and combined with the MC name, examining the first 15 search results. For politicization data, the study additionally combined the executive name with the popular acronyms of political parties in Germany: "CDU," "CSU," "SPD," "FDP," "GRÜNE," "LINKE," "AfD." As a result, relevant information was obtained for 81.6% of 602 executives—the final sample comprises 491 executives employed in 275 MCs.

4.3 | Statistical model

For statistical analysis, the study employs Cox's (1972) proportional hazard regressions to estimate the executive turnover likelihood. This statistical approach considers risk factors related to the time-to-occurrence (here, tenure length) of a specific event (here, executive turnover). As the individual tenure length does not follow a normal distribution, in this case, ordinary least squares or logistic regressions are problematic. Cox's model is useful if one lacks a priori assumptions regarding the functional form of the tenure to be modeled (Box-Steffensmeier & Jones, 2004) and is widely used in leading literature to analyze the time-to-occurrence of a specific event (Ennsner-Jedenastik, 2014a; Petrovsky et al., 2017; Rutherford & Lozano, 2018). In Cox models, the hazard rate for each individual is as follows:

$$h_i(t) = h_0(t) \exp(\beta' X_i) \quad (1)$$

Here, $h_0(t)$ is the executive's baseline hazard function and X_i a set of covariates, including the independent variables for executive resources and corporation forms and further individual, firm, and city controls. The statistical results are reported in the form of hazard ratios:

$$h_i(t)/h_0(t) = \exp(\beta' [x_i - x_j]) \quad (2)$$

A hazard ratio below one indicates a decreased likelihood of turnover, whereas values exceeding one indicate an increased likelihood of turnover. The study employs the Cox proportional hazard model using the *stcox* command in Stata 16.

4.4 | Dependent variables

Following common approaches in other studies in this field (Christensen et al., 2014; Petrovsky et al., 2017; Rutherford & Lozano, 2018), the dependent variable is the executive turnover measured by a binary-coded variable whose value in the year the executive leaves the MC is one and zero otherwise. For Cox regression estimation, observations are left-censored if the executive left before January 2006 and right-censored if at least one of the following criteria is met: (1) executive's tenure extended beyond December 2016; (2) executive retired; and (3) executive died. Cox regression also considers the executive tenure measured in years until the turnover occurs. Consistent with existing turnover studies (Geys et al., 2017; Rutherford & Lozano, 2018), this study does not distinguish between voluntary and forced turnover because "tenure endings are often due to a complex mix of push and pull factors" (Petrovsky et al., 2017, p. 594).

4.5 | Independent variables

"Pay level executive" is the natural logarithm of personalized executive pay referring to the annual cash pay (salary and performance-related pay). Other pay components, such as stock options and long-term incentive plans, are uncommon in MCs. Pay data from the turnover year are omitted: First, such data include partial pay if the executive did not serve the entire year. Second, departing executives frequently receive additional pay components, such as severance/one-time payments, which may distort pay for that year. For instance, if an executive left in 2015, the study used the annual pay of 2014.

"Politicized executive" is a binary-coded variable, which is one if the executive is politicized and zero otherwise. This study considers individuals as politicized if they have become visible by (1) holding a party office, (2) serving in a city council, regional parliament, or ministerial cabinet, or (3) being a party member (see section "Sample and data collection"). An executive could be a party member but not be politically visible. However, political visibility is an especially important form of politicization for the present research question. If an executive has never become politically visible, it is theoretically less likely that this politicization will strongly influence mitigating resource dependence to political stakeholders. Thus, this newly introduced variable "political visibility" promises high potentials in future research in the politicization debate. Besides, the study considers the executive partisan affiliation with the city's mayor party and the city council's parties. Here, the study integrates three binary-coded variables indicating whether an executive is (1) affiliated with the city's mayor party, (2) affiliated with a city council majority party (at least 20% of the electoral votes), and (3) affiliated with another (minor) city council party.

