CFO expertise and financial statement comparability

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Abstract

This study examines the role of Chief Financial Officers' (CFOs) expertise in enhancing financial statement comparability. We argue that CFOs with greater experience possess superior skills in preparing accurate and transparent financial reports, improving firm comparability. Our findings indicate that CFOs experience in their role is positively associated with financial statement comparability. However, holding an MBA or CPA qualification alone does not significantly impact financial statement comparability. Additionally, CFOs serving on external boards negatively affect the financial statement comparability of their primary firm. Our findings remain consistent, excluding the global financial crisis and the COVID-19 pandemic period. Our analyses also reveal that the combination of CFOs' expertise is important for understanding the association between CFO expertise and financial statement comparability. We address potential endogeneity between CFO expertise and financial statement comparability using propensity score matching, entropy balancing, and firm fixed effects, with robust results across these analyses. Additionally, our baseline results are validated by several variants of comparability measures, showing consistency with the main findings.

Keywords: CFO expertise, CFO professional qualification, CFO experience outside the board, Financial statement comparability, Accounting policy choice

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1. Introduction

In this study, we investigate whether and to what extent Chief Financial Officers (CFOs) expertise is related to financial statement comparability (FSC). CFOs play critical roles on the executive team to help stabilise and navigate the firm position for high growth and strong financial health (Cagilo & Van, 2018). As a member of the executive team, CFOs have substantial control over the firm's financial-reporting practices via their expertise and capacity to determine when and what financial numbers require reporting, and whether annual performance targets are being met. In contrast, financial statement comparability helps financial statement users understand accounting information and thus make informed decisions. In the past, the CFO's role focused on financial reporting, compliance, budgeting, forecasting, and risk management. However, the role has evolved into a strategic leadership position (Chava and Purnanandam 2010). Modern CFOs leverage data and analytics to drive decision-making, enhance financial performance, and shape the company's strategic direction, especially in the era of digital transformation (The CFO, 2024).

Although, Chief Executive Officers (CEOs) hold a dominant position in the corporate hierarchy, overseeing business strategy development and execution (Veprauskaitė & Adams, 2013), they often rely on CFOs to implement corporate decisions (Feng et al., 2011). CFOs play a critical role in decision-making, contributing to budgeting, investment, and operating cost strategies (Baker et al., 2019). They also ensure effective financial reporting and internal controls in compliance with regulations (Geiger & North, 2006; Hoitash et al., 2016; Jiang et al., 2010). As such, CFOs are central to maintaining the quality of financial reporting (Feng et al., 2011; Ge et al., 2011; Ham et al., 2017).

Datta and Iskandar-Datta (2014) highlight the growing interest in the role of CFOs, who are regarded as the most influential executives after CEOs. Caglio and Van (2018) suggest that the financial expertise of a CFO enhances financial reporting quality, likely due to their deeper understanding of accounting principles, regulatory requirements, and ethical standards. Their professional experience and financial expertise enable them to ensure accurate, transparent, and reliable financial reports. As such, CFOs with long-term experience are more likely to deeply understand accounting principles, regulatory requirements, and best practices. This knowledge enables them to produce financial statements that are consistent with established standards, improving comparability across firms or periods. However, if a significant portion

of a CFO's compensation is tied to long-term incentives, such as stock options or performance-based bonuses, it might create pressure to meet financial targets, potentially leading to biased or aggressive accounting practices.

The study of comparability is essential, as it represents a fundamental enhancing characteristic of financial reporting. Comparability is integral to high-quality financial reporting as it allows stakeholders to evaluate financial performance and position effectively. It refers to the degree to which financial information from different companies is prepared and presented in a similar manner, allowing stakeholders to identify similarities and differences across firms effectively (Hou, 2022). Without financial statement comparability, even information that is relevant and faithfully represented may fail to achieve its full usefulness (De Franco et al., 2011; Barth et al., 2012; IASB, 2018). Financial statement comparability enhances the quality and quantity of information available to investors and analysts, facilitating more informed decision-making. De Franco et al. (2011) suggest that higher comparability lowers the cost of acquiring information and increases the overall quantity and quality of information available to analysts about the firm. In addition, greater comparability helps enhance the quality and quantity of information since more comparable financial statements serve as benchmarks for others.

We argue that CFOs with experience and financial expertise are likely to influence comparability in the following two ways. First, as key financial stewards, CFOs oversee financial statements, ensuring compliance with accounting standards such as International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP), which enhances financial statement comparability and investor confidence (Donatella & Tagesson, 2021). Their ability to analyse financial data based on their experience as a CFO enables them to guide strategic planning, optimise capital allocation, and drive business growth (Graham et al., 2015). Second, CFOs play a crucial role in mitigating financial risks by implementing forecasting techniques and risk management strategies to safeguard the firm's financial health (Cohen et al., 2017). Their professional experience also improves investor relations, as transparent and well-communicated financial performance attracts capital and strengthens shareholder trust (Healy & Palepu, 2001).

However, it is not ex-ante clear that a CFO with experience and financial expertise positively influences comparability, because comparability is determined by a firm's accounting policy choice and other factors. The accounting response is influenced by the firm's accounting policies. However, accounting policies are typically stable over time and are

unlikely to change in response to CFO's experience and financial expertise. Following this argument, firms with similar accounting policy choices are likely to have similar responses. If firms in the same industry adopt similar accounting policies, their accounting responses to CFO's experience and financial expertise could plausibly be similar. As a result, CFO's expertise will not affect financial statement comparability until they have long-term experience in financial data analyses and professional competency in financial roles.

We address potential endogeneity between CFO's expertise and financial statement comparability using propensity score matching (PSM), entropy balancing matching model, and firm fixed effect for CFO experience and financial comparability relationship. Our underlying results and findings are robust to these endogeneity analyses. We also conduct several additional disclosure quality tests to validate our baseline results. These additional tests are consistent with our main results.

Our study contributes to the literature by presenting new evidence that CFO's experience in their role positively influences financial statement comparability. Using the CFO's expertise, we document a positive association between CFO experience and comparability. Additionally, we find that CFO's participation in external board memberships is negatively associated with the comparability of financial statements in their primary firm. Moreover, our analysis of the relationship between CFO financial qualifications and statement comparability reveals no significant impact of holding an MBA or CPA qualification alone. This finding underscores the greater importance of a CFO's years of experience in shaping financial statement comparability, rather than academic financial credentials alone. Lastly, our study contributes to our understanding of the determinants of financial statement comparability.

The paper proceeds as follows. We review the relevant literature in Section 2, develop our hypotheses in Section 3, and detail the research methodology in Section 4. We describe the data in Section 5, present the main results in Section 6, and the results of additional and robustness tests in Section 7, and conclude the study in Section 8.

2. Literature review

2.1 CFO expertise

A CFO's experience and financial expertise are critical to ensuring high-quality financial reporting. This, in turn, serves as the foundation for stakeholder trust and informed decision-making. A high-quality financial reporting, driven by adherence to accounting standards, enhances transparency and reduces information asymmetry, thereby fostering stakeholder

confidence (Ball, 2006). By applying in-depth knowledge of accounting standards such as IFRS or GAAP, the CFO ensures accurate, transparent, and consistent reporting of the organisation's financial position. They oversee robust internal controls, streamline reporting processes, and ensure compliance with regulatory requirements to minimise errors and avoid legal or reputational risks (Hoitash et al., 2016; Jiang et al., 2010). As highlighted by Dechow et al. (2010), strong governance and oversight by financial leaders, such as CFOs, are key to mitigating financial misstatements and enhancing reporting quality. A CFO's leadership also plays a key role in preventing earnings management, fostering ethical reporting practices, and integrating financial technologies to enhance data accuracy and timeliness (Dichev et al., 2013). Through clear communication and well-structured financial disclosures, they ensure stakeholders can easily interpret and rely on the information presented.

