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A R T I C L E S

A REVIEW OF THE CEO SUCCESSION LITERATURE AND A FUTURE RESEARCH PROGRAM

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Executive leadership changes are critical turning points for organizations. Over the past five decades, management scholars have generated many insights into the predictors, consequences, and contingencies of CEO succession. We first provide an overview of this research, integrating strategic management, corporate governance, strategic leadership, and organizational behavior research findings into a comprehensive framework. We find that empirical research has frequently adopted an event-based perspective on CEO succession, which is contrary to the practical evidence regarding CEO succession as a continuous process. In the second part of our paper, we develop a future research agenda for the CEO succession process. We specifically address the role of board–CEO collaborations and potential frictions during the CEO succession process. Our suggestions will help researchers gain a better understanding of boards' governance of executive succession processes. These suggestions also have implications for directors responsible for CEO succession.

Chief executive officer (CEO) successions are critical turning points for organizations. They temporarily increase internal disruption, and at the same time they provide an opportunity to adapt a firm's strategy to current and future demands. Given the importance of CEO successions to a company's strategy and success, boards of directors play a key role in CEO succession: They need to identify the most effective candidate and ensure a smooth leadership transition (Biggs, 2004). A well-known example is that of General Electric. GE's board of directors applied a well-planned process to select a successor for longtime CEO Jack Welch. The succession process started in 1994, seven years before Jeff Immelt's appointment as CEO, with the grooming and constant evaluation of possible CEO candidates. Welch was very strongly involved in the process. The board went on regular site visits to meet potential candidates, and a "horse race" between the three primary candidates helped identify the final candidate (Bartlett & McLean, 2006; Citrin, 2009).

Over the past five decades, studies in several research domains have generated many insights into the causes and implications of CEO successions. They have examined various research questions using a variety of theoretical lenses and methodologies. In this paper, we first review the various insights from the strategic management, corporate governance, strategic leadership, and organizational behavior literature and integrate the research findings into a comprehensive framework. Our review shows that researchers have mostly focused on the CEO succession event—that is, the moment when a new CEO takes charge (Friedman & Olk, 1995)—with only a few studies focusing on the broader succession *process* (Lorsch & Khurana, 1999; Lorsch & MacIver, 1989). Although scholars have provided conceptual arguments and selective qualitative insights on elements of the CEO succession process, empirical research on the broader succession process remains

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scarce. This is surprising, given practical evidence of CEO succession as an unfolding process.

For instance, as mentioned above, the CEO succession at GE was not a snapshot event, but a well-planned and continuous process during which the board and the CEO, Jack Welch, cooperated to develop a pool of successor candidates. The GE case is thus an example of proactive CEO succession, but boards sometimes need to appoint a new CEO with shorter notice—for instance, during performance crises, corporate scandals, or unexpected CEO deaths (Lorsch & Khurana, 1999; Zhang & Rajagopalan, 2010a). Even if such CEO successions occur at a rapid pace, they cannot be considered short-term events. Effective leadership transitions require a board of directors to be well prepared for emergency scenarios (De Kluyver, 2009).

In general, CEO replacements start with the board of directors assessing the various candidates prior to CEO selection and hiring. The boards should also continue to monitor the CEO after her appointment. An event-based lens, which focuses only on the narrow CEO replacement window, fails to capture the entire CEO succession process.

Such an event focus on CEO succession may prevail because data collection is easier and quicker, compared to the more complex and time-consuming data collection on the entire CEO succession process. However, practical evidence shows that companies with a planned CEO succession process outperform those with unplanned CEO successions: A 2014 survey showed that companies that had fired their CEO without a planned succession forwent an average of US$1.8 billion in shareholder value, compared to those with a careful planning process for leadership succession (Favaro, Karlsson, & Neilson, 2015). The same survey found that top-performing companies' boards had planned CEO succession processes and appointed more CEOs from inside the company, thus reflecting a robust talent pipeline of senior executives. Conversely, underperforming firms' boards had forced out their CEOs more than twice as often as those of higher-performing companies.

This evidence demonstrates that boards have a central role in CEO succession processes. As shareholder representatives, boards are a firm's paramount governing body and are primarily responsible for appointing a new CEO and replacing her when required (Fama, 1980; Fama & Jensen, 1983). But despite their critical role, boards still show weaknesses when handling CEO succession, including a lack of formal succession planning practices and the relatively little time spent discussing the leadership pipeline and succession candidates (Björnberg & Feser, 2015). Boards are often myopic about executive succession, reacting only when a leadership crisis emerges instead of planning CEO succession proactively. For instance, when Hewlett-Packard's (HP) board ousted CEO Mark Hurd after a sexual harassment investigation in 2010, the news shocked investors, causing HP shares to plunge by 8.3% in after-hours trading (Worthen & Tam, 2010). Before and after Hurd's dismissal, HP had a series of unplanned CEO changes (Carly Fiorina before Mark Hurd, Léo Apotheker, Meg Whitman), and the board was criticized because its lack of an internal CEO succession process made it unable to grow successors internally, thereby creating uncertainty in leadership and strategy and wreaking havoc (Bersin, 2011; Tam, Lublin, & Worthen, 2010).

