Early-life Experience of Social Violence and CEOs' Risk-taking Attitudes

Cindy Xinyi Shen
Stanford University Graduate School of Business
xshen99@stanford.edu

Wanli Zhao
Department of Accounting
University of Bocconi
wanli.zhao@unibocconi.it

January 10, 2024

Abstract

We show that early-life experience of social violence exerts a lasting influence on CEO's risk-taking attitudes, in the context of their corporate acquisition decisions. Utilizing the Cultural Revolution as a rare social experiment, we document that, CEOs experienced higher level social violence in early-life are less likely to engage in acquisition and the impact is larger for riskier type of acquisition. Further analyses show that the early-life social violence experience takes effect by affecting people's mental health. Given that our treatment is distinct from the events in prior studies (e.g., natural disaster or economic degression), this study enriches our understanding on the origin of managerial risk-taking incentives.

Keywords: behavioral finance; CEO trait; early-life experience; risk-taking; China;
JEL Codes: G32; G34; G41

"They say that time heals all things, they say you can always forget; but the smiles and the tears across the years they twist our heart strings yet."

<div align="right">

— George Orwell, "1984"

</div>

1. Introduction

Social scientists agree that the individual life experiences is an important driver of human behavior (Custódio and Metzger, 2014; Maner et al., 2017; Brown et al., 2019; Aristizabal et al., 2020). Early childhood acts as a critical period for both brain development and physical growth, which is crucial in individual development (Malmendier et al., 2011; Bharadwaj et al., 2013; Adhvaryu et al., 2019). An emerging body of literature documents the early-life experiences can affect people's adulthood decision-making (Malmendier and Nagel, 2011; Bernile et al., 2017; Yi et al., 2022). Systematic empirical evidence of long-lasting effects of trauma caused by early-life social violence experiences is still scarce. Several contributions about document that, social violence exposure may cause violent crime (Damm and Dustmann., 2014; Couttenier et al., 2019); less corporate innovation (Kong et al., 2021); increased social cooperation (Bauer et al., 2016); a pessimistic attitude towards future (Guo and An, 2022).

Compared with related well-studied traumatic experiences like natural disasters, famine, and economic depression, social violence has distinct characteristics that worth highlighting. Firstly, social violence involves intentional human actions, often driven by economic, ideological, political conflicts. The trauma experiences is primarily caused by direct harm from other people. In contract, other events like natural disasters and famine are usually a result of forces of nature. Secondly, the trauma in social violence exposure, such as the Cultural Revolution, often involves a sense of

participation. Specifically, moral guilty for participants, as well as a feeling betrayal for victims. Thirdly, events like natural disasters are typically unpredictable. The trauma mainly comes from a feeling of lacking control. Social violence events often involve some anticipation, and the element of predictability can cause a sense of fear and psychological torment. Finally, due to the man-made nature of social violence, our study can boost reflections on history and collective efforts to prevent such events in the future. However, other events like natural disasters and economic depression are relatively hard to be controlled by human.

One fundamental challenge of studying the early-life social violence is the difficulty in finding exogenous variation in exposure. We use China's Cultural Revolution during 1966-1976 as a natural experiment. The Cultural Revolution was one of the largest political or ideological upheavals in the last century, featuring national-wide involvement of people with different ideological perspectives engaging in violent fights against each other. It was initiated by Mao with the aim of revitalizing the communist ideology and purging perceived bourgeois influences from Chinese society.

The historical experiment of the Cultural Revolution represents an ideal setting for our study. First, the violence nature of this event is huge, resulting in 256,476 injuries and 273,934 deaths on an average daily basis during the period, with a massive time-series and geographical variations (Walder, 2014). Second, the Central Government lost control of the development of this movement shortly after its initiation (Walder, 2016). The local-level violence severity were mainly driven by the local ideological conflicts and the effectiveness of propaganda ((Ou and Xiong, 2021), exogenous to facts that may potentially confound with our results. We provide detailed analysis in section 2. Third, one distinct characteristic of the Cultural Revolution is the involvement of wide kinds of violence, including armed fighting, political persecution, public criticism, asset forfeiture,

walk of shame ("You Jie" in Chinese). Well-studied social violence events like exposure to community violent crimes (Ludwig and Kling, 2007; Billings et al., 2019; Dustmann et al., 2023) and armed conflicts (Gilligan et al., 2014; Bauer et al., 2018; Couttenier et al., 2019) are primarily characterized with physical hurts.

Compared to events that alter the economic condition of one's early-life such as the Great Depression or famine, our treatment is more of the psychological nature that yields cognitive imprints to the people involved. Arguably, the family tragedy events also impost economic conditions change on the child relative to their counterparts. In our case, the social instability from local violent events impacts the psychological development of the CEOs during their childhood, while their economic well-being is largely unaffected by those events, compared to the other CEOs. Against this backdrop, our study offers a cleaner venue to examine the early-life experience on CEO's decision-making via the psychological channel.

According to psychology and sociology studies on the effect of cognitive bias induced by the early-life experience, one's risk-taking preference is a major consequence. CEOs' risk-taking attitude is important to corporate development. Managerial risk aversion imposes agency costs upon shareholders if managers forego risky, but value-enhancing, projects (Smith and Stulz, 1985). Prior studies based on extreme experience during early-life time suggest that CEOs are more risk-taking (e.g., Graham and Narasimhan, 2005; Malmendier and Tate, 2005; Benmelech and Frydman, 2014; Dittmar and Duchin, 2016). Bernile et al. (2017) suggest that the consequence is contingent upon the nature of the experience. Recently, Bai and Wu (2020) show CEOs experiencing fatal disasters without extremely negative consequences act more aggressively in policy making while CEOs witnessing the extreme downside of disasters behave more conservatively. In contrast to the

direct violence experience in these studies, our treatment captures the psychological influence from indirect and chronic anxiety, depression, or disorder. Social psychology studies indicate that anxiety and fear induce higher level of risk aversion (Raghunathan and Pham, 1999; Lerner and Keltner, 2001; Lerner and Tiedens, 2006; Lerner et al. 2015).

We construct a novel panel data that matches the biographical information of 2,392 Chinese mainland-born CEOs of A-share listed companies with Cultural Revolution data provided by Walder (2014) of 2,264 county and city-level jurisdictions. We use the violence intensity in CEOs' birthplace to gauge CEOs' early-life experience of violent events, that is, the number of abnormal deaths and injuries experienced by CEOs between the ages of 5 to 15. We focus on this period because medical research shows the lasting "early childhood" memories tends to begin around 5-year-old and end around 15-year-old (Nelson, 1993).

We use acquisition activity to capture CEOs' attitudes towards risk-taking. Existing studies suggest that CEOs exert significant decision-making power in the context of mergers and acquisitions (Yim, 2013; Kish-Gephart and Campbell, 2015). First, corporate acquisitions are inherently riskier compared to organic internal growth due to the information asymmetry, typically large commitment of time and resources required (Bernile et al. 2017). Second, acquisition decisions are typically driven by a CEO's strategic vision for the company. CEOs who actively pursue acquisitions may demonstrate a higher tolerance for uncertainty and a willingness to explore new opportunities (Pan et al. 2020). Finally, as a type of large and infrequent investment, acquisitions typically required more CEO involvement compared with other forms of corporate investment (Bertrand and Scholar, 2023). Therefore, lower frequency of corporate acquisition activities is a good measure of CEOs' risk-averse attitudes. In the main regression, we control different levels of covariates to capture

as many confounding variables as possible, including firm characteristics, CEO characteristics, and city characteristics. To further mitigate omitted variable concern, we include the company's fixed effects, year fixed effects, the CEO's birthplace fixed effects, and CEO cohort fixed effects. All standard errors are clustered at CEO level.

We find that, all other things being equal, CEOs experienced early-life social violence tend to make significantly fewer corporate acquisitions. Specifically, one standard deviation increase in early-life violence intensity lead to a decrease of near 30% of corporate acquisition measures we use. The results are robust to a number of different specifications and subsamples, as shown in the section 4. A further investigation of acquisition characteristics show that the impact is greater for risker type of acquisition. In particular, we focus on three different characteristics of announced acquisitions: payment method, affiliate transaction, and acquisition results. Moreover, the effect diminishes for experiences before 5-year-old and after 15-year-old.

To investigate the channels of early-life social violence experience, we collect a series of individual mental-health related measures from the survey data of China Health and Retirement Longitudinal Study (CHARLS) conducted by Peking University. We limit samples to people who have experienced China's Cultural Revolution, which means they are born before 1976. The results show that those experienced higher level of violence significantly have poor mental health across various different measures, consistent with our theoretical motivation hypothesis.

To establish causality, we conduct a bunch of tests. Firstly, we show that our results are robust to multiple robustness checks and falsification tests. Secondly, we investigate the impact varied with violence intensity, which shows that the Cultural Revolution truly represents a kind of social violence experience for CEOs as they witnessed the abnormal deaths and injuries from fighting,

5

torturing, and lynching. Thirdly, we exclude the alternative explanations, including education disruption, selective death and selective migration.

Our work contributes to several strands of literature. First, our main contribution is enriching the understanding of the long-term impact of CEOs' personal experiences on attitudes and behaviors. Recent literature in finance and accounting finds that executives' personal experiences shape their economic behaviors, such as risk-taking (Kish-Gephart and Campbell, 2015; Campbell et al. 2019), social responsibility (Xu and Ma, 2021), and management style (Schoar and Zuo, 2017). Prior studies that explore disastrous events such as the Great Depression (Malmendier et al. 2011) or famine (Han et al. 2022) have their findings prone to both economic and psychological channels. Betzer et al. (2021) find managers who experienced the death or divorce of their parents during childhood exhibit a stronger disposition effect, take lower risk, and are more likely to sell their holdings following risk-increasing firm events. Voors et al. (2012) on the other hand find that in Burundi higher share of deaths at the community level induce less risk aversion, but that the severity of the exposure to violence at the household level did not bring any significant effects. We extend this literature by highlighting the role of early-life experiences of social instability that induce anxiety or fear as an important aspect of the CEOs' cognitive development that shapes firm behavior. In that regard, our setting offers us the opportunity to control for the economic influence channel that confounds with the psychological and cognitive mechanism in prior studies.

Second, we contribute to the study of the impacts of traumatic experience. An emerging body of research in management applies insights from the post-traumatic growth literature to an organizational setting (Maitlis, 2020). Chen et al. (2020) find executive officer (CEO) mortality salience - triggered by the death of a director at the same firm, can trigger subsequent increase in firm-

level prosocial behavior or corporate social responsibility (CSR). Vogel and Bolino (2020) find that people who have been mistreated can grow and experiences positive outcomes from traumatic experiences. We extend this strand of literature by focusing on a specific type of violent experience and shifting the focus from traumatic events later in the life to events during CEOs' early-life period.

Third, we contribute to the study of the long-term impact of China's Cultural Revolution. Former studies mainly focused on the consequences in social level. For example, Bai and Wu (2020) and Kong et al. (2021) find the destructive effects on social trust after the Cultural Revolution. Han et al. (2019) find the Cultural Revolution substantially increases the schooling levels of cohorts whose education was interrupted during 1966-1976, as they value the new opportunities to get educated to compensate for the interrupted schooling. This paper is among the first to explore the economic consequences of the Cultural Revolution at the firm level.

The rest of the paper proceeds as follows. Section 2 briefly introduces the historical background of the Cultural Revolution. Section 3 maps out the theoretical motivation. Section 4 describes the data and identification strategy. Section 5 presents our empirical results, including main regression results, robustness checks and falsification tests. Section 6 discusses the impacts varied with exposure age, intensity and work experience. We also investigate the channels of violence experiences impact through mental health and rule out several alternative explanations. Concluding remarks are offered in Section 7

2. Historical Background

It is beyond the scope of our analysis to provide an extensive background of all the events during China's Cultural Revolution. Therefore, we will focus mainly on the particular details that are

relevant for our study, that is, the militant insurgency and student movements that provoked violent attacks on specific groups of people and fights between different ideological groups.

China's Cultural Revolution was launched by Mao Zedong in 1966 with a stated aim of preserving the Communism ideology by "cleansing the class ranks" of capitalist elements (MacFarquhar and Schoenhals, 2006; Su, 2011). The violent events of the Cultural Revolution were pervasive and widespread, both in urban and rural areas (Walder and Su, 2003). The victims were mainly composed of individuals deemed incompatible with the socialist system, named "Five Groups of Enemies", including intellectuals, senior party officials, rich peasants, teachers and elites. One main group of perpetrators are Red Guards, a revolutionary youth organization composed of ordinary civilians. In the initial phase of the Cultural Revolution, Red Guard activities were supported strongly by the central government and individuals who attempted to intervene in their activities would risk being labeled counterrevolutionaries (MacFarquhar and Schoenhals, 2006).

China's Cultural Revolution (1966-1976) is one of the worst violent events in the modern history which caused extremely severe outcomes in social development. As was officially reported by Jianying Ye in the Political Bureau of the CPC Central Committee Meeting after the 12th First Plenary Session, during the Cultural Revolution, (1) more than 123,700 people were killed in over 4,300 violent attacks; (2) over 2.5 million government officials were denounced politically and over 302,700 were put in prison illegally, and (3) over 113 million people were attacked politically in different levels and over 557,000 people were missing. The violence and political purges during the Cultural Revolution were typically perpetrated by ordinary individuals and victims are under shockingly violence both physically and psychologically. The "class enemies" were subject to public denunciations, forced self-criticisms, beaten with blunt objects (Ou and Xiong, 2021; Su, 2011). For

people experiencing Cultural Revolution in their 5 to 15 years old, most of them are only onlooker or victims because they are too young to participate in attacking activities. So violent violence forms most of memories the Cultural Revolution left in their mind.

The local Cultural Revolution severity was caused by a combination of political ideological and personal factors, and rather exogenous to factors that might drive our findings. The Central Government lost control of the development of this movement shortly after its initiation. As is pointed out by Walder (2016), in the first stages of the campaign, the Central Party apparatus were abolished and the majority of department heads were set aside for investigation and purge. Rebel groups composed of students and workers kidnapped officials and establish "new revolutionary committees", causing the destruction of the national bureaucracy. In Appendix Table B.1, we empirically test the exogeneity of local cultural revolution intensity. We regress variables measuring local characteristics in 1965 (one year before the beginning of China's Cultural Revolution) on the district-year level cultural revolution intensity. The local characteristics we tested include (1) the area of city; (2) the share of party members in the total population; (3) the share of party members in the total population; (4) the share of rural population in the total population; (5) the ratio of GDP in 1965 and that in 1964; (6) GDP per capital; (7) the ratio of per capital GDP in 1965 and that in 1964; (8) the total population; (9) the ratio of total male population and female population; (10) the consumer price index; (11) the ratio of industry value added in 1965 and that in 1964; (12) the ratio of industry value added and GDP; (13) the ratio of gross industrial output in 1965 and that in 1964; (14) the average income per capita.

3. Theoretical Motivation

Building on the notion of bounded rationality (Cyert et al. 1963), upper echelons theory

suggested that CEOs' values and prior experiences formed their views on the situation facing their firms (Hambrick and Mason, 1984; Hambrick, 2007). A wide range of studies focuses on CEOs' strategic decisions and firm performance support upper echelons reasoning (Chatterjee and Hambrick, 2007; Crossland et al. 2014), including those examine executive's early-life experiences (Kish-Gephart and Campbell, 2015; Campbell et al. 2019). This strand of literature confirms the long-term effect of CEOs' childhood imprints on managerial behaviors.

The application of imprinting theory within the management literature galvanized the interest in studying executives' early-life experiences (Marquis and Tilcsik, 2013). According to imprinting theory, childhood is a typical "sensitive period" when people are susceptible to external influences and experiences during these sensitive periods give rise to imprints as a focal entity develops characteristics that reflect prominent features of the environment, and these characteristics continue to persist despite significant environmental changes in subsequent periods" (Marquis and Tilcsik, 2013; McEvily et al. 2012). Later studies have found that imprints during these "sensitive periods" persist despite these environmental changes (Bianchi, 2014; McEvily et al. 2012; Jung and Shin, 2019; Marquis and Qiao, 2020; Bai and Wu, 2020).