In addition, as the CFO also serves as the board secretary, there is an improvement in financial statement comparability, likely due to better coordination in information disclosure and adherence to standardised reporting practices (Li et al., 2023). Additionally, research has shown that firms with female CFOs exhibit higher financial statement comparability, possibly due to differences in risk aversion and ethical perspectives (Wang et al., 2023).

Many studies conceptualise and operationalise the role of the CFOs based on their educational qualifications, professional certifications, and key competencies (Sun et al. 2015; Li et al. 2010). Educational background often includes degrees in accounting, finance, or business administration, while professional qualifications may involve certifications such as CPA (Certified Public Accountant), CFA (Chartered Financial Analyst), or equivalent credentials. Competences refer to their skills and expertise in areas such as financial planning, risk management, strategic decision-making, and corporate governance. These dimensions collectively influence a CFO's ability to shape financial reporting quality, strategic financial decisions, and overall firm performance, making their role a critical area of research in corporate governance and financial management. For example, Li et al. (2010) focus on the effects of CFO expertise (measured by professional qualifications) and experience on adverse Sarbanes-Oxley (SOX) Act Section 404 opinions and find that CFOs with less financial qualifications are more likely to receive adverse SOX.

This section provides a comprehensive discussion on CFO role and importance in financial reporting quality. In the next section, we discussed the benefits and consequences of financial statement comparability.

2.2. Financial statement comparability

2.2.1 Benefits of financial statement comparability

A large number of studies on financial statement comparability focus on its consequences, emphasising the benefits it brings to financial reporting and decision-making. De Franco et al. (2011) find that high accounting comparability improves analyst coverage and forecast accuracy, while Imhof et al. (2017) document that greater comparability in financial statements is associated with a lower cost of equity capital. Sohn (2016) examines the impact of accounting comparability on managers' opportunistic earnings management, revealing that higher comparability discourages accrual-based earnings management but prompts managers to shift toward real earnings management. Kim et al. (2016) find that financial statement comparability decreases ex-ante stock price crash risk, indicating that comparability reduces managers' incentives to withhold bad news. Similarly, Choi et al. (2019) show that comparability enhances the informativeness of stock prices, as reflected by a higher future earnings response coefficient (FERC). In addition, poor financial statement comparability is associated with a greater likelihood of accounting fraud (Blanco et al., 2023).

Additionally, considerable research suggests that comparable financial statements among peer firms improve information transparency, lower the costs associated with acquiring and processing information, and enable more efficient information sharing. Empirical evidence suggests that accounting comparability is linked to improved acquisition and investment decisions (Chen et al., 2018), reduced under-pricing during seasoned equity offerings (Shane et al., 2014), more favourable syndicated loan contract terms (Fang et al., 2016), and greater efficiency in internal capital markets, leading to lower diversification discounts for multi-segment firms (Cheng & Wu, 2018). Furthermore, Peterson, Schmardebeck, and Wilks (2015), using textual similarity in accounting policy footnotes from 10-K filings as a proxy for accounting consistency, find that lower consistency relative to industry peers is linked to greater discretionary accruals, increased information asymmetry, reduced analyst coverage, less accurate analyst forecasts, and weaker stock return synchronicity.

2.2.2. Factors influence on financial statement comparability

A number of factors influence financial statement comparability, including mandatory IFRS adoption (Brochet et al., 2013; Barth et al., 2012), and eXtensible Business Reporting Language (XBRL) mandate in enhancing comparability (Dhole et al., 2015). In addition, firms audited by the same Big4 auditors exhibit more comparable earnings compared to those audited

by different auditors (Francis et al., 2014). Additionally, Imhof et al. (2017) explore the proprietary cost of disclosure, finding that higher proprietary costs discourage firms from producing more comparable financial statements, with this effect being more pronounced in highly competitive markets. Dhole et al. (2021) find a negative relation between earnings comparability and lagged economic policy uncertainty (EPU). Further, the association between EPU and comparability is more negative for firms with poorer accruals quality and higher earnings volatility. Zhang et al. (2024) find that the mutual tenure of CFOs and auditors contributes to a higher accounting information comparability. Further investigations imply that the main effect is more pronounced among auditees with lower operational complexity and auditors with greater competence and expertise. Arianpoor and Asali (2023) find that both earnings volatility and environmental uncertainty have a significant negative effect on accounting comparability, and that COVID-19 significantly increases the negative impact of earnings volatility and environmental uncertainty on accounting comparability.

3. Hypothesis development

Our discussion of CFO experience suggests that it has profound implications for financial reporting quality. However, surprisingly, there has been little research on the implications of CFO financial expertise on firms' financial reporting practices, especially for the properties of reported earnings.

The Financial Accounting Standards Board (FASB) emphasises that the primary purpose of financial reporting is "to provide information that is useful to present and potential investors, creditors, and others in making investment, credit, and similar resource allocation decisions." To achieve this objective, the FASB identifies several key qualitative and enhancing characteristics that enhance the decision-usefulness of financial information, with comparability being one of the most significant. According to the FASB, comparability enables users to "identify similarities in, and dissimilarities among, items." Thus, comparable financial statements should display similar characteristics under comparable economic conditions (De Franco et al., 2011). Although the FASB does not provide a definitive explanation of comparability, it highlights that fulfilling qualitative attributes such as relevance, materiality, and faithful representation contributes to the enhancement of comparability in financial information (QC24, SFAC No. 8). In summary, high-quality financial reporting is integral to improving accounting comparability, as evidenced by De Franco et al. (2011), who establish a positive relationship between earnings quality and comparability.

In ideal accounting scenarios, financial statements precisely represent a firm's intrinsic value because future cash flows are fully predictable (Scott, 2014). This ensures perfect comparability of financial statements. Although, in non-ideal conditions, significant judgment is required to estimate the amount and timing of future cash flows. This introduces a trade-off between the relevance and reliability of financial information. CFOs with and without professional, financial and strategic expertise may influence accounting estimates differently, impacting the quality of reported earnings. Consequently, the CFO's differences in judgment reduce accounting comparability, highlighting the challenges in achieving consistency across financial statements.

3.1 CFO experience and Financial Statement comparability

CFO experience refers to the knowledge, skills, and expertise that a CFO has gained over their career (Habib & Hossain, 2013). This includes CFO's ability to manage a company's financial operations, develop strategic financial plans, oversee budgeting and forecasting, ensure regulatory compliance, and lead financial teams. It also encompasses their experience in handling mergers and acquisitions, risk management, and investor relations. In addition, CFOs who were former audit managers or partners report less aggressively and more conservatively, which enhances the transparency and reliability of financial reports (Condie et al., 2021; Li et al., 2022). Furthermore, Guo et al. (2021) find that firms' CFOs with accounting expertise disclose more CSR issues in their 10-K reports as they ensure stakeholders' expectations.

In particular, the numerous professional experiences, i.e. years of experience of CFOs, are likely to be linked with a higher level of financial statement comparability. First, CFOs with a long period of experience in financial analyses are better equipped to execute outstanding management practices and supervise financial policy implementation, resulting in enhanced firm-level governance and improved financial statement comparability. Second, modern CFOs have become strategic leaders involved in shaping the company's strategic direction. The rise of digital transformation has further expanded the financial leader's role. Chief financial officers harness data and analytics to deliver actionable insights that drive strategic decisions and enhance financial performance. A long period of experience as a CFO helps them to understand the importance of financial statement comparability.

Based on our discussion on CFO's experience in their role, we develop our first hypothesis as:

H1: Financial statement comparability is positively associated with the CFO's experience in their role.