"Internally hired executive" is a binary-coded variable, which is one if the executive is internally hired and zero otherwise. This study considers all individuals as internally hired who have worked in the MC or held an administrative position in the shareholding public authority immediately before their appointment. This approach draws on the concept of insiderness/outsiderness (Petrovsky et al., 2017).

"Profit-making corporation form" is a binary-coded variable, which is one if the MC is classified as structurally profit-making and zero otherwise. Here, in the first step, the study identifies for all 3 years before executive turnover if the MC makes a profit or not by calculating annual earnings (after taxes) minus subsidies (e.g., operating subsidies/grants) or compensation for the losses from other MCs. In a second step, MCs are classified as profit-making corporation forms if they earned annual profits in at least two financial years before turnover. For the further use of this variable, it is methodologically necessary that the coding provides a structural classification between profit-making and not profit-making forms based on a sufficient number of years that is meaningful for the intended analysis of the respective theoretical mechanism. Beyond previous classifications based on industries/legal forms, this novel methodological approach for conceptualizing and measuring profit-making and not profit-making public corporation forms promises high potentials for future research.

4.6 | Control variables

The study considers individual controls that could potentially influence executive turnover likelihood: “Female executive” (female/male, binary-coded), “Executive age” (in years), and “Doctoral degree” (executives with a doctoral degree against others, binary-coded).

Regarding firm controls, the study integrates typical ownership publicness variables (binary-coded): “Private shareholder” (additional private shareholder owning a minority of shares), “Indirect shareholding of the city” (indirect/direct city ownership), “Private legal form” (private/public legal form of the MC), and “Performance/earnings decrease” (annual earnings decreases of the MC in both financial years before turnover). Moreover, the study controls for “Firm size” (natural logarithm of the balance sheet total) and “Number of executives” (natural logarithm), and the “Profit orientation corporation legal status” of MCs according to German Municipal Codes. Finally, the study includes a categorical variable for “Public service industries,” differentiating the main public services provided by each MC: technical, human, or administrative (for a comparable approach, see Andrews, 2020). To categorize MCs into these three public service industries, they were first assigned to services according to their corporate objectives (see section “Sample and data collection”). Next, they were classified as technical (energy, water, waste, public transport, municipal utilities), human (housing, hospitals, social services, culture, fairs and events), or administrative public service industry (urban development, municipal property/facility management).

At the city level, the study controls for personnel changes (“Change in mayor position”) and party-political changes in the city mayor (“Political change in mayor position”) (both binary-coded), the “City population” (natural logarithm), and “City debt per capita” (natural logarithm).

5 | EMPIRICAL RESULTS

5.1 | Descriptive statistics

In the sample of 491 executives, 106 (21.6%) faced turnover between 2006 and 2016—their mean tenure is 6.14 years. A total of 19.8% left within 3 years, while 17.0% stayed for above 10 years (see survival function, Figure A1). A total of 11.8% of the 491 executives are politicized; among these, 46.6% are affiliated with the city mayor’s party and 79.3% with a city councils’ majority party. A total of 32.6% are internally hired executives. The ratio of women, 15.3%, is below the politically formulated diversity goals (e.g., Sustainable Development Goals of the United Nations)—the mean female executive tenure is 5.61 (male executives: 6.23 years). The mean executive pay is 228,000 Euro, with a maximum of 916,000 Euro. The turnover rates between public service industries are close together, with the highest in human services (26.5%) and lowest in administrative services (20.3%) (Table 1).

The pairwise correlation matrix for independent and control variables shows that all coefficients are below 0.8 and therefore exhibit no concerns regarding multicollinearity (Table A1). To further check for robustness, the study examines the variance inflation factor—none of the values are of concern (Table A2).

5.2 | Cox regression analysis

Table 2 presents the Cox regression results. The model assumptions are met, and the estimation results are stable across the models. The study checked the proportional hazards assumption using Schoenfeld residuals (*estat phtest* command in Stata 16) and found no global or individual violations ($\chi^2 = 14.60$, $df = 19$, $p = 0.748$). Models 1–6 stepwise include the independent variables. The models perform well, with a Wald χ^2 value between 269.51 and 390.80 and model significances at the 0.1% level.