Studies in psychology highlight that traumatic experiences build more enduring and more pronounced imprints from early-life (Parry and Chesler, 2005; Cryder et al. 2006; Duran, 2013). Different from traditional beliefs that traumatic experiences always lead to suffering and distress, post-traumatic psychological growth theory emphasizes the positive psychological development after traumatic experiences. People adapt to traumatic experiences through the process of ruminating and revisiting their goals and values (Calhoun and Tedeschi, 1999; Tedeschi and Calhoun, 2004). Through this process, people can develop more robust cognitive and emotional

self-regulation (Janoff-Bulman, 2004; Zoellner and Maercker, 2006).

Our treatment of early-life experience is of an indirect and environmental nature, rather than direct and personal influence. In addition, the impact is mainly through a psychological channel relative to economic mechanism. Specifically, exposure to social violent environment has the potential to change an individual's perception of the riskiness of the future environment or the tolerance for incremental risk. Further, the exposure to constant news reports and propaganda of the violent events is likely to provoke heightened anxiety and fear for potential victimization, inducing increased risk aversion (Raghunathan and Pham, 1999; Lerner and Keltner, 2001).

.

4. Data and Identification Strategy

4.1 Data

The sample of our study begins with all A-share listed companies between 2005 and 2020. A-shares, also known as domestic shares, are shares of companies that are denominated in Renminbi and listed either the Shanghai or Shenzhen stock exchanges. A-shares are generally only open for trading to mainland Chinese citizens. We remove observations of the financial service industry. Financial service companies in China are governed by specific laws and regulations by the government, which may affect their development strategies. Observations with missing data are also excluded.

Our empirical analysis makes use of a number of datasets. We identify the A-share company lists from CSMAR (China Stock Market & Accounting Research Database), which is a comprehensive research-oriented database offering data on the China stock markets and the financial statements of

China's listed companies. Overall, we obtain 1,404 A-share listed companies located in 195 different cities in China.

We collected the birthplace of CEOs mainly manually, as CSMAR offers very limited data for this variable by conducting the keyword search terms on the CEOs' position and name using Sina finance, Wind database, companies' annual reports, and Baidu encyclopedia. We exclude CEO samples born outside the mainland of China. We obtain other personal characteristics of CEO and firm-level data from CSMAR. After excluding CEOs born outside mainland China, and those with missing data in the regression, we are left with a sample of 1,763 Chinese mainland-born CEOs of A-share listed companies from 2005 to 2020, and they are born in 266 different cities in China, covering about 90.78% of 293 cities in China. Figure 1 shows the number of CEO born in every city and Figure 2 shows the number of CEO born in every year.

[Figure 1: Number of CEOs Born in Every City]

[Figure 2: CEO Birth Year Distribution]

Our analysis on China's Cultural Revolution uses a dataset digitalized by Walder (2014). This dataset contains background data on 2,264 county and city-level jurisdictions in China, along with information about 14,451 political events during the period from June 1966 to December 1971. Only about 31 county-level jurisdictions lack information in this period of time: 26 of them are in Tibet, 4 in Qinghai, and 1 in Inner Mongolia. To the best of our knowledge, this is the most comprehensive dataset about China's Cultural Revolution, as well as mostly used in literature (e.g., Bai and Wu, 2020; Ou and Xiong, 2021; Kong et al. 2021). Walder's dataset clearly identifies abnormal deaths and injuries caused by the Cultural Revolution from natural deaths and injuries.

In the dataset, death is defined as "unnatural deaths" that are attributable to political actions of any kind: suicides of individuals under political persecution, deaths in clashes between factions or with military forces, deaths in struggle sessions or as a result of imprisonment or torture, executions during political campaigns, and similar situations, excluding deaths due to accidents, natural disasters, or epidemic disease. Injury is defined as physical harm that does not result in death, usually as a result of clashes between factions or with military forces, injuries during struggle sessions or as a result of imprisonment or torture, as well as beatings during political campaigns. We aggregate the county-level dataset into city-level in order to match the CEO's birth place, as we can only obtain most CEOs' birth cities. We obtain city-level control variables from CSMAR. Table 1 presents descriptive statistics of main variables. To avoid the influence of outliers, all continuous control variables are winsorized at the upper and lower 1% levels. Our final sample consists of 7,302 observations.

[Table 1: Summary Statistics]

4.2 Regression Specification

We use the Cultural Revolution as a natural experiment to study CEO's early-life violence experiences and corporate acquisition. One important underlying hypothesis is the exogeneity of local cultural revolution severity, which has been validated in detail in section 2. Also, not all CEOs have experienced this revolution in early-life because of their different birth years. Therefore, combining the regional and cohort variation in CEOs' experiences in this revolution, we employ the following empirical strategy to identify the impact of the early-life violence arising from the revolution on CEOs' risk-taking behaviors.

$$Y_{ijt} = \propto + \beta_1 VioExper_j + \beta_2 Controls_{ijt} + u_i + v_t + \delta_c + \theta_j + \epsilon_{ijt} \qquad (1)$$

The dependent variable Y_{ijt} is several measures of corporate acquisition for company i with

CEO j in year t. We use three measures of corporate acquisition in main analyses: (1) *AcquisitDumour*

is a dumour variable which equals one if a firm engages in an M&A deal during a given year and

zero otherwise; (2) *LgAcquisit* is the natural logarithm of the total number of M&A deals made in

the year; (3) *LgAcquisitValue* is the natural logarithm of the total value of the acquisitions.

The early-life violence intensity is measured by the natural logarithm of abnormal deaths and

injuries experienced by CEOs between the ages of 5 to 15 during the Cultural Revolution in their

birth city.

In all our empirical models, we include company, year, CEO birth year, CEO city of birth fixed

effects. The company-level decision, as the dependent variable, varies with company and fiscal year

(in China, fiscal year equals calendar year). We add company fixed effect u_i to capture the

company-specific characteristics that do not change over time. Therefore, we capture changes in

financial policy within the same company when a new CEO with different early-life experiences is

appointed. The year fixed effect v_t captures time-variant shocks common to all companies, such as

change in government policies, inflation, economic crisis, and so on. We add birth cohort and birth

city fixed effects δ_c and θ_j to eliminate the effect specific to every birth cohort and every birth city.

It is important to purge CEO birth city effects as in our story, as CEOs born in different cities may

experience Cultural Revolution in different intensity at the same age. Similarly, purging CEO cohort

effects is important as CEO born in the same city may experience Cultural Revolution in different

way with different ages. In our regression specification, we only capture within-cohort heterogeneity

across CEOs. Including these four types of fixed effects enables us to effectively wash out all specific

characteristics effects that can bias our estimation. Standard errors are clustered at CEO level.

In addition, we control the time-invariant characteristics at CEO level such as duality, Gender, whether hold bachelor's degree, and whether serve concurrently in shareholder's company. We also control the time-varying characteristics at company level such as ROA, TobinQ, book-to-market ratio, board size, the proportion of female directors, asset tangibility, the proportion of the CEO salary of all managers' salary, and the proportion of directors holding company shares. Moreover, the time-varying city economic characteristics for CEO's birthplace are included, such as the share of the tertiary industry in GDP, the natural logarithm of GDP, the natural logarithm of fiscal income and the natural logarithm of fiscal expenditure.

We mainly focus on the coefficient β_1, as it measures the estimated effects of the CEOs' early-life violence experience on risk-taking behaviors. A conclusion can be reached that CEOs' early-life violence experience can suppress risk-taking behaviors if the estimated result of coefficient β_1 is significantly negative.

4.3 Identification Advantages

There are a number of advantages underlying our identification strategy. First, in the literature of studying risk attitudes, a major challenge is separating selection bias from causal relationship. Exposure to drivers that are thought to affect risk attitudes are potentially correlated with pre-existing characteristics. For example, relatively more risk-averse people may engage in behaviors that mitigate exposure to uncertainty in the environment, like migrate to safer living places, and thus contaminate the interpretation of the estimation of the causal effects. To a large extent, as one of the largest political upheavals of the twentieth century paralyzed a highly centralized party state, the onset and development of China's Cultural Revolution is unexpected by CEO who experienced

it during their early life. The severity of Cultural Revolution in a particular area is mainly affected by contingent interactions among rebel groups and military units after the collapse of local governments (Walder and Chu, 2020), which is highly variable even within the same city during the whole period and is hard to predict even for senior central politicians. We also empirically tested the relatively exogeneity of local cultural revolution severity in section 2. Therefore, after we include the fixed effect specific to every birthplace to capture the time-invariant factors in the regression, the exposure of the CEOs to the violent events can be reasonably assumed to be exogenous.

Third, 1,110 out of 1,763 CEOs in our sample serve in a company whose region is different from their birthplace. Hence, if we find any impact of Cultural Revolution exposure in their birthplaces on companies' performance, after controlling firm fixed effects, such effect can only reflect CEOs' preferences. The results also hold for these migration samples in our robustness tests.

Fourth, we exploit the clear cut-off in the duration of China's Cultural Revolution. Although the intensity across different cities is unexpected, the Cultural Revolution has a clear beginning and ending in the whole mainland. It begins with the issue of May 16 Notification and ends with the death of Mao. This enables us to disentangle the impacts of Cultural Revolution from those of other events.

Last but not least, one difficulty in the literature of how CEO's behaviors are shaped by personal experiences in a specific place is that we do not know exactly where the CEO lives during the event period. Both the policy fact in China before 1978 that migration is really hard and our empirical strategy help to mitigate this concern. Moreover, as we focus on CEO's experience during their early childhood, their possibility of migration because of education or work needs is really

minor. We provide detailed analyses in section 6.3.2.

5. Exposure to Social Violence and Corporate Acquisitions

The main outcome variables of interest are corporate acquisitions, as they relate directly to CEO's risk-taking attitudes. In section 5.1, we report the impact of CEO's early-life social violence experience on acquisition behaviors. The robustness checks are reported in section 5.2. We carry out the falsification test in section 5.3.

5.1 Main Results on Corporate Acquisitions

Table 2 reports the impact of CEO's early-life cultural revolution experience on corporate acquisitions. We use different measurements of corporate acquisitions. In panel A, the dependent variable *AcquisitDumour* is a dumour variable which equals one if a firm engages in an M&A deal during a given year and zero otherwise. In panel B, the dependent variable *LgAcquisit* is the natural logarithm of the total number of M&A deals made in the year. In panel C, the dependent variable *LgAcquisitValue* is the natural logarithm of the total value of the acquisitions.

We include fixed effects for the company, year, CEO birth city, and CEO birth year in all models and use different set of covariates to test the robustness of our results. CEO level covariates include duality, Gender, whether hold bachelor's degree, and whether serve concurrently in shareholder's company. Firm covariates include ROA, TobinQ, book-to-market ratio, board size, the proportion of female directors, firm size, asset tangibility, the proportion of the CEO salary of all managers' salary and the proportion of directors holding company shares. City covariates include the share of the tertiary industry in GDP, the natural logarithm of GDP, the natural logarithm of fiscal income and the natural logarithm of fiscal expenditure.

We focus on impacts on CEO's early-life social violence experience, as indicated by the coefficients of *Early-life violence intensity*. We measure early-life violence intensity measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs between the ages of 5 to 15 during the Cultural Revolution in their birth city. The results show that CEOs' early-life violent intensity negatively affects the corporate acquisition activities, which means they become more risk-averse after such experiences. The effect is sizable. One-degree increasement on the early-life violence intensity equivalent to a decrease of 9.52% of the mean of *AcquisitDummy*, 10.96% of the mean of *LgAcquisit*, 8.40% of the mean of *LgAcquisitValue*. Alternatively, a one standard deviation increase in early-life violence intensity (3.13) leads to a decrease of decrease of 29.80% of the mean of *AcquisitDummy*, 34.30% of the mean of *LgAcquisit*, 26.29% of the mean of *LgAcquisitValue*. The coefficients are stably significant at 1% level for *AcquisitDumour* and *LgAcquisit*, and 5% level for *LgAcquisitValue*, regardless the covariates we added. The results are robust to a number of different specifications and subsamples, as shown in the next section.

[Table 2: Impact of Cultural Revolution Experience on Corporate Acquisitions]

Then we turn to acquisition characteristics. CEO's risk-taking attitudes may be not only reflected in acquisition propensity, but also the acquisition characteristics. In particular, we focus on three different characteristics of announced acquisitions: payment method, affiliate transaction, and acquisition results.[1]

First, paying for the acquisition with cash concurs more uncertainty than paying with acquirer

---

[1] It is worth noting total number of acquisitions between two columns in three sets of characteristics are not the same with that in the full sample, because of missing values of acquisition characteristics in CSMAR.

stock, as the latter reduces the risk resulting from unforeseen issues with the target's valuation (Bernile et al. 2017). We hypothesize that risk-averse CEO prefer paying for the acquisition with stock, thus the negative effect of early-life violent acquisition will be higher for acquisition paid by cash while lower for acquisition paid by stock. The results are shown in the first two columns of Table 3, where dependent variable in Column (1) and Column (2) is the natural logarithm of number of acquisitions paid with acquirer stock and cash respectively. The result in Column (2) of Table 4 suggests that one-degree increasement in early-life violence intensity will lead to a decrease of 12.18% of the mean of the natural logarithm of number of acquisitions paid with cash. The coefficient of acquisition paid with acquirer stock is still negative but insignificant, as shown in Column (1) of Table 3.

Second, we investigate the different effects on affiliate transactions characteristics. Irrelevant acquisitions are usually more risky than relevant acquisitions as the acquiring firm lacks target-specific expertise and finds it harder to realize synergistic gains due to complementarities or cost savings. Moreover, in affiliated transaction, the acquirer often possesses a better understanding of the target company's operations, market dynamics, and risks. This familiarity can facilitate a smoother integration process and help manage potential risks effectively. The results are shown in Column (3) and (4) of Table 3, where dependent variable in Column (3) and Column (4) is the natural logarithm of number of acquisition deals which are relevant transaction and not respectively. We hypothesize that risk-averse CEOs are more conservative towards irrelevant acquisition than relevant acquisition, thus the negative effect of early-life violent acquisition will be higher for irrelevant acquisition. The result in Column (3) of Table 4 suggests that one-degree increasement in early-life violence intensity will lead to a decrease of 11.51% of the mean of the

natural logarithm of relevant acquisition. The coefficient is significant at 10% level. The result in Column (4) of Table 4 suggests that one-degree increasement in early-life violence intensity will lead to a decrease of 12.46% of the mean of the natural logarithm of irrelevant acquisition. The coefficient is significant at 5% level, and is larger for that of Column (3).

Finally, we investigate the different effects on acquisition results. There are many reasons for acquisition to fail, for example, the acquiring firm did not take the time to learn about the target company's culture, values, and goals. As a result, they were unable to properly integrate the two companies. Also, lacking management plan can also lead to the failure of acquisitions. Thus, we hypothesis that risk-averse CEOs will be more cautious of the acquisition decision, leading to less failed acquisition. The results are shown in the last two columns of Table 3, where dependent variable in Column (5) and Column (6) is the natural logarithm of number of success acquisitions and failed acquisitions respectively. The result in Column (6) of Table 4 suggests that one-degree increasement in early-life violence intensity will lead to a decrease of 40.62% of the mean of the natural logarithm of number of failed acquisition. The coefficient of acquisition paid with acquirer stock is still negative but insignificant, as shown in Column (5) of Table 3.

In a word, the results are consistent with our hypothesis, showing that more risk-averse CEOs are indeed significantly less likely to incur riskier-type acquisitions.

[Table 3: Cultural Revolution Experience and Acquisition Characteristics]

In order to offer more evidence to the relationship of social violence and risk-taking attitudes, we investigate the impact of the Cultural Revolution on local people's choice in a risk-taking game designed by Chinese Family Panel Studies (CFPS) 2018 conducted by Peking University. The local

violence intensity is measured by the total number of abnormal deaths and injuries during China's Cultural Revolution. The dependent variable is the choices of the interviewer in the game, which equals 1 when the interviewer conducted a more conservative choice and 5 when the interviewer conducted a riskier choice.[2] We include a series of covariates and the interviewer birth year fixed effects. The results are reported in Appendix Table B.2 and confirms that local social violence intensity will incur people making less risky choice.

5.2 Robustness Checks

We conduct a series of robustness checks for the main results in Table 2 and report the results in Table 4. We use alternative measures of violence experience in Panel A and alternative measures of corporate acquisitions in Panel B. In Panel C, we control for impacts of other events that may affect CEO's risk-taking attitudes, including sent-down movement, natural disasters, and China's Great Famine. In Panel D, we control for CEO's background information to avoid threats alternative effect channels. In Panel E, we test the robustness of results in a series of sub samples. In Panel F, we test the robustness of results under alternative estimation models.