3.2 CFO's professional qualification & external board membership and financial statement comparability

An accumulation of professional accounting and financial expertise of CFOs grants them a competitive edge that enhances the quality of their financial reporting. A comprehensive understanding of financial statements, budgeting, forecasting, and financial analysis is vital for financial controllers, enabling CFOs to analyse complex financial data and offer actionable insights. Hoitash et al. (2016) suggest that a CFO's education level and professional background significantly influence their approach to accounting decisions. For instance, Aier et al. (2005) found that companies led by CFOs with greater experience, MBAs, or CPA qualifications are less prone to earnings restatements. Similarly, Sun et al. (2015) find evidence that stakeholders are less concerned about a firm's corporate governance mechanism when CFOs are CPA-qualified.

Campa et al. (2025) find that CFOs with an MBA or an accounting background are linked to higher real earnings management (REM), though younger CFOs with an accounting background engage more, while older CFOs engage less. According to them, MBA-holding CFOs show greater confidence in REM, especially in complex situations. In addition, Ge et al. (2011) find mixed evidence of CFOs with CPA and MBA in firms reporting choices. According to them, CFO's personal style can influence a firm's accounting choices, potentially undermining its optimal financial reporting strategy if not aligned with its preferences. Based on our discussion on the CFO's professional qualification, we develop the next hypothesis as:

H2a: Financial statement comparability increases as CFOs have professional qualifications

CFOs are often sought after as board members, and exposure to external board membership enhances CFOs' experience. As CFOs hold outside directorships, they gain diverse insights, networks, and strategic skills from their roles on outside boards, which they can apply to their home firms. This knowledge transfer leads to more efficient investment decisions, better cash management, and higher long-term value (Khan, 2019). In addition, CFOs with external board memberships are associated with fewer underinvestment issues and a lower sensitivity between cash holdings and cash flow, suggesting more efficient investment and cash management practices (Khan & Mauldin, 2021).

However, it is important to note that the impact of CFOs outside directorships on their home firms can vary. The appointment of CFOs as outside boards can lead to reduced financial statement comparability in their primary company due to variations in accounting policies, risk

preferences, and governance practices. External board roles may also lead to conflicts of interest, where CFOs adapt financial reporting strategies to align with their broader network or industry benchmarks, potentially resulting in earnings management or selective disclosures (Graham et al., 2005). Furthermore, differences in boardroom priorities and governance frameworks can lead to changes in disclosure practices, making it difficult for investors and analysts to conduct meaningful comparisons over time (Francis et al., 2005). Prior research suggests that CFOs exert significant influence over financial reporting decisions, and their exposure to different corporate environments may introduce inconsistencies in accounting treatments, thereby affecting inter-company and intra-company comparability (Dyreng et al., 2012). Furthermore, social ties between CFOs and board members can undermine board independence and lead to increased earnings management (Krishnan et al., 2011). Although, Cunningham et al. (2024) observe no negative impacts on home firm financial reporting quality arising from outside board service and find only limited situations where significant benefits accrue to home firm financial reporting quality.

Based on our discussion on the CFO's external board membership, we develop the next hypothesis as:

H2b: Financial statement comparability declines in their primary organisation as CFOs serve on external boards

4. Research methodology

4.1. Financial statement comparability measure

De Franco et al. (2011) view comparability as the extent to which economic events, measured by stock returns, map into firms' earnings. Following De Franco et al. (2011)[4] we measure the accounting function of an individual firm *i*, in each year, and apply the following time-series regression analysing firm *i*'s 16 previous quarters of earnings (a proxy for financial statements) and stock returns (a proxy for economic events).

$$Earnings_{it} = \alpha_i + \beta_i Return_{it} + \varepsilon_{it} \quad (1)$$

where $Earnings$ is the quarterly net income before extraordinary items deflated by the market value of equity at the end of the previous quarter, and $Return$ is the raw stock return during quarter t. The estimated coefficients $\hat{\alpha}_i$ and $\hat{\beta}_i$ represent firm i's accounting system, or

[4]According to De Franco et al. (2011), financial statement comparability is the closeness between two firms' accounting systems in mapping economic events into financial statements. This view of comparability is consistent with the FASB's view.

function, that maps firm i's economic events into its financial statement. For firm j, which is from the same two-digit industry as firm i, the accounting system is proxied by $\hat{\alpha}_j$ and $\hat{\beta}_j$ (estimated using firm j's time series). To measure the closeness of the functions between firms i and j, De Franco et al. (2011) use each firm's economic events (proxied by Return_i or Return_j) to calculate the estimated earnings using each firm's accounting system parameters ($\hat{\alpha}_i$, $\hat{\beta}_i$ or $\hat{\alpha}_j$, $\hat{\beta}_j$), respectively. Specifically, they calculate firm i's and firm j's accounting response to firm i's economic events, Return*it.*

$$E(Earnings)_{iit} = \hat{\alpha}_i + \hat{\beta}_i Return_{it} \quad (2)$$

$$E(Earnings)_{ijt} = \hat{\alpha}_j + \hat{\beta}_j Return_{it} \quad (3)$$

where $E(Earnings)_{iit}$ refers to the predicted earnings of firm i, given the accounting function and the return of firm i in quarter t. Similarly, $E(Earnings)_{ijt}$ refers to the predicted earnings of firm j, given firm j's accounting function and firm i's return in quarter t. The pairwise comparability score between firm i and firm j's accounting systems ($ACTCOMP_{ijt}$) is calculated as negative one (–1) times the average of all pairwise comparability scores; that is, the absolute differences between the predicted earnings using firm i and firm j's accounting functions for the past 16 quarters:

$$ACTCOMP_{ijt} = -\frac{1}{16} \times \sum_{t-15}^{t} | E(Earnings)_{iit} - E(Earnings)_{ijt} | \quad (4)$$

Given that $ACTCOMP_{ijt}$ in Equation (4) is non-positive, De Franco et al. (2011) note that a higher value of $ACTCOMP_{ijt}$ – that is a smaller absolute difference between $E(Earnings)_{iit}$ and $E(Earnings)_{ijt}$ – indicates a greater financial statement comparability between firms i and j. Following previous studies, we use three variants of comparability measures of firm i's.

- the average of firm i's total comparability scores during the year t (ACT_{it});
- the average of firm i's four highest comparability scores during year t ($ACT4_{it}$); and
- the average of firm i's ten highest comparability scores during year t ($ACT10_{it}$).

Following the prior literature (Alhadi et al., 2021; Chen et al., 2018; Kim et al., 2018; Habib et al., 2017), we convert the comparability measures into ranks to reduce noise in the estimates.

In particular, for each fiscal year, we rank the comparability measures into deciles and then standardise the deciles so that they range between 0.1 and 1.0.

4.2. Measuring CFO expertise:

We calculate the main independent variable ($CFOEXPER$) using three metrics: experience as CFO ($CFOexp$), educational qualifications ($CFOquali$), and experience at another company ($CFOelse$). These metrics were extensively used in existing studies as proxies for CFOs' financial expertise (Aier et al., 2005; Sun et al., 2015).

4.3. Empirical model

$$FSC_{it} = \gamma_0 + \gamma_1 CFOEXPER_{it} + \sum CONTROLS_{it} + Year\ indicators + Industry\ Indicators + \varepsilon_{it} \quad (5)$$

To test our hypothesis 1, we measure whether the financial expertise of the CFO had an impact on the financial statement comparability of the firms. FSC_{it} include three dependent variables, namely ACT_{it}, $ACT4_{it}$ and $ACT10_{it}$, whereas $CFOEXPER_{it}$ include three variables, that is, $CFOexp$, $CFOquali$ and $CFOelse$.