TABLE 1 Summary statistics

	Mean	SD	Min	Max
Dependent/independent variables				
Executive tenure (years)	6.14	3.65	1.08	20.38
Pay level executive (logarithm)	12.22	0.56	10.43	13.47
Politicized executive	0.12	0.32	0	1
Affiliation with mayor party	0.05	0.23	0	1
Affiliation with city council two major parties	0.09	0.29	0	1
Affiliation with city council other parties	0.02	0.15	0	1
Internally hired executive	0.33	0.47	0	1
Profit-making corporation form	0.48	0.50	0	1
Firm controls				
Private shareholder	0.10	0.30	0	1
Indirect shareholding of the city	0.38	0.49	0	1
Private legal form	0.88	0.32	0	1
Performance/earnings decrease	0.13	0.34	0	1
Firm size (total assets, logarithm)	18.29	2.67	10.81	23.09
Number of executives	1.90	1.10	1	6
Profit orientation corporation legal status	0.39	0.49	0	1
Public service industries				
Technical services	0.36	0.48	0	1
Human services	0.48	0.50	0	1
Administrative services	0.15	0.36	0	1
Individual controls				
Female executive	0.15	0.36	0	1
Executive age (years)	55.07	7.15	33	78
Doctoral degree	0.17	0.38	0	1
City controls				
Change in mayor position	0.05	0.22	0	1
City population (logarithm)	13.28	1.09	10.9	15.06
City debt per capita	8.26	1.28	5.23	10.10

Note: The table reports statistics for the total estimation sample (491 executives from 275 MCs), except the variable "Executive tenure" representing those 106 executives whose tenure ends during the observation period.

Regarding Model 1, turnover is significantly less likely for executives with higher individual pay ($p < 0.1$). According to the hazard ratio for executive pay (nonlogarithm transformed), a 10,000 Euro increase lowers the turnover likelihood by 2.7% (analog a 200,000 Euro pay increase lowers the turnover likelihood by 54.0%). In Model 2, regarding executive politicization, the reciprocal hazard ratio ($1/0.319 = 3.1$) indicates that nonpoliticized executives are significantly 3.1 times more likely to turnover than politicized executives ($p < 0.05$). Here, according to Models 3 and 4, the executive's affiliation with the city mayor's party has no significant effect. However, there is a significantly lower turnover likelihood ($p < 0.1$) when the executive is affiliated with a major party in the city council. Model 5 indicates a significantly lower turnover likelihood for executives hired internally ($p < 0.05$). Regarding the reciprocal hazard ratio ($1/0.504 = 2.0$), externally hired executives are approximately 2.0 times as likely to change.