5.2.1 Alternative Measures of Violence Experience and Corporate Acquisitions

In Panel A, we use alternative measures of CEO's social violence experience to test the

---

[2] In risk test 1, the interviewer was asked to make a choice between (a1) getting 100 yuan directly and (a2) toss a coin, if the result is heads you get 200 yuan, otherwise get nothing. If the interviewer chose (a1), then she was invited to join risk test 2 and asked to make a choice between (b1) getting 80 yuan directly and (b2) toss a coin, if the result is heads you get 200 yuan, otherwise get nothing. If the interviewer chose (b1), then she was invited to join risk test 3 and asked to make a choice between (c1) getting 50 yuan directly and (c2) toss a coin, if the result is heads you get 200 yuan, otherwise get nothing.

robustness of the causal relationship. First, we in the main analyses we use the natural logarithm of abnormal deaths and injuries experienced by CEOs between the ages of 5 to 15 during the Cultural Revolution in their birth city. However, the CEO's place of residence between the ages of 5 to 15 might be different from their birth place. Also, the conflicts in neighbor city might also affect the CEO as she might heard about them from friends or reading newspapers. Thus, we utilize a coarser measure. We aggregate the city-year level cultural revolution dataset into province-year level, and use the abnormal deaths and injuries during Cultural Revolution in CEO's birth province instead of birth city to measure CEO's early-life social violence experience intensity. Results of the three dependent variables in the main analysis are reported in Columns (1), (4) and (7). Second, not all conflicts in the Cultural Revolution incurred deaths and injuries. Some happened in the form of political protest, or publicly criticize and denounce people who were considered "eneour of People". Such events can also impact CEO's mental activity. Thus, we use the number of conflicts instead of abnormal deaths and injuries to measure the intensity of local cultural revolution. Results are reported in Column (2), (5) and (8). Third, we include the number of conflicts that incur abnormal deaths and injuries and repeated the test in last part. Results are reported in Column (3), (6), and (9). In all columns, the results are significant.

In Panel B, we use other measures of corporate acquisitions to test the robustness. In the main analyses, we use three different measures for corporate acquisition, that is, *AcquistDummy*, a dumour variable which equals one if a firm engages in an M&A deal during a given year and zero otherwise; *LgAcquisit*, the natural logarithm of the total number of M&A deals made in the year. *LgAcquisitValue*, the natural logarithm of the total value of the acquisitions. For robustness, we also compute *AcquisitRate*, which is the total value of acquisitions in a year scaled by the firm's book

assets, which is also a measure used by Pan et al. (2020). Results are shown in Column (1), which means one-degree increasement of early-life violence intensity will lead to a decrease of 14.56% of the mean of *AcquisitRate*. CSMAR provides rich records of M&A data, including some relatively small-scale deals. For robustness, we count only those involve expense value higher than one million yuan, as they represent more important corporate investment activities. We repeat the main regression and results are reported in Column (2) to (4). One-degree increasement of early-life violence intensity will lead to a decrease of 8.18% of the mean of *AcquisitDummy_Large*; a decrease of 9.41% of the mean of *LgAcquisit_Large*; a decrease of 7.79% of the mean of *LgAcquisitValue_Large*. The effect size is relatively smaller than those in the context of all-scale acquisitions, possibly due to large deals involve more participation of the board of directors.

The results show that our conclusions are robust to alternative measures of CEO's violence experience and corporate acquisitions.

5.2.2 Controlling for Impacts of Other Events

One potential threat to the causal relationship might come from other big events experienced by CEOs in their early-life. In Panel C, we control three relatively consequential movements or events that may affect CEOs attitudes and behaviors, including sent-down movement, natural disasters, and China's Great Famine.

First, we control for the effect from sent-down movement. In 1968, two years after the start of the Cultural Revolution, Mao launched the "send-sown movement". As an important component of the Cultural Revolution, the movement lasted until the early 1970s and was aimed to address perceived issues of class inequality and to cultivate the revolutionary spirit among urban youth in China. The movement mandate about 16 million urban youth, known as "Educated Youth"

or "Zhi Qing" in Chinese, to participate in agricultural activities in rural areas (Chen et al., 2020). The movement had a profound impact on the lives of millions of young people as an early-life hardship experience, due to the poor living conditions, intensive agricultural labors and forced to live away from families (Fan 2020; Harmel and Yeh, 2016). We control the effect from this event by excluding the samples that are forced by policy to participate in this movement. Specifically, the junior and senior high school graduates from 1966 to 1968, known as "Old Third Generation", or "Lao San Jie" in Chinese. Results are reported in Columns (1) to (3) of Panel C.

Second, we control for effects from natural disasters. Natural disasters can be a traumatic experience, and might affect people's attitudes towards uncertainty as people are exposed to fatalities directly (Bernile et al., 2017; Gao et al., 2020; Chen et al., 2021). We obtain the natural disaster data from The International Disaster Database (EM-DAT), which provides detailed records the time, location, scale of disasters. We control for the affects from the natural disasters by adding into main regression the natural logarithm of deaths and injuries happened in CEO's birth province when she was in the ages of 5 to 15. Results are reported in Columns (4) to (6) of Panel C.

Finally, we control for the China's Great Famine. China's Great Famine was a period of widespread famine from 1959 to 1961, characterized by severe food shortages, starvation, and mass deaths as a result of malnutrition and related diseases. The famine was primarily caused by a combination of political, economic, and environmental factors. The famine experience exploits cross-sectional and cohort variations. Following Meng et al. (2015), we obtain the birth cohorts size in every city from the 1% sample of the 1990 China Population Census, which records the birth cohort size of survivors observed in 1990. We construct the city-level shrink rate to measure

the famine severity at city level, as the ratio of the average cohort size during the three famine years (1959-1961) to the average cohort size in the three pre-famine years (1956-1958) and three post-famine years (1962-1964). This approach is a measure of famine severity commonly used in the literature (Huang et al., 2010; Meng et al., 2015; Chen and de la Rupelle, 2018). Empirically, we control for the China's Great Famine experience by adding the interaction of the local shrink rate with a dumour variable which equals 1 if CEO experienced the Great Famine between the ages of 5 to 15. Results are reported in Columns (7) to (9) of Panel C.

The results show that controlling for the impacts of other events do not affect our main findings.

5.2.3 Controlling for CEO Background Information

In the main analyses, we utilize the birth year and birth place information of CEO, as well as local cultural revolution data to capture CEO's early-life social violence intensity. However, the birth variables may be correlated with other background factors of CEO, which may drive our results. To address this concern, we add the interaction terms of CEO's birth city cultural revolution intensity by a series of CEO's characteristics. The characteristics tested are the same with those included in CEO covariates, such as duality, Gender, whether hold bachelor's degree, and whether serve concurrently in shareholder's company. We report the results in Panel D. The results demonstrate that the inclusion of other CEO characteristics does not alter the observed impact of the famine. Therefore, our main results are not driven by other mechanisms underlying the CEO background information.

5.2.4 Robustness of Results in Sub Samples

In Panel E, we conduct robustness tests under subsamples. First, firms located in

municipalities directly under the Central Government (Beijing, Tianjin, Shanghai, Chongqing) might act potentially different from firms located in other cities. For example, they can enjoy administrative and regulatory advantages due to closer proximity to policymakers. Also, they might face richer market opportunities due to the concentration of resources and access to talent pool. Thus, we exclude firms located in municipalities and repeat the main regression. Results are reported in Columns (1) to (3). Second, we only include samples with CEOs hold position away from their home city. The migration samples we used can exclude some local institutional effects on corporate development. For example, cities suffered from higher level of Cultural Revolution might shirt towards state-controlled econoour due to the emphasis on collectivism and socialist ideology during the movement. Also, the Cultural Revolution could have a long-term effect on business operations as during the movement, private enterprises were often targeted as symbols of capitalist influence and were subject to persecution. Results are reported in Columns (4) to (6). Third, as shown in Figure 1, CEO birth place has characteristic of uneven distribution. Thus, we test the robustness of our results by exclude top 5 and top 10 cities where most CEOs were born in. Results are reported in Columns (7) to (9) and Columns (10) to (12) respectively. Our findings are robust in all sub samples.

5.2.5 Robustness under Alternative Estimation models

In Panel F, we conduct robustness tests under alternative specifications. First, we cluster standard errors at the company level instead of CEO level. Results are reported in Columns (1) to (3) Second, we use conley standard error estimation, developed by Conley (1999) to account for spatial correlation in the data. As shown in Figure 3, the pattern of cultural revolution intensity shows a characteristic of correlation between neighbor cities. Thus, we test the robustness of our

results by using conley standard error, following the common use in literature (McGuirk and Burke, 2020; Rogall 2021; Montero and Yang, 2022) Empirically, we assume a cutoff window of 500 km and report results in Columns (4) to (6). Our findings are robust under alternative estimation models.

[Table 4: Robustness Tests]

5.3 Placebo tests

First, we test whether our results are driven by other events during 1966-1976, we assume the China's Cultural Revolution happened ten years earlier (1956–1966), ten years later (1976-1986), and twenty years later(1986-1996) and repeat the main regressions. We also exclude the overlapping experimental samples in corresponding groups for better estimation. For example, people born in 1951 to 1961 might be included in experimental samples both in the true period of Cultural Revolution and the hypothetical period ten years earlier. Results are shown in Table 5. The coefficients of CEO's early-life violence intensity are insignificant across all columns, which means that our results are truly driven by CEO's experience during the Cultural Revolution.

[Table 5: Falsification Test by Hypothetical Cultural Revolution Period]

Second, to explore how our results could be influenced by unobservables, We conduct a falsification test where we randomly assign the birthplace to the CEOs and repeat the main regression involve all covariates in Table 2 by 1,000 times, following the suggestions from Young (2019). Figure 4 presents the distributions of the coefficients. As we can see, estimated coefficients are centered around zero when we randomize the Cultural Revolution experience for the sample

CEOs. Specifically, we find that only 1, 0, 4 out of 1,000 (percent = 0.001, 0.000, 0.004) simulated coefficients have a magnitude greater than our main finding in Table 2. The evidence indicates that it is highly unlikely that our results are driven by other unobservables than the Cultural Revolution experiences of CEOs.

[Figure 4: Falsification Test by Shuffling CEO's Birthplaces]

6. Further Study

In this section, we first investigate impact of CEO's Cultural Revolution experience on corporate acquisitions, varied with exposure age, intensity and work experience. In section 6.1, we show that the impact dismisses for CEO's experience before five-year-old and after fifteen-year-old, the impact is more sizable for higher-level of violence and new CEOs. Then we investigate the mechanism of the cultural revolution impact. In section 6.2, we show that the Cultural Revolution worsens mental health of local people. Finally, we rule out alternative explanations in section 6.3, such as the education disruption, selective deaths and selective migration.

6.1 Impacts Varied with Exposure Period, Intensity and CEO Tenure

In Table 6, we investigate the impact of CEO's Cultural Revolution experience on corporate acquisitions, varied with exposure age, intensity and work experience.

First, we investigate CEO's experience in their formative years for "early child-hood memories", that is, between the ages 5 to 15 (Nelson, 1993). We further analysis whether the same results hold for the experience before five-year-old and after 15-year-old. Similar to our measure

of early-life violence intensity, we define infant violence intensity as the natural logarithm of abnormal deaths and injuries experienced by CEOs before the age of 5 during the Cultural Revolution in their birth city, and adult violence intensity as the natural logarithm of abnormal deaths and injuries experienced by CEOs after the age of 15 during the Cultural Revolution in their birth city. We repeat the similar regression as the main analyses and report the results in Panel A. Overall, the effects of infant violence intensity and adult violence intensity are both insignificant and small in size, which shows that our results are truly driven by CEO's early-life experience.

Second, our identification strategy assumes that the Cultural Revolution represents a kind of social violence experience for CEOs as they witnessed the abnormal deaths and injuries from fighting, torturing, and lynching. We conduct a series of tests to lend more supports to this assumption, as is shown in Panel B. Instead of aggregating the total number of deaths and injuries, we separate them and use them to measure the violence intensity respectively. Also, we use the number of victims as a not-so-good measure. In Walder's Cultural Revolution Database, *Victims* is defined as someone who is arrested, interrogated, beaten, put through a struggle session, investigated as a suspect of a political crime, imprisoned, criticized for a political problem, bad class background, incorrect attitudes, and so forth. Students who are "sent down" are not included, but residents will be included if it is clear that the households affected are being singled during a campaign that targets selected households. A "house search" (Chao Jia) is not included, unless there is a report of a beating or struggle session during the course of a house search. The violence level of *Deaths*, *Injuries*, and *Victims* decrease successively. Results from Panel B support our main hypothesis, as both the effect size and significance decrease as the violence level of measures.

Third, we test the heterogenous effects by CEO tenure. We interact the early-life violence

intensity with a dumour variable *FirstTimeCEO* which equals 1 if the person first become a CEO in the A-share listed company in that year. We report results in Panel C. The interaction terms are both statistically significantly negative and sizable across all columns, which implies that as CEO gain more work experience, their violence experience impact becomes minor.

Overall, the results in Table 6 further validates our measure of early-life experience during the Cultural Revolution as a social violence experience, which has a long-term impact on CEO's risk-taking behaviors.

[Table 6: Impacts Varied with Exposure Age, Intensity and Work Experience]

6.2 Mechanism of Mental Health

We have found that the early-life social violence experiences of CEO affect their risk-taking attitudes significantly. In particular, violence experiences may install performances for less corporate acquisitions. Here we attempt to investigate the mechanisms of such influences. We hypothesis that the violence experiences take effect mainly by affecting people's mental health.

A bunch of studies had studied the effects of poor mental health, including risk-averse behavior (Lerner and Keltner, 2001; Houshofer and Fehr, 2014; Huggins et al., 2019). First, individuals experiencing high level of fear and depression tend to focus on potential negative outcomes and sensitive to potential risks (Wurst et al., 2021). The fear of failure can make them try to avoid risky situations. Second, poor mental health can impair decision-making abilities and cognitive function (Mani et al., 2013; Dohmen et al., 2018; Kaur et al., 2021). Moreover, confidence and self-esteem can be eroded by poor mental health. Individuals doubting their abilities can make them more sensitive to uncertainty, as they have a fear of facing criticism and opt for safer options

to protect their self-image (Sowislo and Orth, 2013).

Even though there are no measure of CEO's mental health in China, we collect a number of individual mental-health related measures from the survey data of China Health and Retirement Longitudinal Study (CHARLS) conducted by Peking University. CHARLS is a nationally representative longitudinal survey that focuses on the health, economic, and social well-being of the Chinese population in their old age. The 2013 survey provide a whole section to measure interviewer's depression from different aspects, and is widely used to measure the mental health of Chinese elderly (Ni et al., 2017; Cui et al., 2020; Jiang et al., 2023). We limit samples to people who have experienced China's Cultural Revolution, which means they are born before 1976. It is also worth noting that the results of 2013 survey are relatively convincing to capture CEO's mental health during our study period, as it's around the middle of 2005 to 2020. We conduct the cross-sectional analysis as equation (2). We expect to find worse mental health for people experienced more social violence during the Cultural Revolution.

$$MentalHealth_j = \alpha + \beta LocalViolence_j + X_J\gamma + \delta_C + \epsilon_j \quad (2)$$

$MentalHealth_j$ measures the mental health of interviewer j. We include all the ten questions in the whole section about depression in CHARLS 2013. Such questions include (1) Frequency of being bothered by things that don't usually bother me; (2) Frequency of having trouble keeping our mind on what we was doing; (3) Frequency of felling depressed; (4) Frequency of feeling everything we did was an effort; (5) Frequency of feeling hopeful about the future; (6) Frequency of feeling fearful; (7) Frequency of restless sleep; (8) Frequency of felling happy; (9) Frequency of felling lonely; (10) Frequency of felling could not get "going".

$LocalViolence_j$ measures the total number of abnormal deaths and injuries during China's

Cultural in the interviewer's living city.

X_J include both the interview's background information and city covariates as that we used in equation (1). Individual Covariates include the interviewer's gender, education level, marital status. City Covariates are the same with that in Table 2, including the share of the tertiary industry in GDP, the natural logarithm of GDP, the natural logarithm of fiscal income and the natural logarithm of fiscal expenditure. δ_C represent the cohort fixed effects. Results are reported in Table 7. The results are consistent across columns.[3]

Overall, those experienced higher level of violence significantly have worse mental health across various different measures. Although it's somewhat a back-of-the-envelope analysis, they can shed light on the mechanism of our findings.