Following prior research, we include several control variables in our models. First, we control for firm size ($SIZE$: natural logarithm of total assets) and market-to-book ratio (MTB: ratio of market-to-book value of equity). Second, following Dhole et al. (2021) and Francis et al. (2014), we control for leverage (LEV: total liabilities divided by total assets), operating cash flow (OCF: operating cash flow scaled by total assets), cash flows volatility ($OCFV$: natural logarithm of standard deviation of quarterly operating cash flows over the year), sales growth ($SALE$: yearly sales growth), and sales volatility ($SALEV$: natural logarithm of standard deviation of quarterly sales over the preceding year). Third, we use return volatility ($RETV$: standard deviation of daily stock returns over the year) to control for operating risks (De Franco et al., 2011). Fourth, we use profitability (ROA: net income scaled by total assets) as a control variable because it can affect accounting comparability (Sohn, 2016). Fifth, we control for accrual quality (AQ) as a measure of information asymmetry (managerial opportunism). Sixth, we control for certain board and CEOs' characteristics, such as female CEO ($GCEO$: equals 1 if the CEO is female; otherwise, 0) and CEOs' age (AGE: natural logarithm of CEO's age). Seventh, we control for the big four auditors ($BIG4$: equals 1 if the auditor is from one of the big four auditing firms; otherwise, 0). Finally, we include industry and year fixed effects, and standard errors are clustered at the firm level.

5. Sample, descriptive statistics, and correlations

5.1. Sample selection

We obtain quarterly and annual financial statement information for all publicly traded firms incorporated in the U.S. from Compustat and stock return data from CRSP from 2002–2022. CFO financial expertise information is collected from BoardEx. Appendix A provides descriptions and definitions for all variables used in our analysis.

In line with previous studies (De Franco et al., 2011; Francis et al., 2014), the following filters are applied: (i) firms with fiscal years ending in March, June, September, or December are retained; (ii) firm-year observations with negative total assets, negative book value of equity, or total assets less than $10 million are excluded; (iii) firm-quarter observations with non-positive sales are removed; (iv) only observations from industries with at least ten firms, as determined by two-digit SIC codes, are retained to ensure a sufficient number of firm-pair comparisons within each industry; (v) observations with complete data for sales, sales growth, cash flows from operations, income before extraordinary items, and returns over eight consecutive quarters are kept, as the calculation of certain control variables requires this continuity. These screening criteria yield a final sample of 28,530 firm-year observations.

5.2. Descriptive statistics and correlations

We provide sample distribution in Panel A and Panel B of Table 1. Then, we provide summary statistics in Table 2. The mean (median) values of three variants of comparability measures are respectively -0.433 (-0.189), -0.075 (-0.016) and -0.111 (-0.022). These statistics are generally consistent with prior research (Habib et al., 2017; Dhole et al., 2021). The mean (median) value of the CFO financial expertise variable is 5.985 (4.419), and the CFO with experience elsewhere is 0.450 (0), comparable to statistics reported by Aier et al. (2005) and Campa et al. (2025). Furthermore, the means of control variables are generally consistent with previous studies (e.g., Dhole et al. 2021).

[insert Table 1 around here]

[insert Table 2 around here]

Table 3 reports that the univariate correlations are consistent with prior studies, and multicollinearity does not appear to be a concern. The correlation coefficient between CFO experience and financial statement comparability variables are 0.04, 0.07 and 0.05,

respectively, significantly positive. This result provides initial support for our hypothesis. For example, firm leverage (LEV) is negatively correlated with financial statement comparability, while firm size ($Size$), market-to-book ratio (MTB), operating cash flow (OCF), sales ($SALE$), and return on assets (ROA) are positively correlated with comparability.

[insert Table 3 around here]

6. Results

6.1 Main results

We present the estimation results of Equation (5) in Table 4. We note that the coefficients on $CFOexp$ are positive and significant across all three specifications, indicating that comparability increases as CFO experience increases. The results provide evidence consistent with the argument that financial statement comparability increases when CFO experience increases.

[insert Table 4 around here]

The control variables generally have similar signs as those reported in prior studies (e.g., Francis et al., 2014; Dhole et al., 2019). For example, the coefficients on LEV are negative and significant for all columns, indicating that a higher leverage ratio is expected to decrease financial statement comparability. Similarly, the coefficients on RETV are negatively significant, revealing that a higher standard deviation of daily stock returns will also decrease financial statement comparability.

We next present the results of H2a and H2b, which test whether the association between comparability and CFO qualification and CFO experience as an outside board member is driven by financial statement comparability.

6.2 CFO qualification and CFO experience outside the board and the relation between financial statement comparability

We present the estimation results examining the association between CFO qualification and comparability in Table 5, Columns 1, 2 and 3. However, we notice that the coefficients on $CFOqualif$ are insignificant, indicating that comparability does not change with the changes in CFO qualification. This finding aligns with the conclusions of Ge et al. (2011), who argue that, in addition to a CFO' financial qualification, the CFO' personal style can also influence a firm's accounting choices.

[insert Table 5 around here]

Then, we present the estimation results examining whether CFO experience in the outside board has an association with financial statement comparability in Table 5, Columns 4, 5 and 6. Interestingly, the coefficients on $CFOelse$ are negative and significant, indicating that comparability decreases as CFO involved in outside boards. The results provide evidence consistent with the argument that financial statement comparability decreases when CFO becomes members of outside boards. A possible explanation for the negative relationship between CFO's outside board memberships and financial statement comparability is that such appointments may lead to variations in the CFO's personal style, accounting policies, risk preferences, and governance practices, ultimately reducing comparability in their primary firm's financial statements.

7. Additional and Robustness Tests

7.1 Additional tests

Dhole et al. (2019) find that during the economic uncertainty period, the quality of earnings and its comparability declines, due to the increased difficulty of estimating future cash flows and the increased opportunity for earnings management. During the economic crisis period, CFOs are responsible to implement efficient financial strategies to put their companies on a sound financial footing in helping the firm emerge from the crisis. So, it is important to examine if the expert CFO's complements in financial statement comparability without considering the Global Financial Crisis period and the COVID-19 pandemic period, as economic uncertainty reduces financial statement comparability (Dhole et al., 2021).

We present the estimation results in Panel A and Panel B of Table 6, which are consistent with our findings in Tables 4 and 5. Moreover, in Panel C of Table 6, we exclude the financial institutions from our analysis, and the results remain the same as those in Tables 4 and 5.

[insert Table 6 around here]

7.2 Robustness Test

We conduct several robustness tests to mitigate potential endogeneity and self-selection issues, including PSM and entropy balancing matching tests. The results are reported in Table 7.

Panels A and B show the results for PSM and entropy balancing tests, respectively. These results are generally consistent with those in Tables 4 and 5. In addition, In Panel C of Table 7, we include the firm fixed effect, and our results remain unchanged.

[insert Table 7 around here]

8. Conclusion

In this study, we examine the association between CFO expertise and financial statement comparability. CFOs are entrusted with the dual responsibilities of fulfilling fiduciary obligations and managing executive duties as key members of the leadership team. However, prior research has mainly focused on the impact of financial statement comparability on firm crash risk, credit risk, informativeness of stock prices, and efficiency of acquisition decisions. In this study, we investigate the determinants and effects of financial statement comparability in a sample of US-listed firms from 2002 to 2022.

We find a positive association between CFO experience and financial statement comparability. We then examine whether a CFO with MBA and CPA qualifications is associated with financial statement comparability. Similar to Ge et al. (2011), we also find that the CFO's financial expertise is not related to financial statement comparability. Then, we investigate whether CFO involvement in outside board relates to financial statement comparability and find a significant negative impact on primary firm comparability.