Boards' lack of succession planning has major implications for companies: They have to pay executive search firms extra to find suitable CEO replacements; cover the costs of board emergency meetings; pay an army of professionals such as communication consultants and lawyers; and cover the less visible costs of employee uncertainty, delayed strategic decision making, and loss of talent (Favaro et al., 2015).

Extant research acknowledges the importance of the board in CEO selection, but we lack deeper insights into boards' influence on CEO succession processes. We thus need to study succession processes in depth to understand the effective governance of leadership transitions.

The purpose of this paper is twofold: first, to assess prior research on CEO succession to provide an overview of the mixed findings, identify the dominant relationships, and organize extant research into an integrative framework. By categorizing the literature into its major strands, we develop an aggregated conceptual map of the relationships that underlie CEO successions and the contextual influences. Second, based on our literature review's results, we propose a future research agenda for the board's role in CEO succession processes. During CEO succession preparation and implementation, the incumbent CEO has a key role, as she can either support or harm the board's succession activities (Bower, 2009; Cannella & Shen, 2001). We discuss these two scenarios, CEO–board collaboration and CEO–board frictions, and provide several future research suggestions regarding these scenarios. Our suggestions should provide researchers with fertile ideas for investigations to better understand boards' governance of executive succession processes. Our conceptual road map also has implications for directors responsible for CEO succession.

WHAT DO WE KNOW ABOUT CEO SUCCESSION?

Studying CEO succession has a long tradition in management research: Starting in 1960, there was a surge of research on managerial succession (Grusky, 1960; Guest, 1962; Kesner & Sebora, 1994). The topic swiftly caught the attention of strategic management, corporate governance, strategic leadership, and organizational behavior scholars. We conducted a systematic search of leading management journals used in prior review studies (Short, 2009),[1] using combinations of keywords related to CEO succession and their synonyms.[2] We then examined the references in all of the articles to identify additional articles. In a next step, we read and analyzed all articles. We retained those articles with a key focus on CEO succession or related topics and discarded those that could not be classified into one of our coding categories. For instance, some articles addressed CEO succession only marginally, or provided specific conceptual arguments but had different focuses. Table A1 summarizes the key studies' findings.

During our analysis of the CEO succession literature, we identified four primary strands: (1) studies of CEO succession types, (2) research on the predictors of CEO succession, (3) studies on the strategic and performance consequences of CEO succession, and (4) research on the multilevel contingency factors in CEO succession. Figure 1 summarizes the state of research on CEO succession in a comprehensive framework. We next summarize and discuss each strand.

CEO Succession Types

There are several CEO succession types, ranging from relay succession to horse race to the successor's origin to CEO succession as a result of an ordinary or forced departure of the predecessor to temporary CEOs.

Relay CEO succession. This includes a grooming period for an heir apparent to prepare her to succeed the CEO (Zhang & Rajagopalan, 2004). An heir apparent is often a candidate from within the firm (Vancil, 1987; Zhang & Rajagopalan, 2003) who then usually takes the position of chief operating officer (COO) or president. As final validation, the board promotes the heir to CEO (Vancil, 1987). While an heir's tenure is not fixed (Cannella & Shen, 2001), the time between the heir's identification and promotion to CEO is at least a few months (Vancil, 1987). During this period, the incumbent CEO grooms the heir while the board evaluates her (Sebora & Kesner, 1996; Vancil, 1987).