[Table 7: Cultural Revolution Impact on Mental Health]

6.3 Alternative Explanations

We argue that the Cultural Revolution acted as a social violence experience for CEO, affecting their risk-taking attitudes through long-lasting trauma. In this section, we address several alternative explanations for our findings and present results in Table 8.

6.3.1 Education Disruption

In Panel A, we test the alternative channel of education disruption. The Cultural Revolution had a huge negative impact on education. Traditional educational institutions were deemed

---

[3] The only result that is inconsistent is about "Frequency of feeling could not get 'going'". But it's insignificant and the question itself captures a rather severe status of mental health and it may be affected by many other things like big life shocks.

bourgeois and were targeted for ideological reform. Many schools remained closed for several years, depriving an entire generation of access to education (Huang et al., 2020; Chen et al., 2020). Some literature points out that low educated CEOs tend to be risk-averse (Kish-Gephart et al. 2015; Choi et al. 2021). Low-educated CEO might be reluctant to take risk because they are more fearful of failure, as they perceive failure as more detrimental to their career prospects and personal reputation. Also, CEOs with lower levels of education may have limited access to professional networks and mentors who can provide guidance and support in navigating risks and uncertainties. Thus, the alternative channel of education disruption can confound with our results on the impact of social violence.

We exclude this alternative channel using several different tests. To come first, in the robustness checks presented in Panel C of Table 4, we control for the effects from send-down movement, one of the biggest events causing education disruption, by excluding samples who are forced to leave school and work in the rural areas. The results are still hold. Second, we regress a series of education-related variables on early-life violent intensity, including whether the CEO hold a bachelor degree, whether the CEO hold a doctoral degree, and whether the CEO hold an MBA degree. We present the results in Panel A of Table 8. The coefficients are consistently insignificant and minor in size, showing that the early-life violence intensity does not negatively affect CEO's education, at least for those in our study sample.

6.3.2 Selective Death

Another possibility comes from selective death, which means that risk-loving people tend to participate in the armed fighting and are more easily to be killed during the Cultural Revolution. This may confound with our results, as CEOs born in city with high-level of Cultural Revolution

severity are relatively more risk-averse just because this characteristic make them survive and enter our study sample. It is rather difficult to directly test this channel. But the history facts help us to find some support to exclude this channel. Not the whole ten years of Cultural Revolution incur large-scale armed fighting ("Wu Dou" in Chinese), which only lasted during the first three years (1966-1968). The large-scale armed struggles across the country begins in the winter of 1966 with the onset of incidents in Shanghai and Chongqing, and ends in the summer of 1968 with the issue of July 3 Announcement and July 24 Announcement by the Central Government, which asked the masses to hand in the arms and dissolve the armed groups. The armed struggle is significantly less frequent after this period (Walder and Chu, 2020; Walder 2022). As most youth participating in armed fighting is young workers and Red Guards (people who support Mao in the secondary schools and universities), and most sample in our dataset are in their primary school or younger during the Cultural Revolution, they are not likely to be killed during the Cultural Revolution. Moreover, we exclude samples that are in their secondary school or higher during the armed fighting, as these people are likely to participate in armed fighting. Results are shown in Panel B. In a word, our results are not likely to be driven by selective deaths.

6.3.2 Selective Migration

One difficulty in the literature of how CEO's behaviors are shaped by personal experiences in a specific place is that we do not know exactly where the CEO lives during the event period. If CEOs migrate after birth and especially during the Cultural Revolution, our estimation of the effect using CEOs' birthplace will be contaminated.

Again, it's difficult to directly address this concern. However, we still find several evidence to exclude this potential threat. First, migration away from birth place before Chinese economic

reform in 1978 is very scarce and suppressed by the government. In 1958, the first household registration regulation *Regulations on Household Registration of the People's Republic of China* was promulgated, establishing a strict household registration system, which is updated every year. During the planned economic period, personal supplies were controlled by the central government and relied on the household registration management system for ration management. Individuals trying to migrate from rural areas to urban areas for non-agricultural work must apply to the relevant departments, and the approval limit for such applications is strictly controlled. To work outside the province, you need to have six passes. Second, as we focus on the CEOs' early-life Cultural Revolution experience, we do our best to ensure that it is meaningful to use CEOs' birth city to represent their living city during the Cultural Revolution. Third, even if it is true that people selectively migrate to other city during the Cultural Revolution, risk-averse people select to migrate to cities with lower intensity of the Cultural Revolution. Our results still offer a lower-bound estimation as we still find that CEOs experienced high violent intensity tend to become risk averse.

[Table 8: Alternative Explanation]

6.4 Testing for Assortative Matching

One big challenge in the study of CEO behaviors is the selection bias between CEO and company. For example, some companies may selectively choose risk-loving CEOs to satisfy their development needs. We conduct several analyses to address this concern.

First, in our study, it is hard to imagine that companies will check or investigate CEOs' early-life experience of violence during the Cultural Revolution during their recruiting processes. Second, we test whether company conditions could predict future CEO's CR experience, focusing on

companies that experience CEO turnover in our study period. Empirically, we regress the new-coming CEO's early-life violent intensity on company characteristics in t-1, t-2, and t-3 before she holds position. Results are reported in Appendix Table B.3. Overall, the there's no significant relationship between the companies' characteristics and the new-coming CEO's early-life violence intensity. Third, we divide the CEO samples into two groups, high CR intensity group or treatment group (the intensity of Cultural Revolution of birth city is higher than the median), and low CR intensity group or control group (the intensity of Cultural Revolution of birth city is lower than the median). We conduct entropy balancing and propensity score matching using firm characteristics. We report the results in Appendix Table B.4 and Appendix Table B.5, and find our results are robust to the using of matching sample.

In a word, several tests validate that our results are not driven by assortative matching, meaning that CEO's early-life violence experiences remain an important yet ignored aspect when companies choose CEOs.

7. Conclusions

Traumatic experiences is an important aspect of a person's life history. While a number of studies have suggested the long-term effects of disaster events like natural disasters, economic depression, and famine, our study highlights social violence as a fundamental and predetermined source of variation in CEO's risk-taking attitudes.

In this study, we explored the influence of the early-life social violence experiences on CEOs' attitudes towards risk-taking. China's Cultural Revolution (1966-1976) provides an excellent natural experiment for analysis. Using the panel data of 1,763 CEOs served in 1,404 companies during the period 2005-2020, we show that CEOs experienced higher level social violence during their early

childhood significantly decrease corporate acquisition. To examine the channel of violence experiences effect, we exploit the survey data that examine local cultural revolution intensity significantly worsen old people's mental health in 2013. This suggested that the experience may be acted as a trauma that may have altered people's preferences for taking risk. We also demonstrate that these results are robust to a series of checks and are unlikely to be the result of education disruption, selective deaths and selective migration.

Our work contributes to several strands of literature. First, we complement existing research on the long-term impact of CEO's personal violence experiences on corporate action. We highlight the role of social violence, as a distinct unstudied kind of violence in the aspect of the CEOs' life history. Specifically, we engage the early childhood as a sensitive period which giving rise to enduring imprints which reflected their values and behaviors in adulthood. Moreover, we contribute to the study of the long-term impact of China's Cultural Revolution. Former studies mainly focused on the consequences in social level. This paper is among the first to explore the behavioral consequences of the Cultural Revolution at individual level.

Our study on long-term effects of social violence may also have essential policy implications. The social violence is often driven by man-made factors such as political motivation, ideological indoctrination, and power struggles. In contrast, other events like natural disasters are often caused by natural forces beyond human control. Thus, our study can help to highlight the fundamental impacts of traumatic experience of social violence, calling for collective efforts towards reconciliation and preventing recurrence.

References

Adhvaryu, A., Fenske, J., & Nyshadham, A. (2019). Early life circumstance and adult mental health. *Journal of Political Economy*, *127*(4), 1516-1549.

Aristizabal, M. J., Anreiter, I., Halldorsdottir, T., Odgers, C. L., McDade, T. W., Goldenberg, A., ... & O'Donnell, K. J. (2020). Biological embedding of experience: a primer on epigenetics. *Proceedings of the National Acadeour of Sciences*, *117*(38), 23261-23269.

Bai, L., & Wu, L. (2020). Political movement and trust formation: Evidence from the Cultural Revolution (1966–76). *European Economic Review*, *122*, 103331.

Bauer, M., Blattman, C., Chytilová, J., Henrich, J., Miguel, E., & Mitts, T. (2016). Can war foster cooperation?. *Journal of Economic Perspectives*, *30*(3), 249-274.

Bauer, M., Fiala, N., & Levely, I. (2018). Trusting former rebels: An experimental approach to understanding reintegration after civil war. *The Economic Journal*, *128*(613), 1786-1819.

Benmelech, E., & Frydman, C. (2015). Military CEOs. *Journal of Financial Economics*, *117*(1), 43-59.

Bernile, G., Bhagwat, V., & Rau, P. R. (2017). What doesn't kill you will only make you more risk-loving: Early-life disasters and CEO behavior. *The Journal of Finance*, *72*(1), 167-206.

Bertrand, M., & Schoar, A. (2003). Managing with style: The effect of managers on firm policies. *The Quarterly Journal of Economics*, *118*(4), 1169-1208.

Betzer, A., Limbach, P., Rau, P. R., & Schürmann, H. (2021). Till death (or divorce) do us part: Early-life family disruption and investment behavior. *Journal of Banking & Finance*, *124*, 106057.

Bharadwaj, P., Løken, K. V., & Neilson, C. (2013). Early life health interventions and academic achievement. *American Economic Review*, *103*(5), 1862-1891.

Bianchi, E. C. (2014). Entering adulthood in a recession temper later narcissism. *Psychological Science*, *25*(7), 1429-1437.

Billings, S. B., Deming, D. J., & Ross, S. L. (2019). Partners in crime. *American Economic Journal: Applied Economics*, *11*(1), 126-50.

Bingenheimer, J. B., Brennan, R. T., & Earls, F. J. (2005). Firearm violence exposure and serious violent behavior. *Science*, *308*(5726), 1323-1326.

Brown, J. R., Cookson, J. A., & Heimer, R. Z. (2019). Growing up without finance. *Journal of Financial Economics*, *134*(3), 591-616.

Calhoun, L. G., & Tedeschi, R. G. (Eds.). (1999). *Facilitating posttraumatic growth: A clinician's guide*. Routledge.

Campbell, R. J., Jeong, S. H., & Graffin, S. D. (2019). Born to take risk? The effect of CEO birth order on strategic risk taking. *Acadeour of Management Journal*, *62*(4), 1278-1306.

Chatterjee, A., & Hambrick, D. C. (2007). It's all about me: Narcissistic chief executive officers and their effects on company strategy and performance. *Administrative science quarterly*, *52*(3), 351-386.

Chen, G., Crossland, C., & Huang, S. (2020). That could have been me: Director deaths, CEO mortality salience, and corporate prosocial behavior. *Management Science*, *66*(7), 3142-3161.

Chen, H., de la Rupelle, M., & Zilibotti, F. (2018). *The Great Famine and savings rate in China*. Working Paper, University of Hong Kong.

Chen, Y., Fan, Q., Yang, X., & Zolotoy, L. (2021). CEO early-life disaster experience and stock price crash risk. *Journal of Corporate Finance*, *68*, 101928.

Chen, Y., Fan, Z., Gu, X., & Zhou, L. A. (2020). Arrival of young talent: The send-down movement and rural education in China. *American Economic Review*, *110*(11), 3393-3430.

Chen, Y., Jiang, S., & Zhou, L. A. (2020). Estimating returns to education in urban China: Evidence from a natural experiment in schooling reform. *Journal of Comparative Economics*, *48*(1), 218-233.

Choi, I., Chung, S., Han, K., & Pinsonneault, A. (2021). CEO risk-taking incentives and IT innovation: the moderating role of a CEO's IT-related human capital. *MIS Quarterly*, *45*(4).

Conley, T. G. (1999). GMM estimation with cross sectional dependence. *Journal of Econometrics*, *92*(1), 1-45.

Couttenier, M., Petrencu, V., Rohner, D., & Thoenig, M. (2019). The violent legacy of conflict: evidence on asylum seekers, crime, and public policy in Switzerland. *American Economic Review*, *109*(12), 4378-4425.

Crossland, C., Zyung, J., Hiller, N. J., & Hambrick, D. C. (2014). CEO career variety: Effects on firm-level strategic and social novelty. *Acadeour of Management Journal*, *57*(3), 652-674.

Cryder, C. H., Kilmer, R. P., Tedeschi, R. G., & Calhoun, L. G. (2006). An exploratory study of posttraumatic growth in children following a natural disaster. *American Journal of Orthopsychiatry*, *76*(1), 65-69.

Cui, H., Smith, J. P., & Zhao, Y. (2020). Early-life deprivation and health outcomes in adulthood: Evidence from childhood hunger episodes of middle-aged and elderly Chinese. *Journal of Development Economics*, *143*, 102417.

Custódio, C., & Metzger, D. (2014). Financial expert CEOs: CEO′s work experience and firm′s financial policies. *Journal of Financial Economics*, *114*(1), 125-154.

Cyert, R. M., & March, J. G. (1963). A behavioral theory of the firm. *Englewood Cliffs, NJ*, *2*(4), 169-187.

Damm, A. P., & Dustmann, C. (2014). Does growing up in a high crime neighborhood affect youth criminal behavior?. *American Economic Review*, *104*(6), 1806-1832.

Dittmar, A., & Duchin, R. (2016). Looking in the rearview mirror: The effect of managers' professional experience on corporate financial policy. *The Review of Financial Studies*, *29*(3), 565-602.

Dohmen, T., Falk, A., Huffman, D., & Sunde, U. (2018). On the relationship between cognitive ability and risk preference. *Journal of Economic Perspectives*, *32*(2), 115-34.

Duran, B. (2013). Posttraumatic growth as experienced by childhood cancer survivors and their families: a narrative synthesis of qualitative and quantitative research. *Journal of Pediatric Oncology Nursing*, *30*(4), 179-197.

Dustmann, C., Mertz, M., & Okatenko, A. (2023). Neighbourhood Gangs, Crime Spillovers, and Teenage Motherhood.

Fan, Y. (2020). Does adversity affect long-term financial behaviour? Evidence from China's rustication programme. *Journal of Urban Economics*, *115*, 103218.

Feng, X., & Johansson, A. C. (2018). Living through the Great Chinese Famine: Early-life experiences and managerial decisions. *Journal of Corporate Finance*, *48*, 638-657.

Gao, M., Liu, Y. J., & Shi, Y. (2020). Do people feel less at risk? Evidence from disaster

experience. *Journal of Financial Economics*, *138*(3), 866-888.

Gilligan, M. J., Pasquale, B. J., & Samii, C. (2014). Civil war and social cohesion: Lab-in-the-field evidence from Nepal. *American Journal of Political Science*, *58*(3), 604-619.

Graham, J. R., & Narasimhan, K. (2005). Corporate survival and managerial experiences during the Great Depression. In *AFA 2005 Philadelphia Meetings*.

Guo, S., & An, J. (2022). Does terrorism make people pessimistic? Evidence from a natural experiment. *Journal of Development Economics*, *155*, 102817.

Hambrick, D. C. (2007). Upper echelons theory: An update. *Acadeour of Management Review*, *32*(2), 334-343.

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Acadeour of Management Review*, *9*(2), 193-206.

Han, J., Suen, W., & Zhang, J. (2019). Picking up the losses: The impact of the Cultural Revolution on human capital reinvestment in urban China. *Journal of Human Capital*, *13*(1), 56-94.

Han, Y., Chi, W., & Zhou, J. (2022). Prosocial imprint: CEO childhood famine experience and corporate philanthropic donation. *Journal of Business Research*, *139*, 1604-1618.

Harmel, R., & Yeh, Y. Y. (2016). Attitudinal differences within the Cultural Revolution cohort: effects of the sent-down experience. *The China Quarterly*, *225*, 234-252.

Haushofer, J., & Fehr, E. (2014). On the psychology of poverty. *Science*, *344*(6186), 862-867.