TABLE 2 Cox regression results

	Model-1	Model-2	Model-3	Model-4	Model-5	Model-6
Independent variables						
Pay level executive (logarithm)	0.597* (-1.86)	0.538** (-2.36)	0.567** (-2.10)	0.535** (-2.41)	0.528*** (-2.65)	0.545** (-2.53)
Politicized executive		0.319** (-2.04)			0.343** (-2.04)	0.305** (-2.27)
Affiliation with mayor party			0.339 (-1.36)			
Affiliation with city council majority parties				0.290* (-1.91)		
Affiliation with city council other parties				0.505 (-0.61)		
Internally hired executive					0.504** (-2.36)	0.469*** (-2.90)
Profit-making corporation form						0.554** (-2.36)
Firm controls						
Private shareholder	1.363 (0.57)	1.340 (0.56)	1.317 (0.52)	1.343 (0.56)	1.319 (0.51)	1.449 (0.76)
Indirect shareholding of the city	1.335 (0.79)	1.254 (0.61)	1.234 (0.58)	1.244 (0.60)	1.274 (0.69)	1.336 (0.85)
Private legal form	1.318 (1.31)	1.580** (2.02)	1.527* (1.71)	1.599** (2.00)	1.629** (2.21)	1.656** (2.24)
Performance/earnings decrease	1.428 (1.10)	1.425 (1.07)	1.476 (1.18)	1.425 (1.07)	1.429 (1.13)	1.343 (0.89)
Firm size (total assets, logarithm)	1.150* (1.67)	1.183** (1.98)	1.168* (1.84)	1.183** (1.97)	1.171* (1.95)	1.183** (2.14)
Number of executives (logarithm)	1.129 (0.48)	1.176 (0.63)	1.178 (0.61)	1.191 (0.66)	1.207 (0.76)	1.166 (0.65)
Profit orientation corporation legal status	0.618* (-1.91)	0.660* (-1.74)	0.645* (-1.79)	0.661* (-1.73)	0.672 (-1.54)	1.024 (0.07)
Public service industries						
Technical services	RC	RC	RC	RC	RC	RC
Human services	1.270 (0.92)	1.193 (0.70)	1.194 (0.72)	1.184 (0.67)	1.100 (0.43)	1.208 (0.85)
Administrative services	1.020 (0.05)	1.083 (0.18)	0.984 (-0.04)	1.067 (0.14)	1.076 (0.17)	1.325 (0.69)
Individual controls						
Female executive	1.101 (0.32)	1.108 (0.36)	1.105 (0.35)	1.097 (0.33)	1.116 (0.39)	1.076 (0.26)
Executive age (years)	0.911*** (-6.60)	0.912*** (-6.27)	0.910*** (-6.75)	0.912*** (-6.33)	0.913*** (-6.01)	0.916*** (-5.91)
Doctoral degree	1.487 (1.59)	1.646** (2.14)	1.565* (1.83)	1.661** (2.18)	1.622** (1.99)	1.629** (2.11)
City controls						
Change in mayor position	3.965*** (4.84)	3.735*** (4.51)	3.933*** (4.82)	3.750*** (4.51)	3.547*** (4.12)	3.710*** (4.28)

(Continues)

TABLE 2 (Continued)

	Model-1	Model-2	Model-3	Model-4	Model-5	Model-6
City population (logarithm)	1.704*** (3.93)	1.702*** (4.17)	1.733*** (4.28)	1.697*** (4.07)	1.698*** (4.15)	1.716*** (4.02)
City debt per capita (logarithm)	0.931 (-0.73)	0.916 (-1.11)	0.914 (-1.08)	0.917 (-1.09)	0.884 (-1.47)	0.880 (-1.39)
N	491	491	491	491	491	491
Executive tenure endings	106	106	106	106	106	106
Wald χ^2	29.52	328.63	269.51	336.35	375.03	39.80
-2 Log-likelihood	-549.49	-545.68	-547.43	-545.58	-541.89	-54.14

Notes: Hazard ratios with cluster-robust standard errors for 64 public authorities; z-statistics in parentheses. A hazard ratio below one indicates a decreased turnover likelihood.

Abbreviation: RC, reference category.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

The turnover likelihood in Model 6 is significantly higher in not profit-making than profit-making MCs ($p < 0.05$). Executives in not profit-making MCs are 1.8 times more likely to change. To further disentangle potential effects of the specific MC's profit situation and the legally ascribed profit orientation status, an interaction analysis shows that turnover differences between profit-making/not profit-making MCs occur independently of the "Profit orientation corporation legal status" (Table A3, Model R1).

The study additionally tests various control variables. On the individual level, higher executive age significantly reduces the turnover likelihood. Regarding firm controls, executives employed in larger MCs and in MCs with private legal forms face a significantly higher turnover likelihood. Concerning city controls, executive turnover is significantly more likely in larger cities. Changes in the mayor position—one of the most powerful positions in the governance structure and for political control of MCs in municipalities—are the strongest predictor of executive turnover among all covariates. However, this is not due to changes in party-political control but to a change in the person occupying the mayor position (Table A3, Model R2).

6 | DISCUSSION

Overall, based on resource dependence theory and embedded perspectives of publicness fit, the study shows that executive resources and public corporation forms play a significant role in executive turnover in the personnel governance of public corporations. Thus, decision-makers in the (re)appointment of executives for the public service provision by public corporations have relevant governance options to manage resource dependencies and affect executive tenure/turnover.