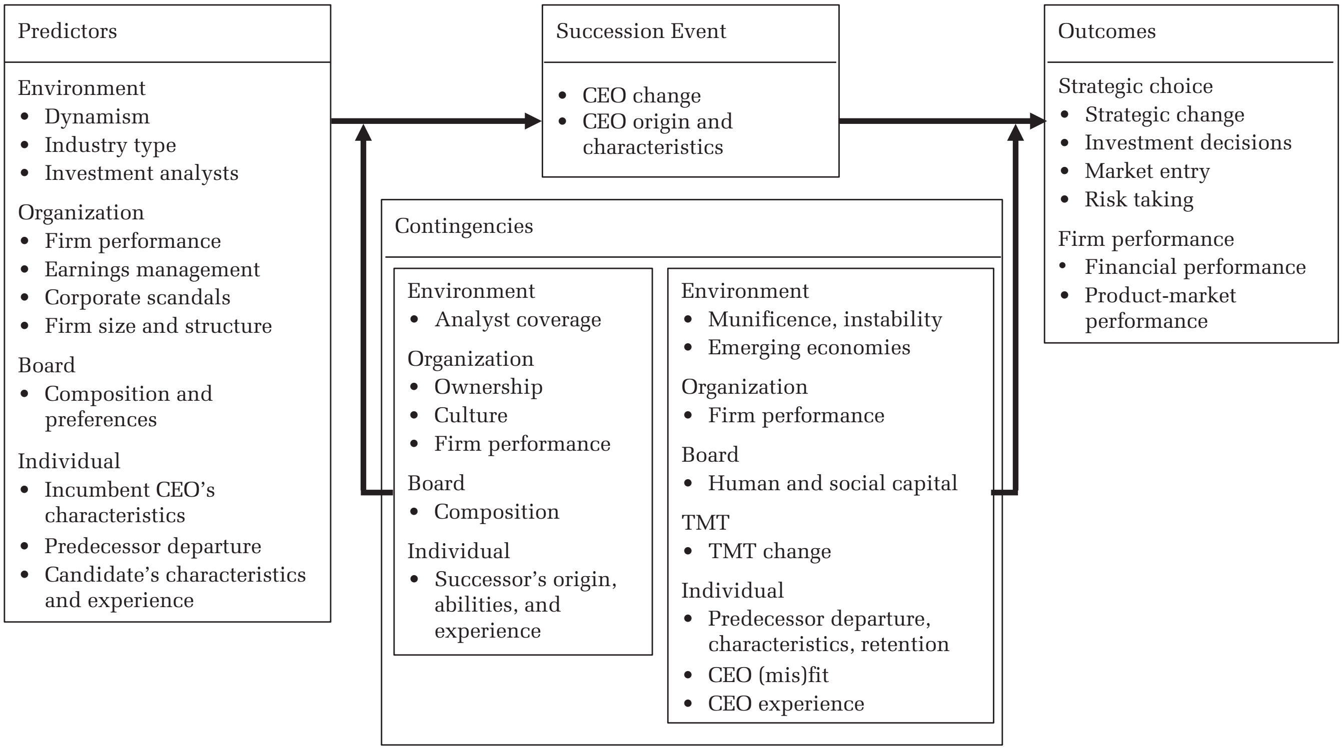
Horse race. Boards can also set up a competitive context to identify a CEO. In a horse race, candidates (mainly from within the firm) compete against one another until the best candidate is appointed the new CEO (Friedman & Olk, 1995; Vancil, 1987). For instance, in 2010, the global health-care company Johnson & Johnson set up a public horse race between two top executives, Sheri McCoy and Alex Gorsky, to identify a successor to CEO William Weldon (Rockoff & Lublin, 2010). Gorsky was eventually appointed the new CEO, and McCoy left the firm to become the CEO of Avon Products (Lublin, Rockoff, & Glazer, 2012). Horse races can serve to evaluate candidates' suitability for the CEO position and can help the board to select the final candidate. However, they are often considered an option of last resort, particularly because the company risks losing the key executives who are not promoted (Biggs, 2004). Horse races may be a suitable option in specific circumstances, because a firm needs a broad and well-established leadership pipeline for a horse race. If a firm's structure comprises key divisional departments of relatively equal size and several high-performing units, it is better able to offer potential contestants for a horse race (Finkelstein, Hambrick, & Cannella, 2009).

CEO origin types. Boards can choose between different CEO origin types—that is, candidates from within the organization (inside succession) or outside (outside succession), as well as from the same industry (intra-industry succession) or a different industry (inter-industry succession). A prevailing view is that inside successors have an advantage because the board already has detailed information about them, so there is less information asymmetry than with outside succession (Harris & Helfat, 1997;

[1] We selected journals according to their ranking, focusing on leading journals such as the *Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly, Journal of Management, Journal of Management Studies, Organization Science, Management Science*, and *Strategic Management Journal*. We specifically searched for articles listed in the JSTOR, EBSCO, Business Source Premier, and Google Scholar databases.

[2] These keywords were *board of directors, chief executive officer, CEO, CEO change, CEO departure, CEO dismissal, CEO selection, CEO succession, CEO succession planning, CEO turnover, executive succession, leader succession, leadership change, leadership transition, new CEO*, and *top management*.

FIGURE 1
CEO Succession Research: An Integrative Framework



Tian, Haleblian, & Rajagopalan, 2011). An inside successor provides relevant human capital (Becker, 1964)—company-specific and industry-specific knowledge and skills (Kotter, 1982)—as well as social capital (Nahapiet & Ghoshal, 1998) such as social ties to employees (Finkelstein et al., 2009; Zajac, 1990). Researchers have also emphasized the industry from which a CEO comes (Connelly, Ketchen, Gangloff, & Shook, 2016). For instance, an outside-industry successor possesses generic skills, while an intra-industry successor has specific industry skills, particularly knowledge gained at other firms (Boeker, 1997; Zhang & Rajagopalan, 2003).

Ordinary or forced succession. In addition, studies have revealed differences between inside successors who follow a retired predecessor (followers) and inside successors who follow a dismissed predecessor (contenders) (Shen & Cannella, 2002b). Groomed follower CEOs whom the outgoing CEO has selected have a limited ability to initiate strategic change (Cannella & Shen, 2001). Conversely, contender CEOs have won power battles with their predecessors, which means the board and other senior executives support their strategic actions; thus, contender successions are positively related to company performance (Shen & Cannella, 2002b).