Huang, C., Li, Z., Wang, M., & Martorell, R. (2010). Early life exposure to the 1959–1961 Chinese famine has long-term health consequences. *The Journal of nutrition*, *140*(10), 1874-1878.

Huang, Z., Phillips, G. M., Yang, J., & Zhang, Y. (2020). *Education and innovation: The long shadow of the cultural revolution* (No. w27107). National Bureau of Economic Research.

Huggins, A. A., Weinberg, A., Gorka, S. M., & Shankman, S. A. (2019). Blunted neural response to gains versus losses associated with both risk-prone and risk-averse behavior in a clinically diverse sample. *Psychophysiology*, *56*(6), e13342.

Janoff-Bulman, R. (2004). Posttraumatic growth: Three explanatory models. *Psychological inquiry*, *15*(1), 30-34.

Jiang, G., Wang, Y., Wang, L., Chen, M., & Li, W. (2023). The mediating effect of depression on new-onset stroke in diabetic population: Evidence from the China health and retirement longitudinal study. *Journal of Affective Disorders*, *321*, 208-216.

Jung, J., & Shin, T. (2019). Learning not to diversify: The transformation of graduate business education and the decline of diversifying acquisitions. *Administrative Science Quarterly*, *64*(2), 337-369.

Kaur, S., Mullainathan, S., Oh, S., & Schilbach, F. (2021). Do financial concerns make workers less productive? (No. w28338). *National Bureau of Economic Research*.

Kish-Gephart, J. J., & Campbell, J. T. (2015). You don't forget your roots: The influence of CEO social class background on strategic risk taking. *Acadeour of Management Journal*, *58*(6), 1614-1636.

Kong, D., Zhao, Y., & Liu, S. (2021). Trust and innovation: Evidence from CEOs' early-life experience. *Journal of Corporate Finance*, *69*, 101984.

Lerner, J. S., & Keltner, D. (2001). Fear, anger, and risk. *Journal of Personality and Social*

Psychology, *81*(1), 146.

Lerner, J. S., & Tiedens, L. Z. (2006). Portrait of the angry decision maker: How appraisal tendencies shape anger's influence on cognition. *Journal of Behavioral Decision Making*, *19*(2), 115-137.

Lerner, J. S., Li, Y., Valdesolo, P., & Kassam, K. S. (2015). Emotion and decision making. *Annual Review of Psychology*, *66*, 799-823.

Ludwig, J., & Kling, J. R. (2007). Is crime contagious?. *The Journal of Law and Economics*, *50*(3), 491-518.

MacFarquhar, R., & Schoenhals, M. (2006). *Mao's last revolution*. Harvard University Press.

Maitlis, S. (2020). Posttraumatic growth at work. *Annual Review of Organizational Psychology and Organizational Behavior*, *7*, 395-419.

Malmendier, U., & Nagel, S. (2011). Depression babies: Do macroeconomic experiences affect risk taking? *Quarterly Journal of Economics, 126(1)*, 373-416.

Malmendier, U., & Tate, G. (2005). CEO overconfidence and corporate investment. *The Journal of Finance*, *60*(6), 2661-2700.

Malmendier, U., Tate, G., & Yan, J. (2011). Overconfidence and early-life experiences: the effect of managerial traits on corporate financial policies. *The Journal of finance*, *66*(5), 1687-1733.

Maner, J. K., Dittmann, A., Meltzer, A. L., & McNulty, J. K. (2017). Implications of life-history strategies for obesity. *Proceedings of the National Acadeour of Sciences*, *114*(32), 8517-8522.

Mani, A., Mullainathan, S., Shafir, E., & Zhao, J. (2013). Poverty impedes cognitive function. *Science*, *341*(6149), 976-980.

Marquis, C., & Qiao, K. (2020). Waking from Mao's dream: Communist ideological imprinting and the internationalization of entrepreneurial ventures in China. *Administrative Science Quarterly*, *65*(3), 795-830.

Marquis, C., & Tilcsik, A. (2013). Imprinting: Toward a multilevel theory. *The Acadeour of Management Annals*, *7*(1), 195-245.

McEvily, B., Jaffee, J., & Tortoriello, M. (2012). Not all bridging ties are equal: Network imprinting and firm growth in the Nashville legal industry, 1933–1978. *Organization Science*, *23*(2), 547-563.

McGuirk, E., & Burke, M. (2020). The economic origins of conflict in Africa. *Journal of Political Economy*, *128*(10), 3940-3997.

Meng, X., Qian, N., & Yared, P. (2015). The institutional causes of China's great famine, 1959–1961. *The Review of Economic Studies*, *82*(4), 1568-1611.

Montero, E., & Yang, D. (2022). Religious festivals and economic development: Evidence from the timing of mexican saint day festivals. *American Economic Review*, *112*(10), 3176-3214.

Nelson, K. (1993). The psychological and social origins of autobiographical memory. *Psychological Science*, *4*(1), 7-14.

Ni, Y., Tein, J. Y., Zhang, M., Yang, Y., & Wu, G. (2017). Changes in depression among older adults in China: A latent transition analysis. *Journal of Affective Disorders*, *209*, 3-9.

Ou, S., & Xiong, H. (2021). Mass persuasion and the ideological origins of the Chinese Cultural Revolution. *Journal of Development Economics*, *153*, 102732.

Pan, Y., Siegel, S., & Yue Wang, T. (2020). The cultural origin of CEOs' attitudes toward uncertainty: Evidence from corporate acquisitions. *The Review of Financial Studies*, *33*(7), 2977-3030.

Parry, C., & Chesler, M. A. (2005). Thematic evidence of psychosocial thriving in childhood cancer survivors. *Qualitative Health Research*, *15*(8), 1055-1073.

Raghunathan, R., & Pham, M. T. (1999). All negative moods are not equal: Motivational influences of anxiety and sadness on decision making. *Organizational Behavior and Human Decision Processes*, *79*(1), 56-77.

Rogall, T. (2021). Mobilizing the masses for genocide. *American economic review*, *111*(1), 41-72.

Schoar, A., & Zuo, L. (2017). Shaped by booms and busts: How the econoour impacts CEO careers and management styles. *The Review of Financial Studies*, *30*(5), 1425-1456.

Smith, C. W., & Stulz, R. M. (1985). The determinants of firms' hedging policies. *Journal of Financial and Quantitative Analysis*, *20*(4), 391-405.

Sowislo, J. F., & Orth, U. (2013). Does low self-esteem predict depression and anxiety? A meta-analysis of longitudinal studies. *Psychological bulletin*, *139*(1), 213.

Su, Y. (2011). *Collective killings in rural China during the Cultural Revolution*. Cambridge University Press.

Tedeschi, R. G., & Calhoun, L. G. (2004). Posttraumatic growth: conceptual foundations and empirical evidence. *Psychological inquiry*, *15*(1), 1-18.

Vogel, R. M., & Bolino, M. C. (2020). Recurring nightmares and silver linings: Understanding how past abusive supervision may lead to posttraumatic stress and posttraumatic growth. *Acadeour of Management Review*, *45*(3), 549-569.

Voors, M. J., Nillesen, E. E. M., Verwimp, P., Bulte, E. H., Lensink, R., & Soest, D. P. V. (2012). Violent conflict and behavior: a field experiment in Burundi. *American Economic Review*, *102*(2), 941-964.

Walder, A. G. (2014). Rebellion and repression in China, 1966–1971. *Social Science History*, *38*(3-4), 513-539.

Walder, A. G. (2016). Bending the Arc of Chinese History: The Cultural Revolution's Paradoxical Legacy. *The China Quarterly*, *227*, 613-631.

Walder, A. G. (2022). Anatoour of a Regional Civil War: Guangxi, China, 1967–1968. *Social Science History*, *46*(1), 35-63.

Walder, A. G., & Chu, J. (2020). Generating a Violent Insurgency: China's Factional Warfare of 1967–1968. *American Journal of Sociology*, *126*(1), 99-135.

Walder, A. G., & Su, Y. (2003). The Cultural Revolution in the countryside: Scope, timing and human impact. *The China Quarterly*, *173*, 74-99.

Wurst, C., Schiele, M. A., Stonawski, S., Weiß, C., Nitschke, F., Hommers, L., ... & Menke, A. (2021). Impaired fear learning and extinction, but not generalization, in anxious and non-anxious depression. *Journal of Psychiatric Research*, *135*, 294-301.

Xu, S., & Ma, P. (2021). CEOs' poverty experience and corporate social responsibility: Are CEOs who have experienced poverty more generous? *Journal of Business Ethics*, 1-30.

Yi, J., Chu, J., & Png, I. P. L. (2022). Early-life exposure to hardship increased risk tolerance and entrepreneurship in adulthood with gender differences. *Proceedings of the National Acadeour of Sciences*, *119*(15), e2104033119.

Yim, S. (2013). The acquisitiveness of youth: CEO age and acquisition behavior. *Journal of Financial Economics*, *108*(1), 250-273.

Young, A. (2019). Channeling fisher: Randomization tests and the statistical insignificance of seemingly significant experimental results. *The Quarterly Journal of Economics*, *134*(2), 557-598.

Zhang, H., Zhang, J., & Zhang, N. (2023). Childhood Send-down Experience and Old-Age Support to Parents: The Twins Experiment in China. *Journal of the European Economic Association*, jvad011.

Zoellner, T., & Maercker, A. (2006). Posttraumatic growth in clinical psychology - A critical review and introduction of a two-component model. *Clinical Psychology Review*, *26*(5), 626-653.

Figure 1
Number of CEOs Born in Every City

We plot the distribution of CEO birth place. In this figure, more darkly-shaded regions correspond to areas with a higher number of CEOs born in that city.
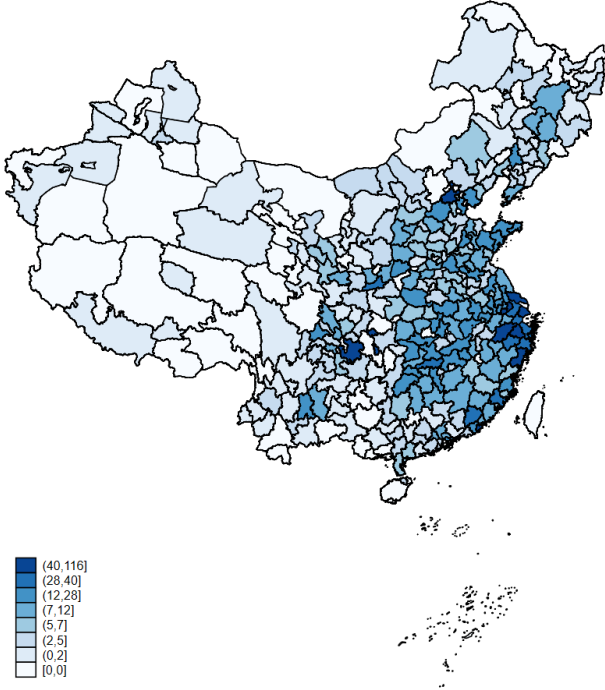
Figure 2
CEO Birth Year Distribution

We plot the distribution of CEO Birth Year. X-axis represents CEO's birth year. Y-axis represents the total number of CEOs born in that year.
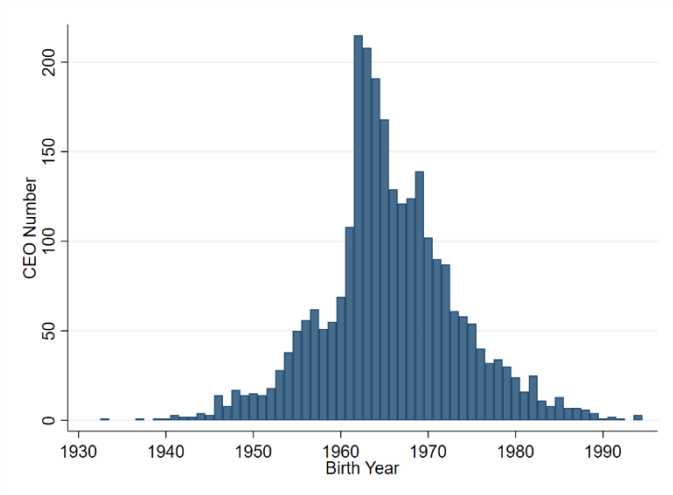
Figure 3
Cultural Revolution Intensity across CEO Birth Cities

We plot the distribution of CEO birth place. In this figure, more darkly-shaded regions correspond to areas with a higher number of fatalities directly attributed to the Cultural Revolution.
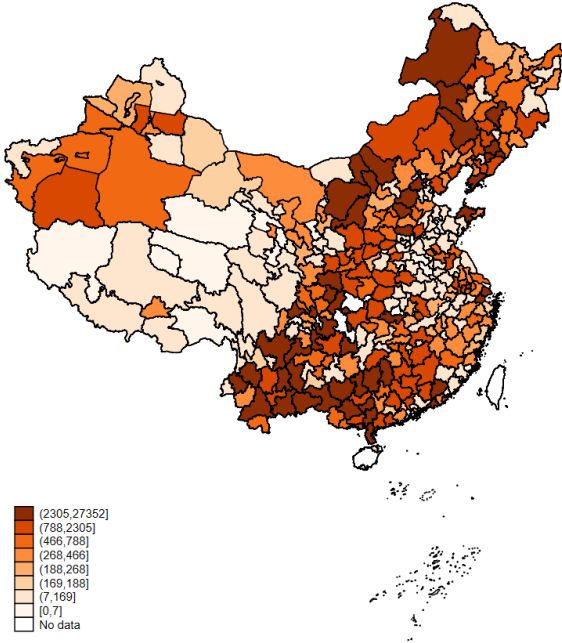
Figure 4
Falsification Test: Shuffling CEO's Birthplaces

We randomly assign each CEO's birth place and rerun the same regression with Column (4) in three panels of Table 2 by 1,000 times. We report the distribution of the fake coefficient of early-life violent intensity and our true coefficient. When dependent variable is *AcquisitDummy*, only 1 out of 1,000 coefficients from the simulations have an absolute value larger than our true coefficient. When dependent variable is *LgAcquisit*, no coefficient from the simulations have an absolute value larger than our true coefficient. When dependent variable is *LgAcquisitValue*, only 4 out of 1,000 coefficients from the simulations have an absolute value larger than our true coefficient.
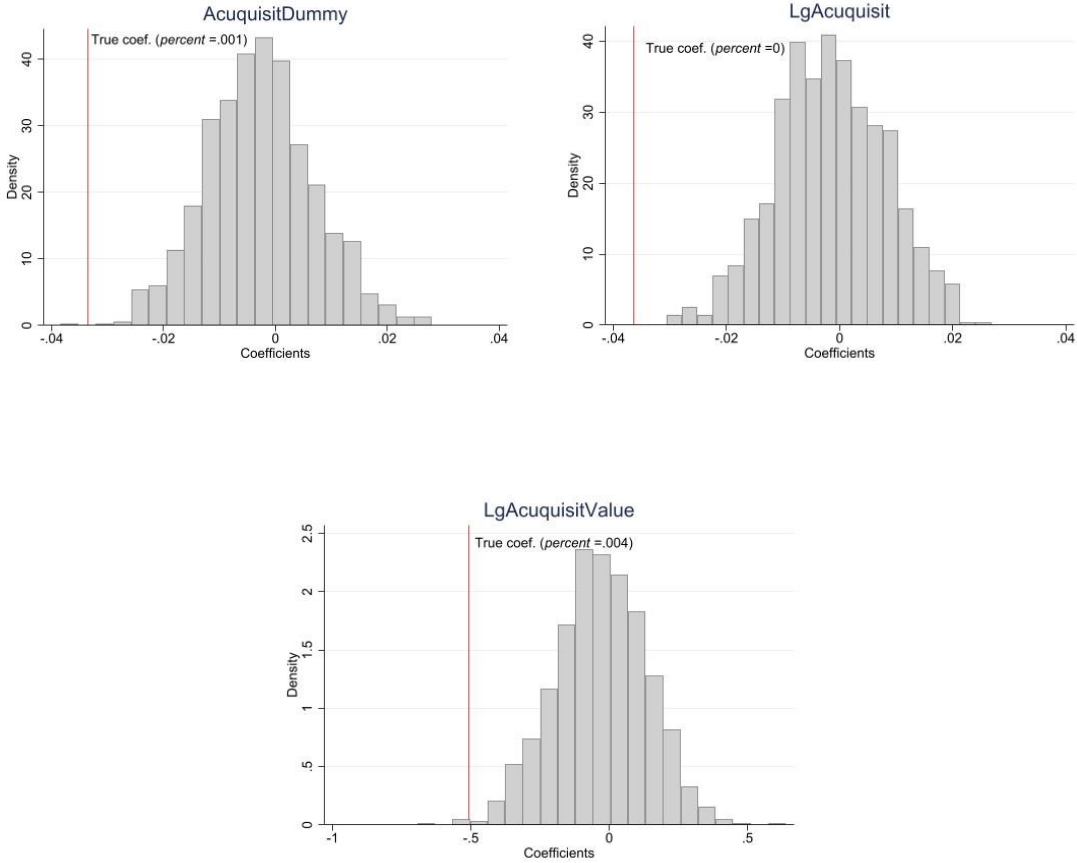
Table 1
Summary Statistics