These results should be of interest to managers, shareholders, auditors, and regulators, as they highlight the relationship between CFO expertise and financial statement comparability. Our findings indicate that higher CFO expertise is positively associated with financial statement comparability, emphasising the importance of CFO experience in enhancing the quality of financial reporting.

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Appendix: Variable definition

act	Firm-year level accounting comparability, which is the industry mean of comparability combinations for firm i and other firms in the same two-digit SIC in a given year. (Note: act_{ijt} is non-positive and De Franco et al. (2011) note that a higher value of act_{ijt} is a smaller absolute difference between $Earnings_{iit}$ and $Earnings_{ijt}$, indicating a greater financial statement comparability between firms i and j.)
$act4$	Firm-year level accounting comparability, which is the average of the largest four comparability combinations for firm i and other firms in the same two-digit SIC in a given year
$act10$	Firm-year level accounting comparability, which is the average of the largest ten comparability combinations for firm i and other firms in the same two-digit SIC in a given year
$CFOexperience$	Number of years as CFO.
$CFOqualif$	It equals 1 if the CFO has a CPA certificate or an MPA degree, and 0 otherwise.
$CFOelse$	It equals 1 if the CFO has experience at another company, and 0 otherwise.
$SIZE$	The natural log of total assets.
MTB	Market value over total assets.
LEV	Total liabilities over total assets.
OCF	Operating cash flow over total assets.
$OCFV$	The natural log of standard deviation of quarterly operating cash flows over the year.
$SALE$	Yearly sales growth.
$SALEV$	The natural log of standard deviation of quarterly sales over the preceding year.
$RETV$	Standard deviation of daily stock returns over the year.
ROA	Net income over total assets.
AQ	Financial reporting quality.
$GCEO$	It equals 1 if the CEO is female, and 0 otherwise.
AGE	The natural log of CEO's age.
$BIG4$	It equals 1 of the auditors are from one of the big four auditing firms, and 0 otherwise.

Table 1 Sample Distribution

Panel A: Year distribution

year	N	act	act4	act10	CFOexperience	CFOqualif	CFOelse
2002	963	-0.264	-0.045	-0.061	5.242	0.440	0.339
2003	1,116	-0.437	-0.064	-0.088	5.430	0.439	0.343
2004	1,323	-0.406	-0.063	-0.089	5.480	0.454	0.361
2005	1,428	-0.428	-0.069	-0.120	5.551	0.434	0.375
2006	1,508	-0.491	-0.076	-0.125	5.437	0.440	0.406
2007	1,473	-0.481	-0.076	-0.122	5.579	0.442	0.427
2008	1,524	-0.474	-0.082	-0.127	5.542	0.434	0.436
2009	1,507	-0.472	-0.088	-0.129	5.570	0.445	0.454
2010	1,462	-0.433	-0.087	-0.127	5.989	0.451	0.462
2011	1,430	-0.488	-0.087	-0.124	6.285	0.464	0.466
2012	1,408	-0.552	-0.078	-0.116	6.561	0.460	0.456
2013	1,410	-0.654	-0.076	-0.122	6.616	0.452	0.455
2014	1,410	-0.573	-0.072	-0.115	6.465	0.461	0.467
2015	1,390	-0.333	-0.070	-0.098	6.539	0.463	0.476
2016	1,380	-0.306	-0.072	-0.101	6.388	0.475	0.493
2017	1,316	-0.279	-0.066	-0.096	6.396	0.493	0.490
2018	1,274	-0.320	-0.069	-0.096	6.282	0.495	0.491
2019	1,276	-0.369	-0.072	-0.100	6.139	0.490	0.495
2020	1,292	-0.363	-0.077	-0.105	6.158	0.500	0.507
2021	1,300	-0.379	-0.089	-0.121	5.962	0.518	0.509
2022	1,340	-0.489	-0.088	-0.119	5.904	0.513	0.512
Total	28,530						

Panel B: Industry distribution

sicgroup	N	act	act4	act10	CFOexperience	CFOqualif	CFOelse
Agriculture, Forestry, Fishing	45	-0.208	-0.208	-0.208	7.051	0.756	0.356
Mining	1,652	-0.904	-0.194	-0.284	6.325	0.404	0.387
Construction	217	-0.353	-0.074	-0.335	7.103	0.240	0.350
Manufacturing	14,690	-0.379	-0.061	-0.093	5.897	0.493	0.436
Transportation & Public Utilities	3,255	-0.528	-0.116	-0.160	6.031	0.479	0.398
Wholesale Trade	1,181	-0.143	-0.035	-0.044	6.555	0.374	0.416
Retail Trade	1,250	-0.346	-0.065	-0.083	6.196	0.385	0.497
Financial	1,060	-0.334	-0.047	-0.060	6.216	0.405	0.475
Services	5,044	-0.481	-0.069	-0.096	5.854	0.449	0.542
Public Admin	136	-0.894	-0.13	-0.163	4.193	0.566	0.404
Total	28,530						

Table 2 Descriptive Statistics

variable	N	mean	sd	min	p25	p50	p75	max
act	28530	-0.433	0.880	-6.767	-0.354	-0.189	-0.120	-0.024
act4	28530	-0.075	0.294	-2.618	-0.039	-0.016	-0.007	-0.002
act10	28530	-0.111	0.444	-3.959	-0.056	-0.022	-0.010	-0.003
CFOexperience	28530	5.985	5.112	0.340	2.085	4.419	8.488	23.929
CFOqualif	28530	0.464	0.499	0.000	0.000	0.000	1.000	1.000
CFOelse	28530	0.450	0.498	0.000	0.000	0.000	1.000	1.000
SIZE	28530	6.707	2.084	2.083	5.219	6.791	8.284	11.353
MTB	28530	3.030	5.335	-17.873	1.248	2.086	3.608	33.774
LEV	28530	0.527	0.273	0.066	0.329	0.516	0.680	1.564
OCF	28530	0.055	0.162	-0.794	0.031	0.080	0.131	0.339
OCFV	28530	2.603	1.905	-1.552	1.211	2.624	3.943	6.935
SALE	28530	0.094	0.319	-0.700	-0.036	0.059	0.166	1.853
SALEV	28530	2.444	2.077	-2.723	1.000	2.471	3.916	7.071
RETV	28530	0.031	0.018	0.009	0.019	0.027	0.038	0.108
ROA	28530	-0.015	0.209	-1.145	-0.023	0.035	0.076	0.313
AQ	28530	-0.292	0.551	-3.036	-0.269	-0.081	-0.028	-0.001
GCEO	28530	0.034	0.182	0.000	0.000	0.000	0.000	1.000
AGE	28530	4.034	0.136	3.664	3.951	4.043	4.127	4.369
BIG4	28530	0.726	0.446	0.000	0.000	1.000	1.000	1.000