Temporary or interim CEOs. Such successions are common during periods of uncertainty, such as when the previous CEO was forced out and no heir apparent is available, or when the previous CEO served only a short tenure (Mooney, Semadeni, & Kesner, 2017). Interim successions are associated with lower company performance, although this effect is mitigated if the interim CEO serves as the board chairman (Ballinger & Marcel, 2010). Interim CEOs are also more likely to engage in income-increasing earnings management—tactics that increase their likelihood of promotion to CEO (Chen, Luo, Tang, & Tong, 2015). Despite these first insights into interim CEO succession, there has been very little research on the reasons for appointing interim CEOs and the CEO succession process (Busenbark, Krause, Boivie, & Graffin, 2016).

Multilevel Predictors of CEO Succession

Scholars have identified several predictors of CEO succession at the environmental, organizational, board, and individual (CEO) levels.

Environmental level. Environmental dynamism relates positively to CEO succession (Friedman & Singh, 1989), particularly to selecting a new CEO from the same industry (Pfeffer & Leblebici, 1973). This is in line with resource dependence theory (Pfeffer & Salancik, 1978), which suggests that the more competitive (Fee & Hadlock, 2004) and uncertain external conditions are, the more likely executive succession becomes. Because firms try to match the successor's characteristics with the CEO position (Datta & Rajagopalan, 1998), an appropriate change in the organization's power structure, for instance by appointing a new CEO, could be used as a mechanism to adapt to environmental contingencies (DeFond & Park, 1999; Hillman, Withers, & Collins, 2009; Pfeffer & Salancik, 1978). The likelihood of hiring an intra-industry CEO also increases during rapid technological change, as this demands someone who is familiar with the relevant industry (Pfeffer & Leblebici, 1973).

However, Zhang and Rajagopalan (2004) found that relay CEO succession, which includes an internal grooming period, is less likely under conditions of environmental instability. In more homogeneous industries, outside succession is more likely than inside succession because outside candidates have a better knowledge of production technologies and product markets (Agrawal, Knoeber, & Tsoulouhas, 2006; Parrino, 1997). Nevertheless, the higher the industry competition, the greater the likelihood of inside succession (Pfeffer & Leblebici, 1973). Further, investment analysts' downgrading of a firm's stock increases the likelihood of CEO dismissal (Wiersema & Zhang, 2011).

Organizational level. At the organizational level, factors such as poor performance (Parrino, 1997) and corporate scandals (Cao, Maruping, & Takeuchi, 2006; Ertugrul & Krishnan, 2011) enhance the likelihood of CEO succession. The likelihood of appointing an insider CEO is higher under good pre-succession performance, whereas the likelihood of appointing an outsider is higher under poor pre-succession profitability, especially under a former internal candidate (Boeker & Goodstein, 1993; Cannella & Lubatkin, 1993; Datta & Guthrie, 1994; Guthrie & Datta, 1997). The poor company performance is attributed to the previous CEO (Graffin, Boivie, & Carpenter, 2013) and makes strategic change desirable (Guthrie & Datta, 1997). Based on the resource dependence theory, Schwartz and Menon (1985) suggest that, relative to inside succession, outside succession is positively associated with firms marked by financial problems. Such a situation requires external expertise and less commitment to the status quo (Hambrick & Mason, 1984; Schwartz & Menon, 1985). However, Dalton and Kesner (1985) revealed that, relative to inside succession, only mid-range performance is a predictor of outside succession. Outside succession might be an implicit admission of having made a mistake, which may be disruptive under low pre-succession performance (Chung, Rogers, Lubatkin, & Owers, 1987).

Moreover, a firm's size and functional structure strongly influence CEO succession. Larger firms face higher bureaucratization, resulting in more mandatory retirements and a higher CEO succession rate (Finkelstein et al., 2009). Large firms are more likely to hire an insider CEO because they tend to have a pool of available internal candidates from whom to choose (Dalton & Kesner, 1983; Guthrie & Datta, 1997; Helmich & Brown, 1972; Lauterbach, Vu, & Weisberg, 1999; Naveen, 2006). Similarly, firms with a functional structure are also more likely to choose an insider CEO (Agrawal et al., 2006). According to the circulation of power theory, these organizational structures offer a platform for an internal contest of power (Ocasio, 1994), resulting in higher employee work motivation, which increases the availability of qualified internal candidates (Agrawal et al., 2006).

Board level. As noted, the board has a key role in CEO succession. For instance, powerful boards select CEOs who are demographically similar to themselves (Zajac & Westphal, 1996b). Unsurprisingly, a high proportion of inside directors relates positively to inside CEO succession (Boeker & Goodstein, 1993; Shen & Cannella, 2002a); an external successor might be a threat to inside directors because the new CEO could replace them (Friedman & Saul, 1991). Conversely, outsider-dominated boards are more likely to choose an outsider CEO (Agrawal et al., 2006; Borokhovich, Parrino, & Trapani, 1996).