This table presents the summary statistics. Panel A presents city-level variables. Panel B presents firm-level variables. Panel C presents CEO-level variables

Panel A: City-level Variables						
Variable	Mean	Std.Dev.	Min	Max	N	Definition
GDP3share	51.70	14.20	15.50	83.80	7302	The share of the tertiary industry in GDP
LgGDP	8.590	1.180	5.700	10.50	7302	Log(gdp)
LgFiscalIncom	15.40	1.500	11.80	18.10	7302	Log (total fiscal income)
LgFiscalExpen	15.80	1.300	12.80	18.20	7302	Log (total fiscal expenditure)
Panel B: Firm-level Variables						
Variable	Mean	Std.Dev.	Min	Max	N	Definition
AcquisitDummy	0.348	0.476	0	1	7302	Dumour variable, 1 = a firm engages in an M&A deal during a given year
LgAcquisit	0.327	0.494	0	1.950	7302	Log (announced acquisition + 1)
LgAcquisitValue	5.980	8.780	0	22.50	7302	Log (announced acquisition value + 1)
LgAcquisitPayStock	0.0216	0.153	0	2.640	7302	Log (announced acquisition paid by stock + 1)
LgAcquisitPayCash	0.288	0.476	0	2.890	7302	Log (announced acquisition paid by cash + 1)
LgAcquisitRele	0.117	0.317	0	3.040	7302	Log (announced relevant acquisition + 1)
LgAcquisitUnRele	0.189	0.400	0	2.890	7302	Log (announced irrelevant acquisition + 1)
LgAcquisitSucceed	0.0989	0.295	0	3.040	7302	Log (successful announced acquisition + 1)
LgAcquisitUnSucceed	0.0159	0.114	0	1.790	7302	Log (unsuccessful announced acquisition + 1)
TobinQ	2	1.260	0.877	8.140	7302	TobinQ
ROA	0.0453	0.0604	-0.220	0.218	7302	Net income divided by book equity
BookToMarket	0.629	0.244	0.123	1.140	7302	Market value of equity / book value of equity, at year-end
BoardSize	8.780	1.900	5	15	7302	Number of directors
FemaleBoardShare	0.135	0.125	0	0.500	7302	Proportion of female directors
FirmSize	22.20	1.410	19.80	26.70	7302	Log(book assets)
AssTangib	0.225	0.167	0.00372	0.714	7302	Asset tangibility (fixed assets/book assets)
CEOSalRatio	0.236	0.119	0.0376	0.667	7302	Proportion of the CEO salary of all managers' salary
DirHoldShare	0.254	0.216	0	0.667	7302	Proportion of directors holding company shares
Panel C: CEO-level Variables						
Variable	Mean	Std.Dev.	Min	Max	N	Definition
Early-life violence intensity	2.640	3.130	0	9.590	7302	Log (abnormal deaths and injuries experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution in their birth city)
IsDuality	0.455	0.498	0	1	7302	Dumour variable, 1 = CEO duality
IsCocurP	0.317	0.465	0	1	7302	Dumour variable, 1 = hold concurrent position in shareholder unit
Gender	0.939	0.239	0	1	7302	Dumour variable, 1 = male
Education_Bachelor	0.872	0.334	0	1	7302	Dumour variable, 1 = hold bachelor degree
LgTotalSalary	13.20	0.926	7.780	17	7302	Log (total salary)

Table 2
Impact of Cultural Revolution Experience on Corporate Acquisitions

This table reports the regression estimates for the relationship betIen CEO's Cultural Revolution experience and corporate acquisitions. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution in their birth city. In panel A, the dependent variable *AcquisitDumour* is a dumour variable which equals one if a firm engages in an M&A deal during a given year and zero otherwise. In panel B, the dependent variable *LgAcquisit* is the natural logarithm of the total number of M&A deals made in the year. In panel C, the dependent variable *LgAcquisitValue* is the natural logarithm of the total value of the acquisitions. We present the results without control variables in Column (1). In Column (2), We include CEO covariates. In Column (3), We include CEO covariates and firm covariates. In Column (4), We include CEO covariates, firm covariates and city covariates. CEO covariates includes *IsDuality*, *IsCocurP Gender*, *Education*, and *LgTotalSalary*. Firm covariates includes *TobinQ*, *ROA, BookToMarket*, *BoardSize*, *FemaleBoardShare*, *FirmSize*, *AssTangib, CEOSalRatio*, and *DirHoldShare.* City covariates includes *GDP3share*, *LgGDP*, *LgFiscalIncom*, and *LgFiscalExpen*. The meanings of all variables are the same with that defined in Table 1. All models include fixed effects for the company, year, CEO birth year, and CEO birth city. Standard errors are clustered at the CEO level and reported in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

Panel A: Dependent Variable = AcquisitDummy

	(1)	(2)	(3)	(4)
Dependent Variable:	AcquisitDummy	AcquisitDummy	AcquisitDummy	AcquisitDummy
Early-life violence intensity	-0.0375***	-0.0380***	-0.0338***	-0.0335***
	(0.012)	(0.012)	(0.012)	(0.012)
CEO Covariates		Yes	Yes	Yes
Firm Covariates			Yes	Yes
City Covariates				Yes
Firm FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.352	0.352	0.352	0.352
Adjusted R-squared	0.122	0.123	0.130	0.130
Observations	7070	7070	7070	7070

Table 2 —*Continued*
Impact of Cultural Revolution Experience on Corporate Acquisitions

Panel B: Dependent Variable = LgAcquisit

	(1)	(2)	(3)	(4)
Dependent Variable:	LgAcquisit	LgAcquisit	LgAcquisit	LgAcquisit
Early-life violence intensity	-0.0396***	-0.0406***	-0.0363***	-0.0364***
	(0.012)	(0.012)	(0.012)	(0.012)
CEO Covariates		Yes	Yes	Yes
Firm Covariates			Yes	Yes
City Covariates				Yes
Firm FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.332	0.332	0.332	0.332
Adjusted R-squared	0.149	0.149	0.156	0.155
Observations	7070	7070	7070	7070

Panel C: Dependent Variable = LgAcquisitValue

	(1)	(2)	(3)	(4)
Dependent Variable:	LgAcquisitValue	LgAcquisitValue	LgAcquisitValue	LgAcquisitValue
Early-life violence intensity	-0.564***	-0.581***	-0.510**	-0.508**
	(0.21)	(0.21)	(0.21)	(0.21)
CEO Covariates		Yes	Yes	Yes
Firm Covariates			Yes	Yes
City Covariates				Yes
Firm FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes
Mean of Dep. Var.	6.045	6.045	6.045	6.045
Adjusted R-squared	0.126	0.127	0.135	0.136
Observations	7070	7070	7070	7070

Table 3
Cultural Revolution Experience and Acquisition Characteristics

This table reports the regression estimates for the relationship betlen CEO's Cultural Revolution experience and corporate acquisitions. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betlen the ages of 5 to 15 during the Cultural Revolution. In Column (1) and (2), We investigate the different effects on different payment methods. Dependent variable in Column (1) and Column (2) is the natural logarithm of number of acquisitions paid with acquirer stock and cash respectively. In Column (3) and (4), We investigate the different effects on affiliate transactions characteristics. Dependent variable in Column (3) and Column (4) is the natural logarithm of number of acquisition deals which are relevant transaction and not respectively. In Column (5) and (6), We investigate the different effects on acquisition results. Dependent variable in Column (5) and Column (6) is the natural logarithm of number of success acquisitions and failed acquisitions respectively. It is worth noting total number of acquisitions betlen two columns in three sets of characteristics are not the same with that in the full sample, because of missing values of characteristics in CSMAR. All models include full set of covariates and fixed effects. Standard errors are clustered at the CEO level and reported in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Characteristics	Payment Method		Affiliate Transaction		Acquisition Results	
Dependent Variable: Lg (Acquisition + 1)	Stock	Cash	Relevant	Irrelevant	Success	Failed
Early-life violence intensity	-0.00426	-0.0351***	-0.0137*	-0.0233**	-0.00607	-0.00589*
	(0.0036)	(0.012)	(0.0083)	(0.010)	(0.0075)	(0.0031)
Covariates	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.0218	0.288	0.119	0.187	0.0994	0.0145
Adjusted R-squared	0.0158	0.149	0.0976	0.149	0.123	0.0430
Observations	7070	7070	7070	7070	7070	7070

Table 4
Robustness Tests

This table reports the robustness tests for the relationship betIen CEO's Cultural Revolution experience and corporate acquisitions.

In Panel A, we use different measurements of CEO's early-life violence intensity. In Columns (1), (4), and (7), we aggregate the city-year level cultural revolution dataset into province-year level, and use the abnormal deaths and injuries during Cultural Revolution in CEO's birth province instead of birth city to measure CEO's early-life social violence experience intensity. In Columns (2), (5), and (8), the early-life violence intensity is measured by the natural logarithm of total number of conflicts experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution. In Columns (3), (6), and (9), the early-life violence intensity is measured by the natural logarithm of total number of violent conflicts experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution. Here we define violent conflicts as the conflicts causing abnormal deaths and injuries. Dependent variables in Columns (1) to (3), Columns (4) to (6), and Columns (7) to (9) are *AcquisitDummy*, *LgAcquisit*, *LgAcquisitValue* respectively. Standard errors are clustered at the CEO level and reported in parentheses.

In Panel B, we use different measurements of corporate acquisitions. In Column (1), the dependent variable *AcquisitRate* is defined as the total value of acquisitions in a year scaled by the firm's book asset. In Columns (2) to (4), we only count those acquisition deals with values larger than one million RMB (about 143k dollars), and replicates the regression in table 2. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution in their birth city. Standard errors are clustered at the CEO level and reported in parentheses.

In Panel C, we control for other big events during CEO's early-life that may affect their risk-attitudes and cultural revolution experience. In Columns (1) to (3), we control for effects from send-down movements by excluding from the full sample those who are forced to go and work in the countryside (junior and senior high school graduates betIen 1966 and 1968). In Columns (4) to (6), we control for the natural logarithm of deaths and injuries happened in CEO's birth province when she was in the ages of 5 to 15. In Columns (7) to (10), we control for the China's Great Famine experience by adding the interaction of the local shrink rate with a dumour variable which equals 1 if CEO experienced the Great Famine betIen the ages of 5 to 15. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution in their birth city. Standard errors are clustered at the CEO level and reported in parentheses.

In Panel D, we check whether the cultural revolution impact is driven by CEO's other characteristics by adding the interaction terms of CEO's birth city cultural revolution intensity by a series of CEO's characteristics. The characteristics tested are the same with those included in covariates. In Columns (1), (6) and (11), the characteristic tested is CEO's gender which equals 1 if CEO is male. In Columns (2), (7), and (12), the characteristic tested is CEO's duality which equals 1 if CEO is both the chairman. In Columns (3), (8), and (13), the characteristic tested is whether CEO hold concurrent position in shareholder unit. In Columns (4), (9), and (14), the characteristic tested is CEO's education background which equals 1 if CEO holds bachelor's position. In Columns (5), (10), and (15), the characteristic tested is the natural logarithm of CEO's total salary. Dependent variables in Columns (1) to (5), (6) to (10) and (11) to (15) are *AcquisitDummy*, *LgAcquisit*, *LgAcquisitValue* respectively. Standard errors are clustered at the CEO level and reported in parentheses.

Table 4 —*Continued*
Robustness Tests

In Panel E, we conduct robustness tests under subsamples. In Columns (1) to (3), we exclude firms located in municipalities directly under the Central Government (provincial-level municipalities), specifically, they are Beijing, Tianjin, Shanghai, Chongqing. In Columns (4) to (6), we include samples that CEO's home city is different from firm local where they hold positions. In Columns (7) to (9), we only include samples with CEOs hold position away from their home city. In Columns (10) to (12), we exclude top 5 cities where most CEOs Ire born in. In Columns (10) to (12), we exclude top 10 cities where most CEOs Ire born in. Dependent variables in Columns (1), (4), (7), and (10) are *AcquisitDummy*; in (2), (5), (8), and (11) are *LgAcquisit*; in (3), (6), (9), and (12) are *LgAcquisitValue*. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution in their birth city. Standard errors are clustered at the CEO level and reported in parentheses.

In Panel F, we conduct robustness tests under alternative specifications. In Columns (1) to (3), standard errors are clustered at the company level and reported in parentheses. In Columns (4) to (6), we use conley standard error estimation. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution in their birth citys.

All models include full set of covariates and fixed effects. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

Table 4 —*Continued*
Robustness Tests

Panel A: Alternative Measures of Violence Experience

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Dependent Variable:	AcquisitDummy			LgAcquisit			LgAcquisitValue		
Early-life violence intensity (Provincial measurements)	-0.0433**			-0.0499***			-0.788**		
	(0.017)			(0.017)			(0.31)		
Early-life violence intensity (Conflict numbers)		-0.122***			-0.106***			-2.024***	
		(0.037)			(0.038)			(0.65)	
Early-life violence intensity (Violent conflict numbers)			-0.0946***			-0.0778***			-1.390***
			(0.030)			(0.029)			(0.54)
Covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.352	0.352	0.352	0.332	0.332	0.332	6.045	6.045	6.045
Adjusted R-squared	0.130	0.131	0.130	0.156	0.156	0.155	0.136	0.136	0.136
Observations	7070	7070	7070	7070	7070	7070	7070	7070	7070

Panel B: Alternative Measures of Corporate Acquisitionss

	(1)	(2)	(3)	(4)
Dependent Variable:	AcquisitRate	AcquisitDummy_Large	LgAcquisit_Large	LgAcquisitValue_Large
Early-life violence intensity	-0.00514*	-0.0256**	-0.0239**	-0.451**
	(0.0027)	(0.011)	(0.0094)	(0.21)
Covariates	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.0353	0.313	0.254	5.791
Adjusted R-squared	0.114	0.125	0.147	0.131
Observations	7070	7070	7070	7070

Table 4 —*Continued*
Robustness Tests

Panel C: Controlling for Impacts of Other Events

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Event	Send-down Movement			Natural Disaster			China's Great Famine		
Dependent Variable:	AcquisitDummy	LgAcquisit	LgAcquisitValue	AcquisitDummy	LgAcquisit	LgAcquisitValue	AcquisitDummy	LgAcquisit	LgAcquisitValue
Early-life violence intensity	-0.0403***	-0.0433***	-0.645***	-0.0336***	-0.0375***	-0.533**	-0.0298**	-0.0305**	-0.417*
	(0.014)	(0.013)	(0.24)	(0.012)	(0.012)	(0.21)	(0.012)	(0.012)	(0.22)
Early-life natural disaster experience				0.000410	0.00620	0.136			
				(0.0062)	(0.0058)	(0.10)			
Early-life famine experience							0.0490	0.0321	1.309
							(0.12)	(0.12)	(2.28)
Covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.352	0.331	6.046	0.352	0.332	6.045	0.352	0.331	6.037
Adjusted R-squared	0.131	0.155	0.136	0.130	0.155	0.136	0.128	0.154	0.135
Observations	6811	6811	6811	7070	7070	7070	6743	6743	6743

