

Table 2: Measures of Variables		
variables		Variable definitions
Dependent variables	Tobin's Q ratio	Tobin's Q ratio has been used in previous researches such as Villalonga (2004), and Elbannan (2011) to measure performance. Tobin's Q is calculated by dividing the total market value of firm by the total asset value of firm.
	ROA ratios	Return on assets (ROA) ratio indicates the firm performance. Return on assets (ROA) is used in previous studies such as Klein and Carol (2006). This ratio is calculated by dividing the net income by total assets
Independent variable	Labor productivity	The Labor productivity (i.e., $EMPRO_{it}$) is calculated by dividing net sales by the number of employees. This is calculated based on studies of Stuebs and Sun (2010) and Breit et al. (2019).
Moderating Variable	CEO power (CPS)	the power index was used to measure the power of the CEO (e.g., Finkelstein, 1992; Liu and Jiraporn, 2010; Jiraporn et al., 2012; Veprauskaite and Adams, 2013; Ting, 2013 and Li et al., 2019). In this study, similar to the research mentioned above, and considering the available data in the Iranian capital market, we selected a combination of characteristics of CEO power that seem to be related to CEO abilities and motivations. They include the following: (1) founder CEO: a dummy variable that if the CEO has the company's founder, it will have a value equal to one; otherwise, a value equal to zero. (2) CEO expert: a dummy variable was used to calculate this variable. If the CEO specializes in finance (i.e., the CEO is educated in finance or other financial disciplines includes accounting or management), this variable is valued at one and otherwise at zero. (3) CEO duality: this is a dummy variable in which if the chairman also holds the position of CEO, it is assigned the number one; otherwise, it is zero. (4) CEO shares: this variable is calculated using the percentage of shares owned by the CEO. As the percentage of the CEO ownership increases, the power of the CEO increases. After calculating the percentage of CEO ownership in all companies, the research sample was divided into two groups based on the median. The group with the highest ownership percentage was assigned the number one and the other group was assigned the number zero. Finally, to calculate the CEO power index, all the above criteria were added together and the average scores were calculated. Finally, based on the median number, the two groups are separated by the power of the CEO.
Control variables	Gender of CEO (GENDER)	The gender of CEO (GENDER) is dummy variable. If the CEO is a man, the number one is assigned; otherwise, it is zero.
	CEO Tenure (TENURE)	CEO tenure (TENURE) indicates the number of years a person has been the CEO of the company.
	Firm Size (SIZE),	Firm size (SIZE) was calculated using the natural logarithm of assets.
	Leverage Ratio (LEV).	The leverage ratio (LEV) is calculated by dividing the long-term liabilities by total assets.