

Marathons Make ¢ents

The Social Science Research Network recently published a research paper by economists Peter Limbach and Florian Sonnenburg on the relationship between a company's CEO's fitness level and its firm's value. The study, which was conducted over 10 years, defined fitness as finishing a marathon. The research study found that leading companies whose CEOs over the median age of 55 who were fit, i.e. marathon finishers, commanded higher valuations. Here is the [link](#) to download the full paper.

CEO Fitness and Firm Value

Abstract:

This study finds a positive relation between CEO fitness and firm value. For each of the years 2001 to 2011, we define CEOs of S&P 1500 companies as being fit if they finish a marathon. The literature suggests that fitness moderates stress and positively affects cognitive functions and performance. Accordingly, we find the strongest effects on firm value in subsamples where fitness is most important, i.e., for CEOs with high workload, above median age, and above median tenure. Fit CEOs are further associated with significantly higher abnormal announcement returns in M&A bids for large, public, and cross-border targets, concomitant with high stress. Our findings can explain the importance of CEO fitness in the managerial labor market and the trend among CEOs to stay fit.

[William "Chip" Corley, MBA, RFC](#)