Table 4 —*Continued*
Robustness Tests

Panel D: Controlling for CEO Background Information					
	(1)	(2)	(3)	(4)	(5)
Dependent Variable:			AcquisitDummy		
CEO characteristics	Male	Duality	CocurP	Bachelor	LgSalary
Early-life violence intensity	-0.0330***	-0.0341***	-0.0335***	-0.0337***	-0.0335***
	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
Local violence intensity * CEO characteristics	-0.0442	-0.00898	0.000116	-0.00267	0.000491
	(0.053)	(0.018)	(0.012)	(0.026)	(0.0075)
Covariates	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.352	0.352	0.352	0.352	0.352
Adjusted R-squared	0.130	0.130	0.130	0.130	0.130
Observations	7070	7070	7070	7070	7070
	(6)	(7)	(8)	(9)	(10)
Dependent Variable:			LgAcquisit		
CEO characteristics	Male	Duality	CocurP	Bachelor	LgSalary
Early-life violence intensity	-0.0351***	-0.0375***	-0.0363***	-0.0367***	-0.0365***
	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
Local violence intensity * CEO characteristics	-0.101**	-0.0170	0.00197	-0.00594	-0.00115
	(0.047)	(0.016)	(0.013)	(0.028)	(0.0072)
Covariates	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.332	0.332	0.332	0.332	0.332
Adjusted R-squared	0.156	0.155	0.155	0.155	0.155
Observations	7070	7070	7070	7070	7070
	(11)	(12)	(13)	(14)	(15)
Dependent Variable:			LgAcquisitValue		
CEO characteristics	Male	Duality	CocurP	Bachelor	LgSalary
Early-life violence intensity	-0.492**	-0.520**	-0.506**	-0.501**	-0.509**
	(0.21)	(0.21)	(0.21)	(0.21)	(0.21)
Local violence intensity * CEO characteristics	-1.333	-0.169	0.117	0.134	-0.0111
	(0.88)	(0.30)	(0.23)	(0.50)	(0.12)
Covariates	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	6.045	6.045	6.045	6.045	6.045
Adjusted R-squared	0.136	0.136	0.136	0.136	0.136
Observations	7070	7070	7070	7070	7070

Table 4 —*Continued*
Robustness Tests

Panel E: Robustness of Results in Sub Samples

	(1)	(2)	(3)	(4)	(5)	(6)
Samples	Exclude Firms in Province-level Municipalities			CEOs' Home City ≠ Firm Location		
Dependent Variable:	AcquisitDummy	LgAcquisit	LgAcquisitValue	AcquisitDummy	LgAcquisit	LgAcquisitValue
Early-life violence intensity	-0.0338**	-0.0341**	-0.492**	-0.0739***	-0.0762***	-1.107**
	(0.014)	(0.014)	(0.25)	(0.025)	(0.026)	(0.44)
Covariates	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.344	0.322	5.870	0.355	0.339	6.181
Adjusted R-squared	0.131	0.151	0.135	0.134	0.171	0.142
Observations	5714	5714	5714	4276	4276	4276
	(7)	(8)	(9)	(10)	(11)	(12)
Samples	Exclude Top 5 Cities of CEO distribution			Exclude Top 10 Cities of CEO distribution		
Dependent Variable:	AcquisitDummy	LgAcquisit	LgAcquisitValue	AcquisitDummy	LgAcquisit	LgAcquisitValue
Early-life violence intensity	-0.0390**	-0.0360**	-0.562**	-0.0438***	-0.0419**	-0.639**
	(0.015)	(0.016)	(0.27)	(0.017)	(0.017)	(0.30)
Covariates	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.351	0.330	6.009	0.348	0.329	5.972
Adjusted R-squared	0.127	0.152	0.130	0.124	0.152	0.128
Observations	5992	5992	5992	5399	5399	5399

Panel F: Robustness under Alternative Estimation models

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable:	AcquisitDummy	LgAcquisit	LgAcquisitValue	AcquisitDummy	LgAcquisit	LgAcquisitValue
Early-life violence intensity	-0.0390**	-0.0360**	-0.562**	-0.0438***	-0.0419**	-0.639**
	(0.015)	(0.016)	(0.27)	(0.017)	(0.017)	(0.30)
Covariates	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.344	0.322	5.870	0.355	0.339	6.181
Adjusted R-squared	0.131	0.151	0.135	0.134	0.171	0.142
Observations	5714	5714	5714	4276	4276	4276

Table 5
Falsification Test by Hypothetical Cultural Revolution Period

This table reports the results of falsification test for the relationship betIen CEO's Cultural Revolution experience and corporate acquisitions. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution in their birth city. In Column (1) to (3), we assume the China's Cultural Revolution happened during 1956–1966. In Column (4) to (6), we assume the China's Cultural Revolution happened during 1976–1986. In Column (7) to (9), we assume the China's Cultural Revolution happened during 1986–1996. We also exclude the overlapping experimental samples in corresponding groups. Dependent variables in Columns (1), (4), and (7) are *AcquisitDummy*; in (2), (5), and (8) are *LgAcquisit*; in (4), (6) and (9) are *LgAcquisitValue*. The meanings of all variables are the same with that defined in Table 1. All models include full set of covariates and fixed effects. Standard errors are clustered at the CEO level and reported in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Falsification Test	Pseudo Revolution: 1956–1966			Pseudo Revolution: 1976–1986			Pseudo Revolution: 1986–1996		
Dependent Variable:	AcquisitDummy	LgAcquisit	LgAcquisitValue	AcquisitDummy	LgAcquisit	LgAcquisitValue	AcquisitDummy	LgAcquisit	LgAcquisitValue
Early-life violence intensity	-0.132	-0.00806	-1.627	0.0553	0.0672	0.342	-0.0136	-0.0277	0.0515
	(0.12)	(0.11)	(2.05)	(0.050)	(0.049)	(0.91)	(0.024)	(0.023)	(0.41)
Covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.358	0.337	6.197	0.339	0.314	5.764	0.352	0.332	6.045
Adjusted R-squared	0.134	0.156	0.136	0.124	0.165	0.128	0.129	0.155	0.135
Observations	5285	5285	5285	2854	2854	2854	7070	7070	7070

Table 6
Impacts Varied with Exposure Age, Intensity and CEO Tenure

This table reports impact of CEO's Cultural Revolution experience on corporate acquisitions, varied with exposure age, intensity and work experience.
In Panel A, we test the impacts varied with CEO's exposure age. The infant violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs before the age of 5 during the Cultural Revolution in their birth city. The adult violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs after the age of 15 during the Cultural Revolution in their birth city. Dependent variables in Columns (1), (2) are *AcquisitDummy*; in (3), (4) are *LgAcquisit*; in (5), (6) are *LgAcquisitValue*.
In Panel B, we test the impacts varied with violent intensity. The early-life violence intensity_death, early-life violence intensity_injury, and early-life violence intensity_victim is measured by the natural logarithm of abnormal deaths, injuries and conflict victims experienced by CEOs betIen the ages 5 to 15 during the Cultural Revolution in their birth city. Dependent variables in Columns (1) to (3) are *AcquisitDummy*; in (4) to (6) are *LgAcquisit*; in (7) to (9) are *LgAcquisitValue*.
In Panel C, we test the heterogenous effects by CEO tenure. We interact the early-life violence intensity with a dumour variable *FirstTimeCEO* which equals 1 if the person first become a CEO in the A-share listed company in that year. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betIen the ages 5 to 15 during the Cultural Revolution in their birth city. Dependent variables in Columns (1) is *AcquisitDummy*; in (2) is *LgAcquisit*; in (3) is *LgAcquisitValue*.
The meanings of all variables are the same with that defined in Table 1. All models include full set of covariates and fixed effects. Standard errors are clustered at the CEO level and reported in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

Panel A: Impact Varied with Exposure Age						
	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable:	AcquisitDummy	AcquisitDummy	LgAcquisit	LgAcquisit	LgAcquisitValue	LgAcquisitValue
Infant violence intensity	0.0137		0.00928		0.177	
	(0.0117)		(0.0118)		(0.209)	
Adult violence intensity		-0.0253		-0.0332		-0.358
		(0.0348)		(0.0326)		(0.578)
Covariates	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.352	0.352	0.332	0.332	6.045	6.045
Adjusted R-squared	0.129	0.129	0.155	0.155	0.135	0.135
Observations	7070	7070	7070	7070	7070	7070

Table 6—*Continued*

Impacts Varied with Exposure Age, Intensity and CEO Tenure

Panel B: Impact Varied with Exposure Intensity

Dependent Variable:	(1) AcquisitDummy	(2) AcquisitDummy	(3) AcquisitDummy	(4) LgAcquisit	(5) LgAcquisit	(6) LgAcquisit	(7) LgAcquisitValue	(8) LgAcquisitValue	(9) LgAcquisitValue
Early-life violence intensity_death	-0.0375***			-0.0416***			-0.549**		
	(0.0119)			(0.0121)			(0.216)		
Early-life violence intensity_injury		-0.0372***			-0.0305**			-0.561**	
		(0.0133)			(0.0128)			(0.240)	
Early-life violence intensity_victim			-0.0159			-0.0159			-0.250
			(0.0103)			(0.0104)			(0.177)
Covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	0.352	0.352	0.352	0.332	0.332	0.332	6.045	6.045	6.045
Adjusted R-squared	0.130	0.130	0.130	0.156	0.155	0.155	0.136	0.136	0.135
Observations	7070	7070	7070	7070	7070	7070	7070	7070	7070

Table 6—*Continued*
Impacts Varied with Exposure Age, Intensity and CEO Tenure

Panel C: Impact Varied with CEO Tenure			
	(1)	(2)	(3)
Dependent Variable:	AcquisitDummy	LgAcquisit	LgAcquisitValue
Early-life violence intensity * FirstTimeCEO	-0.0147***	-0.0144**	-0.265***
	(0.0052)	(0.0057)	(0.096)
Early-life violence intensity	-0.0286**	-0.0315***	-0.419**
	(0.012)	(0.012)	(0.21)
Covariates	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes
Mean of Dep. Var.	0.352	0.332	6.045
Adjusted R-squared	0.132	0.157	0.137
Observations	7070	7070	7070

Table 7
Cultural Revolution Impact on Mental Health

This table reports the impact of the Cultural Revolution Impact on Mental Health. Due to the limit of data availability of CEO's mental health, we use the survey data of China Health and Retirement Longitudinal Study (CHARLS) 2013 conducted by Peking University. We limit samples to people who have experienced China's Cultural Revolution, which means they are born before 1976. The dependent variables include the anslrs to all direct mental-health related questions in the survey. Scores are integers from 1 to 4 where the frequency of the symptom is higher when scores are higher. The local violence intensity is measured by the total number of abnormal deaths and injuries during China's Cultural Revolution. Individual Covariates include the intievielr's gender, education level, marital status. City Covariates are the same with that in Table 2, including the share of the tertiary industry in GDP, the natural logarithm of GDP, the natural logarithm of fiscal income and the natural logarithm of fiscal expenditure. We also include the intievielr's birth year fixed effects. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

Dependent Variable (Question Asked in CHARLS):	(1) Bothered by Things	(2) Had Trouble Keeping Mind	(3) Felt Depressed	(4) Felt everything I did was an effort	(5) Felt hopeful about the future
Local violence intensity	0.0126**	0.0101*	0.0125**	0.0219***	-0.0143**
	(0.0053)	(0.0053)	(0.0051)	(0.0056)	(0.0066)
EducationLevel_Ind	-0.0176***	-0.0174***	-0.0350***	-0.0678***	0.0768***
	(0.0056)	(0.0057)	(0.0055)	(0.0060)	(0.0071)
Gender_Ind	-0.242***	-0.157***	-0.187***	-0.103***	-0.0398
	(0.021)	(0.021)	(0.020)	(0.022)	(0.026)
Marital_Ind	-0.00336	-0.0127	-0.122***	-0.0474*	0.0459
	(0.026)	(0.027)	(0.026)	(0.028)	(0.033)
GDP3share	-0.00231	-0.00223	-0.00496***	-0.00454***	0.0113***
	(0.0015)	(0.0015)	(0.0015)	(0.0016)	(0.0019)
LgGDP	-0.127***	-0.0935**	-0.128***	-0.0940**	0.0845*
	(0.036)	(0.037)	(0.035)	(0.039)	(0.046)
LgFiscalIncom	-0.155***	-0.141***	-0.160***	-0.204***	-0.0429
	(0.035)	(0.035)	(0.034)	(0.037)	(0.044)
LgFiscalExpen	0.286***	0.216***	0.307***	0.312***	-0.0563
	(0.036)	(0.037)	(0.035)	(0.039)	(0.046)
Constant	0.808**	1.359***	0.787**	1.083***	2.604***
	(0.33)	(0.34)	(0.32)	(0.36)	(0.42)
Birth Year FE	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	1.76	1.73	1.74	1.81	2.41
Adjusted R-squared	0.0424	0.0233	0.0452	0.0472	0.0322
Observations	11247	11148	11262	11271	11061

Table 7—*Continued*
Cultural Revolution Impact on Mental Health

Dependent Variable (Question Asked in CHARLS):	(6) Felt fearful	(7) Sleep was restless	(8) Felt happy	(9) Felt lonely	(10) Could not get "going."
Local violence intensity	0.00187	0.0220***	-0.0210***	0.00236	-0.00205
	(0.0036)	(0.0061)	(0.0063)	(0.0044)	(0.0037)
EducationLevel_Ind	-0.0265***	-0.0269***	0.0582***	-0.0318***	-0.0362***
	(0.0039)	(0.0065)	(0.0067)	(0.0047)	(0.0039)
Gender_Ind	-0.141***	-0.337***	-0.0354	-0.0680***	-0.0729***
	(0.014)	(0.024)	(0.025)	(0.017)	(0.014)
Marital_Ind	-0.0534***	-0.101***	0.0711**	-0.477***	-0.103***
	(0.018)	(0.030)	(0.032)	(0.022)	(0.018)
GDP3share	0.00285***	-0.00319*	0.00470***	0.00136	0.00334***
	(0.0011)	(0.0018)	(0.0018)	(0.0013)	(0.0011)
LgGDP	-0.00809	-0.0708*	0.160***	-0.0993***	-0.128***
	(0.025)	(0.042)	(0.044)	(0.030)	(0.025)
LgFiscalIncom	-0.137***	-0.102**	0.0428	-0.0902***	-0.104***
	(0.024)	(0.040)	(0.042)	(0.029)	(0.024)
LgFiscalExpen	0.140***	0.193***	-0.180***	0.176***	0.193***
	(0.025)	(0.042)	(0.043)	(0.030)	(0.025)
Constant	1.241***	1.424***	3.197***	1.280***	0.948***
	(0.23)	(0.38)	(0.40)	(0.28)	(0.23)
Birth Year FE	Yes	Yes	Yes	Yes	Yes
Mean of Dep. Var.	1.27	2.03	2.60	1.43	1.42
Adjusted R-squared	0.0312	0.0354	0.0210	0.0702	0.0466
Observations	11354	11368	11321	11308	11277

Table 8
Alternative Explanation

This table reports impact of CEO's Cultural Revolution experience on corporate acquisitions, through alternative channels.

In Panel A, we test the alternative explanation of education. we regress a series of education-related variables on early-life violent intensity. In Column (1), the dependent variable is *Education_Bachelor*, a dumour variable equals one when the CEO holder a bachelor degree or higher. In Column (2), the dependent variable is *Education_Doctor*, a dumour variable equals one when the CEO holder a doctor degree. In Column (3), the dependent variable is *Education_MBA*, a dumour variable equals one when the CEO holder a MBA degree.

In Panel B, we test the alternative explanation of selective death. We exclude samples that are in their secondary school or higher during the armed fighting and rerun the main regression. Dependent variable in three columns are *AcquisitDummy*, *LgAcquisit*, *LgAcquisitValue* respectively.