Individual level. At the individual level, the incumbent CEO's characteristics influence CEO succession. For instance, CEO power decreases the likelihood of CEO succession (Boeker, 1992), while a CEO's lack of specific experience required to manage a firm (e.g., international experience) increases the likelihood of CEO succession (Magnusson & Boggs, 2006). Based on the circulation of power theory, Ocasio (1994) concluded that the longer an incumbent's tenure is, the more familiar she is with past politics and the more obsolete she becomes, leading to a decrease in power. The greater the number of qualified contenders and the more questionable the incumbent CEO's abilities in the context of environmental contingencies, the higher the likelihood of CEO turnover (Ocasio, 1994; Shen & Cannella, 2002b). The nature of the predecessor's departure also relates to CEO succession (Finkelstein et al., 2009; Zhang, 2006). Finkelstein et al. (2009) showed that CEO succession is a response to the incumbent CEO's ordinary departure; her unexpected departure due to, for example, death or illness (Davidson, Tong, Worrell, & Rowe, 2006); or her forced departure, such as by dismissal (Zhang, 2006).

Strategic and Performance Outcomes of CEO Succession

According to the upper echelons theory (Hambrick & Mason, 1984), top managers, including the CEO, do not directly affect company performance; they do so indirectly through their strategic choices. CEO succession influences subsequent strategic choices, such as strategic change (Bigley & Wiersema, 2002; Datta & Rajagopalan, 1998; Virany, Tushman, & Romanelli, 1992), market entry, and investment (e.g., Weisbach, 1995). Boards tend to select successors with strategy experience consistent with their plans for the firm's future strategy (Westphal & Fredrickson, 2001). Therefore, selecting a new CEO offers boards a chance to generate strategic change. For instance, new CEOs—who are assumed to be more open-minded—are more likely to initiate strategic change (Datta, Rajagopalan, & Zhang, 2003; Weng & Lin, 2014). The appointment of a contender (i.e., an insider successor who follows a previously dismissed CEO) influences strategic change positively (Shen & Cannella, 2002a), while there is no relationship between follower succession (i.e., insiders following an ordinary retirement) and strategic change (Barron, Chulkov, & Waddell, 2011).

New CEOs influence their firms' production and investment decisions positively because they are more willing to take risks (Beatty & Zajac, 1987). Nevertheless, others argue that, depending on the successor's characteristics, new CEOs' risk attitudes differ, which becomes apparent from their foreign market entry decisions (Herrmann & Datta, 2002). In addition, CEO succession is associated with an increased likelihood of divesting poorly performing acquisitions (Weisbach, 1995).

Empirical studies generally support the widely held view that outsider CEOs are more likely to initiate change than insider CEOs. However, outside successors have less company-specific knowledge and fewer networks (Connelly et al., 2016; Kotter, 1982; Virany et al., 1992), which can hamper the initiation and implementation of strategic change (Zhang & Rajagopalan, 2010b) and does not necessarily lead to performance improvements (Zhang & Rajagopalan, 2004).

Finally, research on CEO succession's performance consequences remains inconsistent. Several studies have found that CEO succession is positively related to company performance (i.e., financial or product market performance and shareholder wealth) (Giambatista, Rowe, & Riaz, 2005; Tushman & Rosenkopf, 1996). Others find no relationship between CEO succession and performance (Gamson & Scotch, 1964), while still others show that leader succession relates negatively to performance (Grusky, 1960, 1961). For instance, there is evidence of negative investor reactions in response to an unexpected CEO departure (Worrell, Davidson, Chandy, & Garrison, 1986). These investors' reactions to CEO succession announcements may indicate a board's inability to manage the succession process (Graffin et al., 2013). Overall, the inconclusive findings on CEO succession's performance implications may be due to several contingencies that influence the relationship. We next summarize this research.

Multilevel Contingencies

Scholars have examined various contingencies regarding the relationship between the predictors and CEO succession, as well as regarding the relationship between CEO succession and company outcomes.

Environmental contingencies. The environmental context influences the likelihood and outcomes of CEO succession. For instance, analyst coverage and monitoring weaken earnings management's effects on interim CEO promotion (Chen et al., 2015). A new CEO's openness to change relates negatively to strategic persistence in high-discretion industries (Datta et al., 2003). Further, the relationship between an outsider CEO and post-succession company performance is more positive in munificent environments, as they provide executives with more discretion regarding strategic choices (Karaevli, 2007). The positive relationship between relay successions and company performance is stronger under industry instability, probably because an heir can cope better with such challenging situations (Zhang & Rajagopalan, 2004). Others have found that, in emerging economies, outsider CEO succession relates to higher post-succession company performance than insider succession (Chung & Luo, 2013).

Organizational contingencies. Pre-succession company performance is an organizational contingency that has received much attention. For instance, performance moderates the relationship between investment analysts' downgrades and CEO dismissal, because good performance weakens analysts' negative recommendations (Wiersema & Zhang, 2011). Even if firms suffer performance downturns, CEO turnover is less likely if ownership is widely spread (Boeker, 1992). The relationship between an outsider CEO and post-succession strategic change (Karaevli & Zajac, 2013) and company performance (Karaevli, 2007) is more positive under poor pre-succession performance. Others have argued that poor pre-succession performance provides an unstable context for an outsider CEO and one of restricted financial resources, thus limiting her discretion and harming her ability to realize post-succession performance results (Georgakakis & Ruigrok, 2017; Karaevli & Zajac, 2013). These scholars have found that the relationship between outside CEO succession and post-succession company performance is more positive under good pre-succession performance (Georgakakis & Ruigrok, 2017). Others have found that the appointment of a new CEO in the context of bankruptcy relates to positive stock market reactions (Davidson, Worrell, & Dutia, 1993). Here, a CEO succession might be an indicator that the board is attempting to reduce the risk of company failure.