Table 3 Correlation Matrix

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(19)	(20)	(21)
act	(1)	1																	
act4	(2)	**0.70**	1																
act10	(3)	**0.75**	**0.93**	1															
CFOexperience	(4)	**0.04**	**0.07**	**0.05**	1														
CFOqualif	(5)	0.01	**-0.02**	-0.01	**-0.10**	1													
CFOelse	(6)	**-0.03**	**-0.04**	**-0.03**	**-0.20**	**0.12**													
SIZE	(7)	**0.01**	**0.04**	**0.02**	**0.09**	**-0.05**	1												
MTB	(8)	**0.03**	**0.04**	**0.04**	**0.02**	**0.01**	**0.04**	1											
LEV	(9)	**-0.09**	**-0.13**	**-0.11**	**0.06**	**0.03**	**0.25**	**-0.04**	1										
OCF	(10)	**0.01**	**0.06**	**0.04**	**-0.03**	**-0.08**	**0.36**	**0.03**	**-0.10**	1									
OCFV	(11)	**-0.01**	**0.02**	0.01	**0.10**	**-0.02**	**0.84**	**0.06**	**0.31**	**0.32**	1								
SALE	(12)	-0.01	0.00	0.01	0.01	**0.02**	0.00	**0.10**	**-0.02**	**0.02**	**0.02**	1							
SALEV	(13)	0.00	**0.02**	0.01	**0.08**	**-0.04**	**0.81**	**0.03**	**0.29**	**0.36**	**0.87**	**-0.06**	1						
RETV	(14)	**-0.12**	**-0.17**	**-0.14**	**-0.03**	**0.07**	**-0.46**	**-0.07**	**0.08**	**-0.40**	**-0.40**	**-0.04**	**-0.40**	1					
ROA	(15)	**0.04**	**0.08**	**0.07**	**-0.02**	**-0.09**	**0.36**	**0.04**	**-0.18**	**0.79**	**0.31**	**0.07**	**0.35**	**-0.49**	1				
AQ	(16)	**0.04**	**0.02**	0.01	0.00	**-0.03**	**0.10**	**-0.04**	**0.02**	**0.11**	**0.08**	**-0.03**	**0.11**	**-0.10**	**0.12**	1			
GCEO	(17)	**0.01**	**0.01**	**0.01**	0.01	**0.01**	**0.02**	**0.02**	0.01	**-0.02**	**0.02**	-0.01	0.01	-0.01	-0.01	0.00	1		
AGE	(18)	0.01	**0.01**	0.01	**-0.03**	**-0.05**	**0.02**	**-0.02**	**-0.03**	**0.02**	0.00	**-0.02**	0.00	**-0.03**	**0.04**	-0.01	**-0.06**	1	
BIG4	(19)	0.00	**0.04**	**0.02**	**0.09**	**-0.02**	**0.50**	**0.04**	**0.17**	**0.18**	**0.53**	-0.01	**0.49**	**-0.30**	**0.17**	**0.05**	0.00	**-0.06**	1

Note: Correlations significant at $p<0.05$ are in bold (two-tailed test).

Table 4 The Impact of CFO Experience on Financial Statements Comparability

VARIABLES	(1) OLS: act	(2) OLS: act4	(3) OLS: act10
CFOexp	0.004**	0.003***	0.003***
	(2.52)	(4.75)	(3.64)
SIZE	0.011	0.003	0.003
	(1.57)	(1.38)	(0.88)
MTB	0.001	0.001	0.001
	(1.03)	(1.56)	(1.44)
LEV	-0.212***	-0.118***	-0.152***
	(-4.82)	(-6.62)	(-6.03)
OCF	-0.030	-0.019	-0.011
	(-0.38)	(-0.58)	(-0.23)
OCFV	-0.038***	-0.004	-0.007
	(-4.32)	(-1.34)	(-1.63)
SALE	0.014	0.008	0.019
	(0.68)	(0.92)	(1.52)
SALEV	0.007	0.000	0.001
	(0.82)	(0.06)	(0.22)
RETV	-7.885***	-3.343***	-4.206***
	(-9.51)	(-9.88)	(-8.85)
ROA	-0.136*	-0.036	-0.050
	(-1.88)	(-1.16)	(-1.09)
AQ	0.007	-0.005	-0.017**
	(0.51)	(-0.86)	(-2.00)
GCEO	0.032	0.017	0.025
	(0.73)	(1.18)	(1.20)
AGE	0.011	0.003	-0.010
	(0.19)	(0.14)	(-0.29)
BIG4	-0.001	0.007	0.008
	(-0.04)	(0.78)	(0.54)
Constant	0.060	-0.094	0.006
	(0.20)	(-0.68)	(0.03)
Year FE	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
Firm cluster	Yes	Yes	Yes
Observations	28,530	28,530	28,530
Adj.R-squared	0.154	0.0806	0.0710

Note: Robust t-statistics in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 5 The impact of CFO qualifications and experience in other companies

	CFO qualification			CFO experience in other companies		
	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	OLS: act	OLS: act4	OLS: act10	OLS: act	OLS: act4	OLS: act10
CFOqualif	0.014	-0.011	-0.010			
	(0.70)	(-1.63)	(-1.00)			
CFOelse				-0.034*	-0.019***	-0.017*
				(-1.87)	(-2.86)	(-1.71)
SIZE	0.010	0.003	0.003	0.010	0.003	0.003
	(1.47)	(1.31)	(0.82)	(1.44)	(1.14)	(0.72)
MTB	0.001	0.001	0.001	0.001	0.001	0.001
	(1.02)	(1.59)	(1.46)	(1.04)	(1.56)	(1.45)
LEV	-0.216***	-0.119***	-0.154***	-0.215***	-0.119***	-0.155***
	(-4.89)	(-6.69)	(-6.11)	(-4.87)	(-6.71)	(-6.11)
OCF	-0.024	-0.018	-0.009	-0.028	-0.018	-0.009
	(-0.31)	(-0.53)	(-0.19)	(-0.36)	(-0.53)	(-0.18)
OCFV	-0.038***	-0.004	-0.008*	-0.038***	-0.004	-0.007
	(-4.36)	(-1.38)	(-1.66)	(-4.31)	(-1.35)	(-1.64)
SALE	0.014	0.007	0.019	0.015	0.008	0.019
	(0.66)	(0.88)	(1.49)	(0.73)	(0.96)	(1.54)
SALEV	0.006	0.000	0.001	0.007	0.000	0.001
	(0.81)	(0.04)	(0.20)	(0.81)	(0.04)	(0.20)
RETV	-7.970***	-3.403***	-4.277***	-7.916***	-3.374***	-4.251***
	(-9.55)	(-10.03)	(-8.94)	(-9.53)	(-9.94)	(-8.90)
ROA	-0.131*	-0.033	-0.046	-0.135*	-0.035	-0.047
	(-1.81)	(-1.05)	(-1.00)	(-1.86)	(-1.11)	(-1.03)
AQ	0.008	-0.005	-0.017**	0.007	-0.005	-0.017**
	(0.53)	(-0.83)	(-1.97)	(0.52)	(-0.84)	(-1.98)
GCEO	0.030	0.015	0.024	0.030	0.015	0.024
	(0.68)	(1.07)	(1.11)	(0.69)	(1.08)	(1.12)
AGE	0.034	0.017	0.007	0.026	0.015	0.005
	(0.56)	(0.74)	(0.20)	(0.43)	(0.65)	(0.15)
BIG4	-0.004	0.006	0.006	-0.002	0.006	0.006
	(-0.16)	(0.66)	(0.44)	(-0.09)	(0.65)	(0.44)
Constant	-0.021	-0.132	-0.042	0.041	-0.116	-0.028
	(-0.07)	(-0.97)	(-0.24)	(0.14)	(-0.85)	(-0.16)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm cluster	Yes	Yes	Yes	Yes	Yes	Yes
Observations	28,530	28,530	28,530	28,530	28,530	28,530
Adj.R-squared	0.153	0.0787	0.0697	0.153	0.0793	0.0700

Note: Robust t-statistics in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 6 Additional Tests