The meanings of all variables are the same with that defined in Table 1. All models include full set of covariates and fixed effects. Standard errors are clustered at the CEO level and reported in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

Panel A: Education Disruption			
	(1)	(2)	(3)
Dependent Variable:	Education_Bachelor	Education_Doctor	Education_MBA
Early-life violence intensity	0.00637	0.00789	0.00129
	(0.0083)	(0.0069)	(0.0060)
Covariates	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes
Mean of Dep. Var.	0.874	0.0900	0.0876
Adjusted R-squared	0.852	0.903	0.745
Observations	7070	7070	7070
Panel B: Selective Death			
	(1)	(2)	(3)
Dependent Variable:	AcquisitDummy	LgAcquisit	LgAcquisitValue
Early-life violence intensity	-0.0431***	-0.0478***	-0.727***
	(0.014)	(0.014)	(0.26)
Covariates	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes
Mean of Dep. Var.	0.356	0.335	6.140
Adjusted R-squared	0.132	0.161	0.136
Observations	6440	6440	6440

Appendix

Figure A.1
Distributions of Characteristics for Companies W/O CEO Information

We plot the distributions of companies characteristics with or without CEO Information.
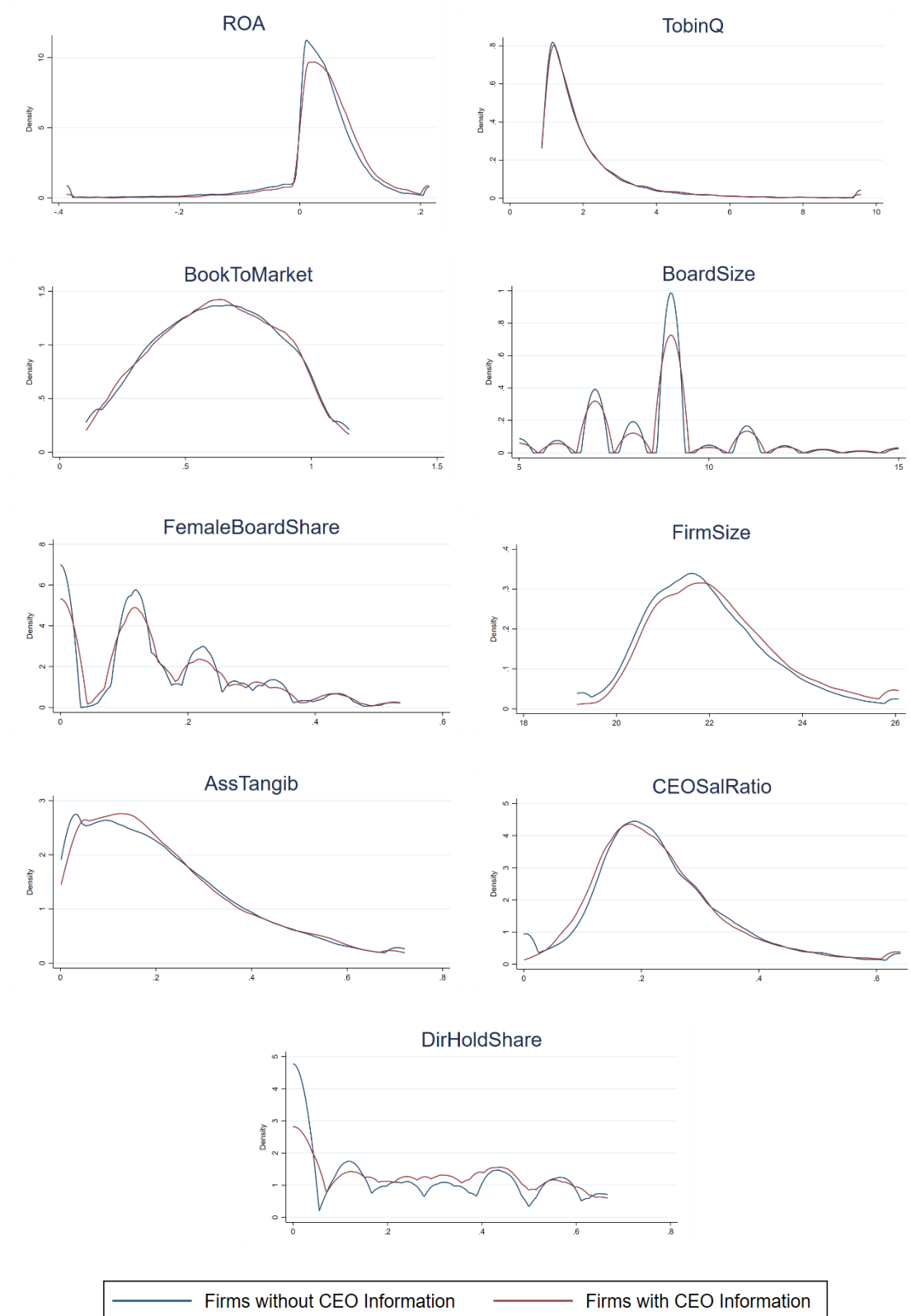
Table B.1
Testing the Exogeneity of Local Cultural Revolution Intensity

In this table, we test the exogeneity of local cultural revolution intensity. We regress variables measuring local characteristics in 1965 (one year before the beginning of China's Cultural Revolution) on the district-year level cultural revolution intensity. The local violence intensity is measured by the natural logarithm of abnormal deaths and injuries

In Column (1), the dependent variable *Area* is the area of city. In Column (2), the dependent variable *PartyPopShare* is the share of party members in the total population in 1965. In Column (3), the dependent variable *HanPopShare* is the share of party members in the total population in 1965. In Columns (4) to (14), due to the limit of data availability, we fetch province characteristics in 1965 from multiple yearbooks. *RuralPopShare* is the share of rural population in the total population. *GdpIndex* is the ratio of GDP in 1965 and that in 1964, where GDP in 1964 standardized into 100. *GdpPerson* is per capital GDP (identity element: Yuan). *GdpPersonIndex* is the ratio of per capital GDP in 1965 and that in 1964, where GDP in 1964 standardized into 100. *TotPop* is the total population (identity element: 10,000). *MaleToFemale* is the ratio of total male population and female population. *CPI* is the consumer price index. *IndIncIndex* is the ratio of industry value added in 1965 and that in 1964, where the industry value added in 1964 standardized into 100. *IndIncInGDP* is the ratio of industry value added and GDP. *GrossIndIndex* is the ratio of gross industrial output in 1965 and that in 1964, where the gross industrial output in 1964 standardized into 100. *AvgIncome* is the average income per capita (identity element: Yuan).

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Data Structure	City Level	County-Year Level		Province-Year Level			
Dependent Variable:	Area	PartyPopShare	HanPopShare	RuralPopShare	GdpIndex	GdpPerson	GdpPersonIndex
Local violence intensity	0.0902	0.000079	0.00192	-0.00478	0.0727	5.167	0.115
	(0.073)	(0.000063)	(0.0018)	(0.0045)	(0.17)	(5.42)	(0.18)
Mean of Dep. Var.	1.88	0.023	0.85	0.8	117	0.8	113.8
Observations	295	6878	6899	186	181	188	181
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Data Structure	Province-Year Level						
Dependent Variable:	TotPop	MaleToFemale	CPI	IndIncIndex	IndIncInGDP	GrossIndIndex	AvgIncome
Local violence intensity	34.51	-0.127	-0.0281	-0.532	0.455	0.0884	3.485
	(45.7)	(0.15)	(0.075)	(0.41)	(0.51)	(0.22)	(5.19)
Mean of Dep. Var.	2389.8	106	97.4	128.1	29.4	126.9	127.9
Observations	193	176	131	181	124	153	176

Table B.2
Impact of Cultural Revolution on Local Risk-Taking Attitudes

In this table, we investigate the impact of local cultural revolution intensity on local people's risk-taking attitudes. The dependent variables are the choices of intervieIr in a risk-taking game designed by Chinese Family Panel Studies (CFPS) 2018, which equals 1 when the intervieIr conducted a more conservative choice and 5 when the intervieIr conducted a risker choice. The local violence intensity is measured by the total number of abnormal deaths and injuries during China's Cultural Revolution. Individual Covariates include the intervieIr's gender, year's of education, relative income income level. City Covariates are the same with that in Table 2, including the share of the tertiary industry in GDP, the natural logarithm of GDP, the natural logarithm of fiscal income and the natural logarithm of fiscal expenditure. We also include the intervieIr's birth year fixed effects. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

	(1)	(2)	(3)
Dependent Variable:	RiskTest1	RiskTest2	RiskTest3
Local violence Intensity	-0.0467*	-0.0340	-0.0452*
	(0.025)	(0.023)	(0.027)
Gender_Ind	0.308***	-0.0774	-0.158*
	(0.077)	(0.069)	(0.083)
EducYear_Ind	-0.00258	0.0202**	0.0176*
	(0.0096)	(0.0086)	(0.010)
IncomeLevel_Ind	0.0736**	0.0361	-0.0300
	(0.034)	(0.030)	(0.036)
GDP3share	-0.00294	-0.00486	-0.00556
	(0.0052)	(0.0048)	(0.0057)
LgGDP	-0.225	-0.196	0.0118
	(0.16)	(0.14)	(0.17)
LgFiscalIncom	0.162	0.0693	0.0343
	(0.16)	(0.14)	(0.17)
LgFiscalExpen	0.196	0.189	0.117
	(0.15)	(0.13)	(0.16)
Constant	-1.520	-0.648	-0.0925
	(1.23)	(1.12)	(1.35)
Birth Year FE	Yes	Yes	Yes
Mean of Dep. Var.	2.02	1.52	1.68
Adjusted R-squared	0.0333	0.0310	0.0381
Observations	2249	1670	1450

Table B.3
Testing whether company conditions could predict future CEO's Cultural Revolution experience

In this table, we test whether company conditions could predict future CEO's CR experience, focusing on companies experience CEO turnover in our study period. We regress the new-coming CEO's early-life violent intensity on company characteristics in t-1, t-2, and t-3 before she holds position. Results are reported in Panel A, Panel B, and Panel C, respectively. We include CEO's birth city fixed effect and CEO's birth year fixed effect. Standard errors are clustered at the CEO level and reported in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

Panel A: Testing whether company conditions could predict future CEO's Cultural Revolution experience in t+1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Characteristics	ROA	TobinQ	BookToMarket	BoardSize	FemaleBoardShare	FirmSize	AssTangib	CEOSalRatio	DirHoldShare
Early-life violence intensity (Dependent Variable)	0.490	-0.0303	0.0165	-0.0238	0.605	0.000960	0.0681	-0.110	-0.446
	(0.80)	(0.035)	(0.27)	(0.038)	(0.62)	(0.042)	(0.39)	(0.57)	(0.37)
Birth City FE, Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R-squared	0.830	0.833	0.833	0.830	0.830	0.830	0.830	0.830	0.830
Observations	492	472	472	492	492	492	492	459	492

Panel B: Testing whether company conditions could predict future CEO's Cultural Revolution experience in t+2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Characteristics	ROA	TobinQ	BookToMarket	BoardSize	FemaleBoardShare	FirmSize	AssTangib	CEOSalRatio	DirHoldShare
Early-life violence intensity (Dependent Variable)	-1.255	-0.0465	-0.0122	-0.0200	1.394*	-0.00431	0.142	0.565	-0.0268
	(0.93)	(0.063)	(0.29)	(0.043)	(0.73)	(0.043)	(0.38)	(0.66)	(0.40)
Birth City FE, Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R-squared	0.830	0.833	0.833	0.830	0.830	0.830	0.830	0.830	0.830
Observations	492	472	472	492	492	492	492	459	492

Panel B: Testing whether company conditions could predict future CEO's Cultural Revolution experience in t+3

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Characteristics	ROA	TobinQ	BookToMarket	BoardSize	FemaleBoardShare	FirmSize	AssTangib	CEOSalRatio	DirHoldShare
Early-life violence intensity (Dependent Variable)	0.432	-0.000962	0.249	-0.00651	-0.517	0.00987	-0.180	0.189	-0.394
	(0.89)	(0.073)	(0.34)	(0.040)	(0.69)	(0.050)	(0.39)	(0.74)	(0.42)
Birth City FE, Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R-squared	0.840	0.845	0.846	0.840	0.841	0.840	0.840	0.839	0.841
Observations	345	330	330	345	345	345	345	335	345

Table B.4
Entropy Balancing for High/Low Early-life Violent Intensity

This table reports the regression estimates for the relationship betIen CEO's Cultural Revolution experience and corporate acquisitions using entropy balancing method. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution in their birth city. We divide our samples into two groups, the treatment group means the early-life violent intensity is higher than the median, and the control group means the early-life violent intensity is loIr than the median. We conduct entropy balancing using company's characteristics, that is, *TobinQ*, *ROA, BookToMarket*, *BoardSize*, *FemaleBoardShare*, *FirmSize*, *AssTangib, CEOSalRatio*, and *DirHoldShare*. Descriptive statistics of firm characteristics before and after entropy balancing are reported in Panel A and Panel B. We report regression estimation results in Panel C. The meanings of all variables are the same with that defined in Table 1. All models include full set of covariates and fixed effects. Standard errors are clustered at the CEO level and reported in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

Panel A: Descriptive Statistics of Firm Characteristics Before Entropy Balancing

	Treat		Control		Diff
	Mean	Variance	Mean	Variance	Diff (High-Low)
ROA	0.0421	0.00358	0.0483	0.00369	-0.104
TobinQ	1.913	1.435	2.075	1.711	-0.136
BookToMarket	0.65	0.0601	0.609	0.0586	0.17
BoardSize	9.087	4.04	8.497	3.015	0.294
FemaleBoardShare	0.125	0.0146	0.145	0.0163	-0.17
FirmSize	22.35	2.43	22.057	1.558	0.189
AssTangib	0.247	0.0318	0.204	0.0235	0.238
CEOSalRatio	0.229	0.0136	0.243	0.0147	-0.122
DirHoldShare	0.225	0.0454	0.282	0.0459	-0.266

Panel B: Descriptive Statistics of Firm Characteristics After Entropy Balancing

	Treat		Control		Diff
	Mean	Variance	Mean	Variance	Diff (High-Low)
ROA	0.0421	0.00358	0.0421	0.00358	-0.000105
TobinQ	01.913	1.435	1.913	1.435	-0.00019
BookToMarket	0.65	0.0601	0.65	0.0601	0.000195
BoardSize	9.087	4.04	9.087	4.04	0.000358
FemaleBoardShare	0.125	0.0146	0.125	0.0146	-0.000226
FirmSize	22.35	2.43	22.35	2.43	0.000127
AssTangib	0.247	0.0318	0.247	0.0318	0.000238
CEOSalRatio	0.229	0.0136	0.229	0.0136	-0.000137
DirHoldShare	0.225	0.0454	0.225	0.0454	-0.000306

Panel C: Estimation After Entropy Balancing

	(1) AcquisitDummy	(2) LgAcquisit	(3) LgAcquisitValue
Early-life violence intensity	-0.0368***	-0.0402***	-0.566**
	(0.0120)	(0.0122)	(0.222)
Covariates	No	Yes	No
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes
Mean of Dep. Var.	0.352	0.332	6.045
Adjusted R-squared	0.141	0.171	0.152
Observations	7070	7070	7070

Table B.5
Propensity Score Matching for High/Low Early-life Violent Intensity

This table reports the regression estimates for the relationship betIen CEO's Cultural Revolution experience and corporate acquisitions after propensity score matching. The early-life violence intensity is measured by the natural logarithm of abnormal deaths and injuries experienced by CEOs betIen the ages of 5 to 15 during the Cultural Revolution in their birth city. We divide our samples into two groups, the treatment group means the early-life violent intensity is higher than the median, and the control group means the early-life violent intensity is loIr than the median. We conduct propensity score matching using company's characteristics, that is, *TobinQ*, *ROA, BookToMarket*, *BoardSize*, *FemaleBoardShare*, *FirmSize*, *AssTangib, CEOSalRatio*, and *DirHoldShare*. Descriptive statistics of firm characteristics after propensity score matching are reported in Panel B. We report regression estimation results in Panel B. The meanings of all variables are the same with that defined in Table 1. All models include full set of covariates and fixed effects. Standard errors are clustered at the CEO level and reported in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% probability level, respectively.

Panel A: Mean of Firm Characteristics After Propensity Score Matching

	(1) Treat	(2) Control	(3) Diff(High-Low)
ROA	0.0482	0.0426	0.00556
TobinQ	2.054	1.899	0.155
BookToMarket	0.612	0.654	-0.0425
BoardSize	8.505	9.092	-0.588
FemaleBoardShare	0.146	0.128	0.0182
FirmSize	22.052	22.32	-0.268
AssTangib	0.203	0.249	-0.0457
CEOSalShare	0.242	0.228	0.0134
DirHoldShare	0.280	0.230	0.0494

Panel B: Estimation After Propensity Score Matching

	(1) AcquisitDummy	(2) LgAcquisit	(3) LgAcquisitValue
Early-life violence intensity	-0.0345***	-0.0364***	-0.523**
	(0.0122)	(0.0123)	(0.225)
Covariates	No	Yes	No
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Birth City FE	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes
Mean of Dep. Var.	0.352	0.331	6.041
Adjusted R-squared	0.150	0.177	0.160
Observations	7049	7049	7049