Board-level and TMT-level contingencies. Regarding the board, directors' financial or accounting expertise and their time commitments help weaken the influence of earnings management on the promotion of interim CEOs (Chen et al., 2015). Some studies have examined CEO succession in combination with changes in the top management team (TMT). Differentiating between contender succession, follower succession, and outsider succession (Ocasio, 1994; Shen & Cannella, 2002a), Barron et al. (2011) concluded that outside and contender successions relate more positively to strategic change if a joint TMT change occurs, probably because these types of CEOs have a mandate to effect change and because replacing other executives enables them to build a new power coalition for their change plans.

Senior executive turnover also moderates the relationship between a new CEO's origin and post-succession performance (Karaevli, 2007; Shen & Cannella, 2002b). Shen and Cannella (2002b) found that a contender successor, coupled with senior executive turnover, influences performance positively, probably because contenders are more familiar with the cadre of senior executives and will promote those who are competent to realize their planned actions. Conversely, outside succession is related to a higher senior executive turnover relative to inside succession (Friedman & Saul, 1991; Kesner & Sebora, 1994), which in turn has a stronger negative performance effect (Shen & Cannella, 2002a, 2002b). There is also evidence that the positive relationship between CEO succession and stock market reactions is stronger under high board capital (Tian et al., 2011). The higher the levels of human and social capital, the better the access to specific and often tacit information and the lower the related search costs (Haynes & Hillman, 2010; Tian et al., 2011).

Individual-level contingencies. At the individual level, a long predecessor CEO tenure implies corporate stability, which facilitates an outsider CEO's introduction of strategic change (Karaevli & Zajac, 2013). The relationship between outside CEO appointments and subsequent strategic change is also moderated by the nature of the predecessor's departure: If the previous CEO remains as the board chairman, post-succession strategic change is less likely (Quigley & Hambrick, 2012). While CEO succession alone does not improve company performance in a turnaround situation, firms benefit if they appoint a new CEO who better fits the prevailing conditions due to, for instance, her talent and experience (Chen & Hambrick, 2012). Other experience types also matter: New outside CEOs experienced in working with a relatively diverse board are more likely to develop a positive relationship with the incumbent firm's board, which in turn reduces the likelihood of CEO turnover and increases company performance (Zhu & Shen, 2016). Positive stock market reactions to CEO succession in response to financial restatement are even stronger if a new CEO had an elite education and has turnaround experience (Gomulya & Boeker, 2014).

A FUTURE RESEARCH PROGRAM ON GOVERNING CEO SUCCESSION PROCESSES

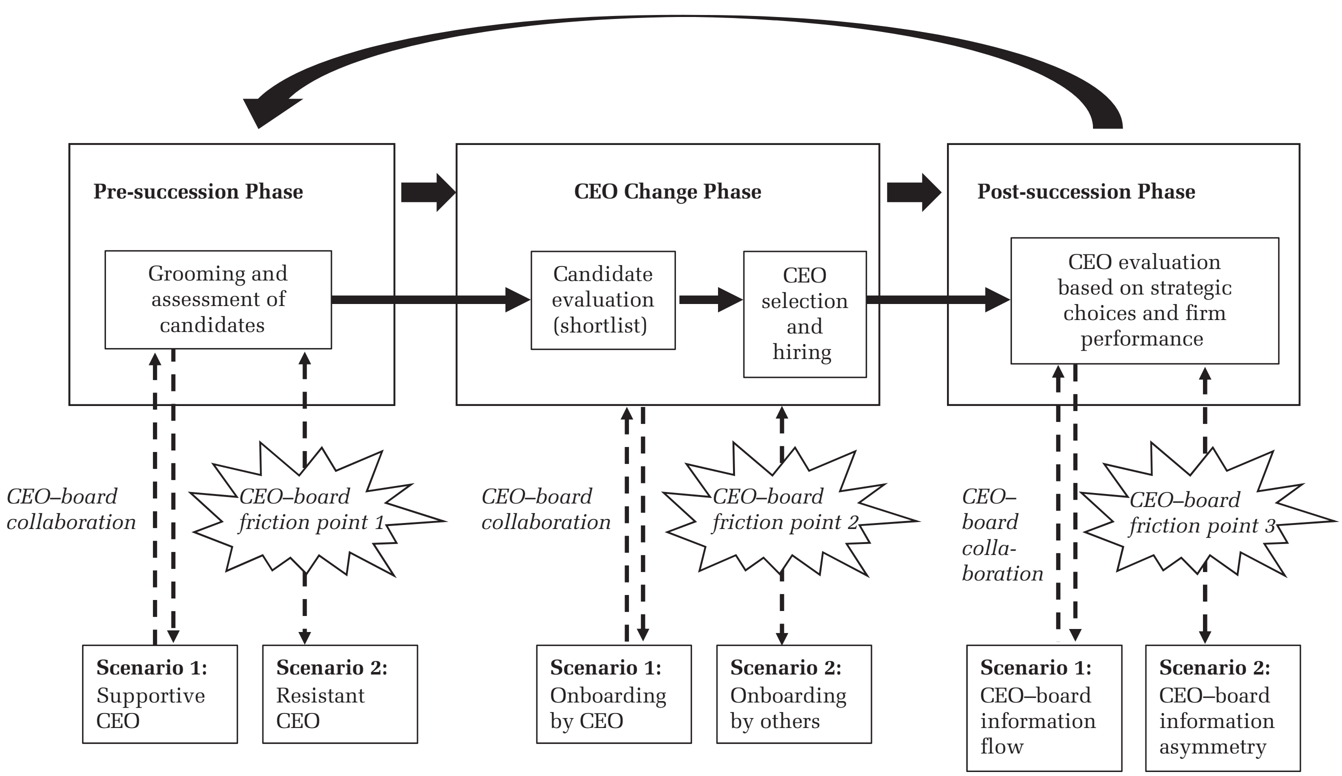
Our literature review shows that extant research still focuses largely on the CEO succession event, which is contrary to practical evidence that CEO succession is a continuous process (Lorsch & Khurana, 1999; Lorsch & MacIver, 1989). The few studies on CEO process elements often examine relay succession, or the existence of an heir apparent (Vancil, 1987), but not the entire CEO succession process.