First, the results support Hypothesis 1 regarding a lower turnover likelihood for executives with higher pay. From the viewpoint of resource dependence theory, the findings indicate that executive pay is a critical factor for executive turnover with important implications for personnel governance in the public corporation context. Underlying resource dependence theory assumptions that pay signifies the value attached to the executive's capability (Pandher & Currie, 2013), this implies that higher executive pay is associated with a perceived higher executive capability of managing critical external uncertainties and resource dependencies of public corporations, resulting in lower executive turnover likelihood. Embedding the publicness fit perspective (Petrovsky et al., 2015), the pay-turnover interdependency may also point that decision-makers may offer higher pay and favor longer tenure to those executives whose capabilities perceive to better fit. However, other governance and political perspectives regarding the quality of recruitment processes and path dependencies for pay levels may also play an important role. Against this background, as emphasized in the public corporate governance codes of international policymakers and initiatives in different countries (e.g., Expert Commission G-PCGM, 2021; OECD, 2015; World Bank, 2014), the findings imply a need for clearly defined and documented key criteria for executive pay as well as for the (re)appointment process. According to the results, there is a need for further diffusion of public corporate governance codes in public authorities across all governmental levels. Moreover, additional research is needed to extend the theoretical understanding of the governance mechanism "executive pay" and its effects and determinants. The controversial field of executive pay discussed in the public sphere (Geys et al., 2017; Papenfuß & Keppeler, 2020) remains a promising field for further research in the debate on recruitment of qualified/competent key personnel and instrument for control publicness of public corporations—given the broad discretion in executive pay.

Second, politicized executives have a lower likelihood of turnover than nonpoliticized executives—supporting Hypothesis 2. Board politicization as a mechanism of "control publicness" (Andrews, 2020) appears to be a relevant personnel governance mechanism in public corporations at the municipal level, extending the existing knowledge on the federal/state level and enriching the theoretical politicization debate (Ennsner-Jedenastik, 2014a). From the perspectives of public decision-makers, politicized executives seem to bring in beneficial resources that reduce critical dependencies and uncertainty both for the public owner by a more direct way of control and the public corporation by privileged access to socio-political stakeholders—corresponding to insights for private firms (Hillman, 2005; Lester et al., 2008). Besides, additionally pointing to potential functional effects of politicization (Christensen et al., 2014),

there is no evidence of a higher executive turnover either when the politicized executive is not affiliated with the mayor's party or when the mayor's party changes. Rather, the likelihood of executive turnover in MCs seems person-driven and increases when the mayor changes, indicating lower relations between executive turnover and partisan affiliation compared to state-owned enterprises (Ennser-Jedenastik, 2014a). However, the city council's major parties, which can significantly contribute their interests to staffing decisions, influence the tenure of party affiliates in German municipalities characterized by a multiparty system. In the prevailing politicization debate (e.g., Ennser-Jedenastik, 2014a; Meyer et al., 2018), future research needs whether different forms of executive's politicization as the newly introduced measurement "political visibility" have functional or dysfunctional effects. From a public corporate governance perspective, an effective board must comprise highly qualified/competent executives with a mix of capabilities and publicness fit to manage relevant resource dependencies. Professionalism, diversity, and intersectionality aspects should play a critical role in (re)appointment decisions of executives in public corporations and need to be based on clear public corporate governance guidelines (e.g., OECD, 2015; World Bank, 2014).