Panel A: Exclude the Global Financial Crisis Period									
VARIABLES	(1) OLS: act	(2) OLS: act4	(3) OLS: act10	(4) OLS: act	(5) OLS: act4	(6) OLS: act10	(7) OLS: act	(8) OLS: act4	(9) OLS: act10
CFOexperience	0.004***	0.003***	0.003***						
	(2.98)	(4.55)	(3.77)						
CFOqualif				0.012	-0.009	-0.007			
				(0.67)	(-1.47)	(-0.75)			
CFOelse							-0.046**	-0.021***	-0.022**
							(-2.57)	(-3.19)	(-2.18)
SIZE	0.013*	0.004*	0.004	0.012*	0.004*	0.004	0.012*	0.004	0.004
	(1.88)	(1.79)	(1.25)	(1.76)	(1.69)	(1.15)	(1.71)	(1.52)	(1.04)
MTB	0.002	0.001**	0.001*	0.002	0.001**	0.001*	0.002	0.001**	0.001*
	(1.30)	(2.05)	(1.89)	(1.30)	(2.08)	(1.90)	(1.33)	(2.08)	(1.91)
LEV	-0.227***	-0.117***	-0.152***	-0.231***	-0.118***	-0.154***	-0.231***	-0.119***	-0.154***
	(-4.96)	(-6.34)	(-5.78)	(-5.04)	(-6.41)	(-5.86)	(-5.03)	(-6.43)	(-5.86)
OCF	-0.039	-0.027	-0.018	-0.034	-0.026	-0.015	-0.038	-0.026	-0.016
	(-0.46)	(-0.76)	(-0.34)	(-0.40)	(-0.71)	(-0.29)	(-0.45)	(-0.72)	(-0.31)
OCFV	-0.037***	-0.005	-0.008*	-0.037***	-0.005	-0.008*	-0.037***	-0.005	-0.008*
	(-4.26)	(-1.60)	(-1.75)	(-4.30)	(-1.61)	(-1.76)	(-4.24)	(-1.59)	(-1.74)
SALE	0.008	0.008	0.019	0.008	0.007	0.019	0.010	0.008	0.020
	(0.41)	(0.95)	(1.57)	(0.37)	(0.90)	(1.53)	(0.46)	(1.00)	(1.60)
SALEV	0.013*	0.001	0.003	0.013	0.001	0.003	0.013*	0.001	0.003
	(1.66)	(0.52)	(0.63)	(1.64)	(0.48)	(0.60)	(1.66)	(0.50)	(0.62)
RETV	-6.878***	-3.215***	-3.962***	-6.993***	-3.285***	-4.048***	-6.914***	-3.249***	-4.011***
	(-8.07)	(-9.05)	(-7.95)	(-8.18)	(-9.26)	(-8.10)	(-8.10)	(-9.11)	(-7.99)
ROA	-0.120	-0.030	-0.045	-0.113	-0.026	-0.040	-0.119	-0.028	-0.042
	(-1.48)	(-0.84)	(-0.87)	(-1.40)	(-0.75)	(-0.79)	(-1.47)	(-0.80)	(-0.83)
AQ	0.009	-0.006	-0.018**	0.009	-0.006	-0.018**	0.009	-0.006	-0.018**
	(0.62)	(-1.00)	(-2.07)	(0.63)	(-0.97)	(-2.04)	(0.62)	(-0.99)	(-2.06)
GCEO	0.031	0.014	0.021	0.029	0.013	0.020	0.029	0.013	0.020
	(0.71)	(0.93)	(0.94)	(0.64)	(0.83)	(0.85)	(0.66)	(0.83)	(0.86)
AGE	0.022	0.005	-0.006	0.048	0.018	0.012	0.038	0.016	0.009
	(0.37)	(0.21)	(-0.17)	(0.83)	(0.83)	(0.37)	(0.65)	(0.72)	(0.28)
BIG4	-0.001	0.005	0.006	-0.004	0.004	0.004	-0.003	0.004	0.004
	(-0.06)	(0.57)	(0.40)	(-0.19)	(0.43)	(0.29)	(-0.11)	(0.45)	(0.31)
Constant	-0.042	-0.111	-0.031	-0.133	-0.149	-0.083	-0.057	-0.130	-0.060
	(-0.15)	(-0.82)	(-0.18)	(-0.47)	(-1.11)	(-0.48)	(-0.20)	(-0.96)	(-0.34)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm cluster	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	25,499	25,499	25,499	25,499	25,499	25,499	25,499	25,499	25,499
Adj.R-squared	0.168	0.0815	0.0699	0.168	0.0795	0.0685	0.168	0.0805	0.0691

Panel B: Exclude the COVID Period									
VARIABLES	(1) OLS: act	(2) OLS: act4	(3) OLS: act10	(4) OLS: act	(5) OLS: act4	(6) OLS: act10	(7) OLS: act	(8) OLS: act4	(9) OLS: act10
CFOexperience	0.003**	0.003***	0.003***						
	(2.05)	(4.60)	(3.20)						
CFOqualif				0.023	-0.011	-0.010			
				(1.07)	(-1.57)	(-0.86)			
CFOelse							-0.023	-0.015**	-0.011
							(-1.14)	(-2.15)	(-0.97)
SIZE	0.011	0.002	0.002	0.010	0.002	0.002	0.010	0.002	0.002
	(1.42)	(0.95)	(0.56)	(1.32)	(0.87)	(0.50)	(1.32)	(0.73)	(0.43)
MTB	0.001	0.000	0.001	0.001	0.000	0.001	0.001	0.000	0.001
	(0.77)	(0.79)	(0.79)	(0.75)	(0.80)	(0.79)	(0.75)	(0.76)	(0.77)
LEV	-0.237***	-0.131***	-0.170***	-0.240***	-0.132***	-0.171***	-0.238***	-0.132***	-0.172***
	(-5.03)	(-7.12)	(-6.55)	(-5.07)	(-7.16)	(-6.60)	(-5.05)	(-7.16)	(-6.60)
OCF	0.101	0.038	0.070	0.109	0.040	0.072	0.104	0.040	0.073
	(1.29)	(1.17)	(1.48)	(1.38)	(1.22)	(1.53)	(1.32)	(1.23)	(1.54)
OCFV	-0.046***	-0.005	-0.010*	-0.047***	-0.005	-0.010*	-0.046***	-0.005*	-0.010*
	(-4.67)	(-1.58)	(-1.88)	(-4.75)	(-1.64)	(-1.93)	(-4.69)	(-1.65)	(-1.94)
SALE	0.039*	0.020**	0.035***	0.038*	0.020**	0.035***	0.040*	0.020**	0.036***
	(1.72)	(2.24)	(2.71)	(1.71)	(2.25)	(2.71)	(1.76)	(2.31)	(2.74)
SALEV	0.010	0.001	0.003	0.010	0.001	0.003	0.010	0.001	0.003
	(1.06)	(0.43)	(0.52)	(1.07)	(0.43)	(0.52)	(1.07)	(0.43)	(0.53)
RETV	-8.415***	-3.440***	-4.349***	-8.492***	-3.499***	-4.415***	-8.454***	-3.476***	-4.400***
	(-8.98)	(-9.21)	(-8.24)	(-9.02)	(-9.34)	(-8.31)	(-9.01)	(-9.27)	(-8.29)
ROA	-0.280***	-0.092***	-0.128***	-0.275***	-0.089***	-0.125***	-0.278***	-0.090***	-0.125***
	(-4.27)	(-3.26)	(-3.14)	(-4.21)	(-3.16)	(-3.06)	(-4.25)	(-3.21)	(-3.08)
AQ	-0.003	-0.004	-0.019**	-0.003	-0.004	-0.019**	-0.003	-0.004	-0.019**
	(-0.20)	(-0.66)	(-2.16)	(-0.21)	(-0.66)	(-2.16)	(-0.21)	(-0.68)	(-2.17)
GCEO	0.037	0.022**	0.034**	0.035	0.019*	0.032**	0.034	0.020*	0.032**
	(0.90)	(2.11)	(2.29)	(0.85)	(1.90)	(2.12)	(0.84)	(1.92)	(2.14)
AGE	0.010	0.003	-0.011	0.030	0.015	0.003	0.022	0.013	0.002
	(0.15)	(0.12)	(-0.33)	(0.46)	(0.66)	(0.08)	(0.34)	(0.58)	(0.05)
BIG4	-0.008	0.004	0.003	-0.011	0.002	0.002	-0.009	0.002	0.002
	(-0.31)	(0.44)	(0.21)	(-0.43)	(0.30)	(0.11)	(-0.36)	(0.29)	(0.10)
Constant	0.100	-0.079	0.031	0.024	-0.112	-0.009	0.081	-0.100	-0.002
	(0.31)	(-0.56)	(0.17)	(0.08)	(-0.80)	(-0.05)	(0.26)	(-0.71)	(-0.01)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm cluster	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	24,598	24,598	24,598	24,598	24,598	24,598	24,598	24,598	24,598
Adj.R-squared	0.118	0.0676	0.0594	0.117	0.0657	0.0583	0.117	0.0661	0.0583