Boards ideally consider CEO succession a process with sequential phases: In the *pre-succession phase*, boards may groom and regularly assess a list of successor candidates (Zhang & Rajagopalan, 2003). In the subsequent *CEO change phase*, boards evaluate a shortlist of candidates and select and hire the final CEO (Johnson, Daily, & Ellstrand, 1996). In the *post-succession phase*, boards monitor CEO actions and performance—and ideally start preparing for future successors (Biggs, 2004; Zhang, 2008).

Surprisingly, previous research has not sufficiently addressed the board's role *throughout* the CEO succession process. To avoid high uncertainty and turbulence during leadership successions and the need to put the organization and key strategic decisions on hold during unexpected CEO successions, boards need to plan for smooth CEO transitions. To assist boards, we need to better understand their role throughout the CEO succession process and the practices that facilitate effective CEO succession management.

The ultimate choice of a successor lies with the board, but the incumbent CEO is also responsible for managing succession activities, with the board evaluating, controlling, and supporting the process (Bower, 2009; Lorsch & Khurana, 1999). The board cannot manage the details of leadership development, such as providing talented executives with challenging assignments to prove themselves and to develop their skills portfolio (Bower, 2009). Owing to her central role in leadership succession, the incumbent CEO's commitment to the activities in each succession phase is critical for effective transitions. The incumbent CEO can thus either (1) support or (2) harm leadership succession activities throughout the succession process (Bower, 2009; Cannella & Shen, 2001). Specifically addressing these two scenarios and their impacts on the CEO succession phases, we next discuss our future research program aimed at a better understanding of the board governance of the executive succession processes. We discuss important literature gaps and corresponding research questions to gain deeper insights into the phases of CEO succession processes, as depicted in Figure 2.

FIGURE 2
CEO Succession as a Process



The Pre-Succession Phase

In the pre-succession phase, the board engages in preparatory activities for a subsequent leadership transition. A pool of qualified candidates should be identified, developed (groomed), and assessed to have a pipeline of potential leaders (Bower, 2009; Harris & Helfat, 1997; Lorsch & Khurana, 1999). In this respect, boards should meet as many successor candidates as possible, track their performance and progress, and regularly inquire about succession development activities in meetings with management (Bower, 2009; Charan, 2005).

The board's nominating committee is one of the most important board committees for CEO succession (Zhang, 2008). In addition to reviewing the qualifications and independence of board directors, nominating committee members can also identify and propose candidates for the CEO position (Zhang, 2008). Alternatively, boards can form CEO search committees (Zhang, 2008). Such committees tend to have experience with reviewing managerial talent and the required competencies (Zhang, 2008), which can prove beneficial when examining the company's leadership pipeline.

During the pre-succession phase, board directors assess the candidates' management and leadership abilities—including specific qualities such as their ability to cope with peers (Lorsch & Khurana, 1999)—sometimes through a formal CEO succession plan (Ocasio, 1999). Such a plan includes information about the desired strategic direction and successor characteristics (Miles & Bennett, 2009). Although it is widely argued that CEO succession planning is essential to ensure firm leadership (e.g., Bower, 2009), a Conference Board study revealed that only 34% of S&P 500 companies regularly include this on their agenda, and 40% discuss it less than once a year (Tonello, Wilcox, & Eichbaum, 2009). Bower (2007) even argued that firms are in a succession crisis. In times of increasing dynamism in many industries, a succession plan could support the search for a CEO with the relevant competencies (Friederichs, 2013) if it indicates CEO skills that will be required in the future (Cappelli, 2008). This highlights the importance of making CEO succession planning a primary topic on the board's agenda (Lorsch & Khurana, 1999; Miles, 2011).