Third, supporting Hypothesis 3, there is a lower turnover likelihood among internally hired executives—corresponding to private sector studies (Berns & Klarner, 2017; Giambatista et al., 2005). However, the results vary from findings for other public organizations like agencies (Petrovsky et al., 2017) or universities (Rutherford & Lozano, 2018)—indicating that the perceived relevance of the resource provision of internally hired executives differs among public organizations. Appointing organizational members to executive positions—with their firm-specific knowledge, stronger public authority network ties, and a higher degree of ownership publicness fit—can be a promising personnel governance mechanism if decision-makers intend a longer executive tenure. From the perspective of resource dependence theory, the findings provide evidence to reflect the higher turnover likelihood of externally recruited executives. Turnovers can have dysfunctional effects on the organization through temporal disruptions in MC management/strategies and uncertainty among MC stakeholders (Hill, 2005; Petrovsky et al., 2015; Villadsen, 2012), but they do not necessarily lead to better performance (Berns & Klarner, 2017). According to the findings, the time-consuming, costly recruitment process for appropriate executives outside the firm on the labor market and their functional/contextual familiarization period may not be sufficiently amortized due to their short tenure.

Lastly, interestingly opposing Hypothesis 4, the findings reveal a higher likelihood of executive turnover in not profit-making MCs than in profit-making MCs. Therefore, as emphasized by resource dependence theory (Malatesta & Smith, 2014), MC's organizational form and related context conditions significantly affect personnel governance mechanisms. However—contrary to findings for the private sector (Hillman et al., 2009)—a more competitive environment, as it is for profit-making MCs, where more intensive market pressure and competition with private actors are prevalent, does not result in higher executive turnover likelihood. Thus, in the context of this study, the personnel governance seems to be less sensitive to market conditions. Rather, political interests/rationalities in the budgetary process of public organizations seem to play a more critical role. In contrast to profit-making MCs, which operate more independent by generating their own profits for operations in the framework of public service provision, not profit-making MCs are structurally in need of public subsidies/funds. Although public service provision should be the overriding aim, the public owner and politicians are interested in minimizing the MC's financial losses and public subsidy needs. Concerning political budget processes and rationalities, not profit-making MCs might be increasingly visible and tangible for politicians than for profit-making MCs, which frequently do not compete in the "political market" for grants/subsidies of the governmental budget. Thus, executives in not profit-making MCs seem to face more pressure, in this context, to improve MCs results because of the higher political connectedness, control, and oversights. These political interdependencies may contribute to higher environmental uncertainties/dependencies, leading to a higher turnover likelihood. The revealed different governance rationalities and institutional logic between the two corporation forms regarding personnel governance mechanisms need reflection concerning overriding public management goals and formulated targets of public authorities. For future research, the use of the novel measurement of the two corporation forms, profit-making and not profit-making, promises to generate additional and more nuanced theoretical insights in different research debates (e.g., publicness, corporate governance, public sector values) and disciplines (e.g., governance, human resource management, accounting).

Although the current study presents relevant findings and anchor points for future research, it also faces some limitations. First, as with all single-country studies, questions exist regarding the degree to which the results can be generalized to public corporations in other countries with different administrative traditions/cultures, corporatization developments, and governance modalities. Second, the current study centers on the role of executive resources and corporation forms on executive turnover, detecting novel insights into personnel governance. Future research should further extend the theoretical knowledge regarding the effects of different instrumental governance mechanisms (e.g., public corporate governance codes, target agreements) and personnel governance mechanisms (e.g., board composition, selection processes) in this context. Finally, in the debate on recruiting competent/qualified executives for public service provision with publicness fit, future research could also benefit from a nuanced distinction between voluntary/forced turnover and analysis of determinants and effects of different turnover types.

7 | CONCLUSION

With the increasing trends of corporatization, the effective governance of key resources in public corporations by decision-makers in politics and administration has become increasingly important. One of the most powerful mechanisms of personnel governance is appointing and retaining executives who make a crucial difference in managing organizational priorities.

Drawing on resource dependence theory and embedding the publicness fit perspectives, the study broadens the theoretical understanding of executive turnover concerning the role of executive resources and corporation forms by analyzing 491 executives of 275 German municipal corporations between 2006 and 2016. Executive politicization, firm-internal knowledge, and the level of pay play a significant role in executive turnover. Therefore, decision-makers in the executive (re)appointment have relevant governance options regarding executive resources to affect their tenure/turnover.