Panel C: Exclude Financial Industry

VARIABLES	(1) OLS: act	(2) OLS: act4	(3) OLS: act10	(4) OLS: act	(5) OLS: act4	(6) OLS: act10	(7) OLS: act	(8) OLS: act4	(9) OLS: act10
CFOexperience	0.004***	0.003***	0.004***						
	(2.61)	(5.24)	(3.89)						
CFOqualif				0.015	-0.012*	-0.011			
				(0.77)	(-1.75)	(-1.05)			
CFOelse							-0.034*	-0.020***	-0.018*
							(-1.79)	(-2.94)	(-1.77)
SIZE	0.010	0.003	0.002	0.010	0.003	0.002	0.010	0.002	0.002
	(1.36)	(1.04)	(0.61)	(1.27)	(0.98)	(0.55)	(1.24)	(0.81)	(0.45)
MTB	0.002	0.001	0.001	0.002	0.001	0.001	0.002	0.001	0.001
	(1.15)	(1.47)	(1.37)	(1.14)	(1.50)	(1.40)	(1.15)	(1.47)	(1.38)
LEV	-0.210***	-0.118***	-0.153***	-0.213***	-0.120***	-0.156***	-0.213***	-0.120***	-0.156***
	(-4.54)	(-6.39)	(-5.82)	(-4.62)	(-6.47)	(-5.90)	(-4.61)	(-6.50)	(-5.92)
OCF	-0.030	-0.020	-0.012	-0.025	-0.019	-0.010	-0.028	-0.019	-0.010
	(-0.37)	(-0.58)	(-0.25)	(-0.30)	(-0.53)	(-0.20)	(-0.35)	(-0.53)	(-0.20)
OCFV	-0.042***	-0.004	-0.007	-0.042***	-0.004	-0.008	-0.042***	-0.004	-0.007
	(-4.54)	(-1.22)	(-1.53)	(-4.60)	(-1.28)	(-1.58)	(-4.54)	(-1.25)	(-1.56)
SALE	0.019	0.008	0.019	0.019	0.007	0.019	0.020	0.008	0.020
	(0.88)	(0.87)	(1.50)	(0.85)	(0.83)	(1.46)	(0.92)	(0.92)	(1.52)
SALEV	0.008	0.000	0.001	0.008	0.000	0.001	0.008	0.000	0.001
	(1.01)	(0.08)	(0.26)	(1.00)	(0.07)	(0.25)	(1.01)	(0.08)	(0.25)
RETV	-8.045***	-3.352***	-4.232***	-8.134***	-3.417***	-4.309***	-8.079***	-3.386***	-4.281***
	(-9.47)	(-9.73)	(-8.71)	(-9.51)	(-9.86)	(-8.79)	(-9.49)	(-9.78)	(-8.75)
ROA	-0.140*	-0.038	-0.052	-0.134*	-0.034	-0.047	-0.139*	-0.036	-0.049
	(-1.87)	(-1.17)	(-1.09)	(-1.79)	(-1.06)	(-1.00)	(-1.85)	(-1.11)	(-1.03)
AQ	0.008	-0.006	-0.018**	0.008	-0.005	-0.018**	0.008	-0.006	-0.018**
	(0.52)	(-0.94)	(-2.06)	(0.54)	(-0.91)	(-2.04)	(0.53)	(-0.93)	(-2.05)
GCEO	0.024	0.018	0.026	0.022	0.016	0.024	0.022	0.016	0.024
	(0.53)	(1.18)	(1.18)	(0.48)	(1.08)	(1.09)	(0.48)	(1.07)	(1.08)
AGE	0.010	0.007	-0.007	0.034	0.021	0.010	0.026	0.019	0.008
	(0.16)	(0.28)	(-0.22)	(0.54)	(0.92)	(0.30)	(0.42)	(0.82)	(0.24)
BIG4	-0.002	0.006	0.008	-0.005	0.005	0.006	-0.003	0.005	0.006
	(-0.07)	(0.73)	(0.52)	(-0.20)	(0.59)	(0.41)	(-0.12)	(0.59)	(0.41)
Constant	0.077	-0.105	0.002	-0.008	-0.146	-0.050	0.055	-0.129	-0.034
	(0.25)	(-0.74)	(0.01)	(-0.03)	(-1.05)	(-0.28)	(0.18)	(-0.92)	(-0.19)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm cluster	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	27,470	27,470	27,470	27,470	27,470	27,470	27,470	27,470	27,470
Adj.R-squared	0.137	0.0802	0.0708	0.136	0.0780	0.0693	0.136	0.0787	0.0695

Note: Robust t-statistics in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 7 Robustness Tests

Panel A: Propensity-score matching (PSM)									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:
VARIABLES	act	act4	act10	act	act4	act10	act	act4	act10
CFOexperience	0.004**	0.003***	0.004***						
	(2.37)	(5.13)	(3.82)						
CFOqualif				0.012	-0.011	-0.010			
				(0.61)	(-1.62)	(-0.93)			
CFOelse							-0.036*	-0.018***	-0.017*
							(-1.90)	(-2.72)	(-1.71)
All control variables are included									
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm cluster	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	24,768	24,768	24,768	25,016	25,016	25,016	24,762	24,762	24,762
Adj.R-squared	0.150	0.0733	0.0626	0.147	0.0788	0.0679	0.156	0.0804	0.0714
Panel B: Entropy balancing matching									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:
VARIABLES	act	act4	act10	act	act4	act10	act	act4	act10
CFOexperience	0.004**	0.003***	0.003***						
	(2.33)	(4.63)	(3.48)						
CFOqualif				0.015	-0.011*	-0.011			
				(0.74)	(-1.72)	(-1.06)			
CFOelse							-0.035*	-0.018***	-0.017
							(-1.87)	(-2.70)	(-1.64)
All control variables are included									
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm cluster	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	28,530	28,530	28,530	28,530	28,530	28,530	28,530	28,530	28,530
Adj.R-squared	0.150	0.0739	0.0661	0.148	0.0778	0.0678	0.161	0.0843	0.0740
Panel C: Firm Fixed Effects									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:	OLS:
VARIABLES	act	act4	act10	act	act4	act10	act	act4	act10
CFOexperience	0.003**	0.002***	0.003***						
	(2.57)	(6.07)	(6.08)						
CFOqualif				0.019	-0.008**	-0.010*			
				(1.60)	(-2.09)	(-1.80)			
CFOelse							-0.028**	-0.019***	-0.026***
							(-2.26)	(-5.13)	(-4.80)
All control variables are included									
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	28,530	28,530	28,530	28,530	28,530	28,530	28,530	28,530	28,530
Adj.R-squared	0.012	0.013	0.010	0.012	0.012	0.009	0.012	0.013	0.009

Note: Robust t-statistics in parentheses; *** p<0.01, ** p<0.05, * p<0.1