Further, by showing a higher likelihood of executive turnover in not profit-making than in profit-making corporations, the findings reveal different governance rationalities between these two corporation forms. Thus, this novel methodological approach for conceptualizing and measuring profit-making and not profit-making public corporations promises high potentials for future research.

The study has several practical implications. The findings underline the need for clearly defined and transparent governance standards for the executive's selection/recruitment, such as public corporate governance codes, as stressed by international policymakers and initiatives in different countries (e.g., Expert Commission G-PCGM, 2021; OECD, 2015; World Bank, 2014). Moreover, in the recruitment processes, public decision-makers need to ensure that executive candidates are familiar with the special publicness fit requirements in the "City Group" with its diverse stakeholders. Politicization and internal recruitment can extend executive tenure, whereas external recruitment is often time-consuming/costly and associated with lower executive tenure. In addition, practitioners and policymakers should reflect the causes and consequences of the higher turnover likelihood for executives in not profit-making public corporations regarding overriding public management goals.

Executives of public corporations have powerful positions and make decisions with high relevance for policy goals and public service provision at the heart of democracy. Therefore, further insights in this area are particularly relevant for science, society, and policymakers.

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CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

DATA AVAILABILITY STATEMENT

The data sets analyzed during the current study are available from the corresponding author on request.

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APPENDIX A

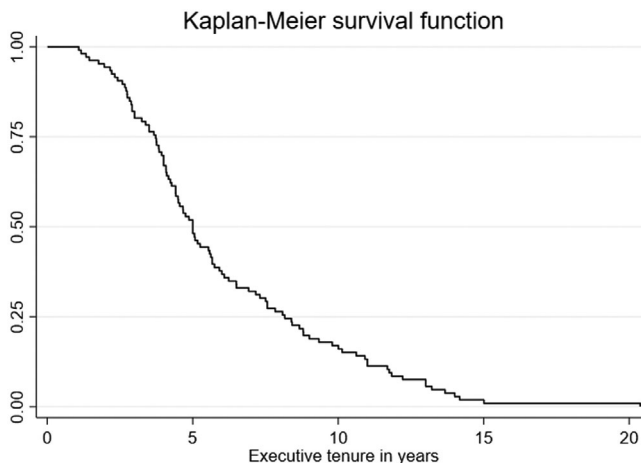


FIGURE A1 Executive tenure survival function

TABLE A1 Correlation matrix

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1 Pay level executive (logarithm)	1																
2 Politicized executive	-0.007	1															
3 Internally hired executive	-0.060	0.109*	1														
4 Profit-making corporation form	0.243*	0.100*	-0.005	1													
5 Private shareholder	0.138*	-0.019	-0.004	0.185*	1												
6 Indirect shareholding of the city	0.125*	0.012	0.010	0.112*	0.277*	1											
7 Private legal form	0.061	0.056	0.066	0.065	0.123*	0.287*	1										
8 Performance/earnings decrease	-0.062	-0.048	-0.011	-0.206*	-0.030	0.095*	-0.046	1									
9 Firm size (total assets, logarithm)	0.703*	0.094*	-0.045	0.348*	0.070	0.112*	-0.117*	-0.103*	1								
10 Number of executives	0.533*	-0.049	-0.037	-0.025	-0.016	0.062	-0.193*	0.101*	0.479*	1							
11 Profit orientation corporation legal status	0.305*	0.083	0.016	0.689*	0.215*	0.080	-0.032	-0.135*	0.485*	0.056	1						
12 Female executive	-0.108*	-0.050	-0.042	-0.140*	-0.124*	-0.112*	-0.073	-0.030	-0.122*	0.005	-0.095*	1					

(Continues)

TABLE A 1 (Continued)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
13 Executive age (years)	0.021	0.148*	0.106*	0.041	0.064	0.010	-0.009	-0.070	0.037	0.034	-0.053	-0.176*	1				
14 Doctoral degree	0.140*	0.001	-0.097*	0.046	0.062	0.011	-0.068	-0.031	0.139*	0.039	0.092*	0.033	-0.017	1			
15 Change in mayor position	-0.010	-0.027	0.017	0.035	-0.078	-0.067	-0.059	-0.007	0.051	-0.015	0.062	-0.073	0.031	-0.031	1		
16 City population (logarithm)	0.245*	-0.071	-0.156*	-0.076	-0.199*	-0.117*	-0.144*	-0.076	0.278*	0.316*	-0.053	0.078	0.007	0.050	0.052	1	
17 City debt per capita (logarithm)	0.015	-0.088	-0.168*	-0.071	-0.017	0.036	-0.163*	-0.051	0.043	0.040	-0.037	0.054	-0.010	0.090*	0.022	0.427*	1

Notes: *Correlation is significant at the .05 level or below (two-tailed test).

TABLE A2 Collinearity statistics

Variables	Variance inflation factor	Tolerance
Pay level executive (logarithm)	2.470	0.405
Politicized executive	1.080	0.928
Internally hired executive	1.070	0.933
Profit-making corporation form	2.050	0.487
Private shareholder	1.220	0.821
Indirect shareholding of the city	1.260	0.792
Private legal form	1.300	0.769
Performance/earnings decrease	1.110	0.899
Firm size (total assets, logarithm)	2.810	0.356
Number of executives	1.740	0.575
Profit orientation corporation legal status	2.370	0.423
Female executive	1.100	0.909
Executive age (years)	1.100	0.912
Doctoral degree	1.050	0.950
Change in mayor position	1.030	0.968
City population (logarithm)	1.590	0.629
City debt per capita (logarithm)	1.330	0.750

TABLE A3 Additional Cox regression results

	Model R1	Model R2
Independent variables		
Pay level executive (logarithm)	0.562** (-2.32)	0.543*** (-2.65)
Politicized executive	0.353** (-2.06)	0.287** (-2.38)
Internally hired executive	0.481** (-2.50)	0.470*** (-2.85)
Profit-making corporation form	0.404** (-2.43)	0.558** (-2.24)
Interaction		
Profit-making corporation form × Profit orientation corporation legal status	3.462 (1.48)	
Firm controls		
Private shareholder	1.492 (0.86)	1.397 (0.69)
Indirect shareholding of the city	1.267 (0.72)	1.334 (0.86)
Private legal form	1.694** (2.57)	1.733** (2.28)
Performance/earnings decrease	1.295 (0.75)	1.341 (0.85)
Firm size (total assets, logarithm)	1.187** (2.16)	1.192** (2.27)
Number of executives	1.160 (0.59)	1.148 (0.59)
Profit orientation corporation legal status	0.407 (-1.03)	0.995 (-0.02)
Public service industries		
Technical services	RC	RC
Human services	1.149 (0.61)	1.212 (0.88)
Administrative services	1.344 (0.77)	1.376 (0.79)

(Continues)

TABLE A3 (Continued)

	Model R1	Model R2
Individual controls		
Female executive	1.055 (0.18)	1.077 (0.26)
Executive age (years)	0.914*** (−5.93)	0.916*** (−5.90)
Doctoral degree	1.653** (2.10)	1.705** (2.26)
City controls		
Change in mayor position	3.757*** (4.64)	
Political change in mayor position		
No change in mayor position		RC
Change in mayor position without party political change		5.397*** (5.31)
Party political change in mayor position		1.886 (0.93)
City population (logarithm)	1.706*** (3.91)	1.623*** (3.39)
City debt per capita (logarithm)	0.868 (−1.59)	0.869 (−1.59)
N	491	491
ED tenure endings	106	106
Wald χ^2	536.41	1318.85
−2 Log-likelihood	−538.91	−538.99

Notes: Hazard ratios with cluster-robust standard errors for 64 public authorities; z-statistics in parentheses. Hazard ratios below one indicates a decreased likelihood of turnover. A party-political change in the mayor position does not significantly affect the likelihood of executive turnover. Still, this association is noisy as changes in the mayor position in general, especially regarding party-political changes, occur very limited in the observation period.

Abbreviation: RC, reference category.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.