Succession planning can be considered a proactive search process (Miles & Bennett, 2009; Mobbs & Raheja, 2012) that includes an analysis of the company's status quo and the availability of potential candidates (Lorsch & Khurana, 1999; Lorsch & MacIver, 1989). Such planning is likely to lead to a broader list of immediately available suitable successors, thus facilitating an ordinary succession process (Finkelstein et al., 2009; Zhang, 2008). Nevertheless, such planning also helps manage an unexpected CEO departure due to, for instance, death (Davidson et al., 2006), dismissal (Zhang, 2006), corporate scandal (Mobbs, 2013), or the preferred candidate leaving voluntarily before succession (Shen & Cannella, 2003). Because boards need to assess their company's current and future strategic and organizational needs, succession planning requires continuous and early communication between the board and the incumbent CEO (Bower, 2009; Charan, 2005; Lorsch & Khurana, 1999).

While the board is responsible for developing the criteria for future CEO candidates in the succession plan, the incumbent CEO can play an important role in developing internal candidates along these criteria (Bower, 2009). Specifically, the incumbent CEO and her team have greater insights into internal leadership development activities and can therefore provide important information to identify promising successor candidates and ensure their career progression.

As shown in Figure 2, the incumbent CEO can support succession-planning activities during the pre-succession phase (scenario 1). An example of such proactive behavior was seen with the CEO of Procter & Gamble, A.G. Lafley, who began to discuss succession with the board immediately after taking office in 2000. Since then, one of the firm's six annual meetings has been devoted to CEO succession, to proactively evaluate and discuss potential successor candidates (Lafley & Tichy, 2011).

Conversely, as shown in scenario 2 of the pre-succession phase, the incumbent CEO could perceive the board's succession planning as a threat to her position, and could search for ways to counteract, delay, or even sabotage succession activities to reduce the risk of being replaced (Boeker, 1992; Cannella & Shen, 2001; Zhang, 2006). Consider the case of Yahoo CEO Marissa Mayer. Since she took office in 2012, Yahoo's revenue, profit, and web traffic have stagnated or declined (Helft, 2015). Despite this poor performance and criticism of her weak execution and poor leadership (Mattone, 2016; Myatt, 2015), she refuses to quit the company—even when announcing that Yahoo's core Internet and media business would be sold to Verizon (Chafkin, 2016). With plummeting morale and frustration about her micromanaging and controlling style, a dramatic number of Yahoo's most senior executives left in 2015 (Helft, 2015). Noncollaborative CEOs can reduce the risk of an heir apparent replacing them by selecting, and subsequently dismissing, senior executives and by demonstrating their refusal to relinquish power or step down in the near future to any potential heir apparent candidates (Cannella & Shen, 2001).

We still know too little about how boards deal with these two scenarios in CEO succession. Specifically, we need to better understand the processes and practices boards use to involve a supportive CEO (scenario 1) in the pre-succession phase activities. For instance, studies that adopt a social capital lens (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998) could examine how the social capital between board directors and the incumbent CEO relates to CEO involvement in pre-succession activities. Strong social capital with the CEO might help board directors leverage trust-based relationships (Adler & Kwon, 2002) to communicate openly about potential successor candidates and the required developmental needs, discuss leadership development practices to prepare candidates for the CEO position, and closely involve the CEO in grooming and assessing internal talent. Moreover, social linkages between directors and the incumbent CEO enable directors to access important information about potential successor candidates (e.g., Sundaramurthy, Pukthuanthong, & Kor, 2014). In this respect, it would be particularly interesting to examine how social linkages between nominating committee members and the CEO relate to CEO involvement in pre-succession activities.

However, it is common that an incumbent CEO does not collaborate with the board during the pre-succession phase. We should therefore gain more insights into how boards manage frictions with a CEO who does not support, or even sabotages, succession activities (scenario 2). From a power perspective (Pfeffer, 1981), one can surmise that nonsupportive CEOs might exploit their power over the board (e.g., Cannella & Shen, 2001; Westphal, 1998) and the organization, quashing efforts to develop a broad pipeline of potential successors or influencing other executives, such as the chief human resource officer, when providing the board with information about internal leadership talent. A CEO who is also the board chair may specifically influence board agenda items (Cannella & Lubatkin, 1993; Zajac & Westphal, 1996a) related to succession planning and leadership development and the information that the other board directors receive about the internal leadership talent.

If the board starts with succession activities early in a new CEO's tenure, the CEO may derive power from her networks and status (Westphal & Zajac, 1995) to influence the succession activities. A newly hired CEO might be unwilling to participate because she might consider the board's succession planning so soon after she accepted tenure as a sign of its lack of trust. This can become critical because influential CEOs may delay pre-succession activities, harming internal leadership development in the company's day-to-day operations, even if the board has a formal succession plan. Boards could reinforce their controls and implement additional audits (Sundaramurthy & Lewis, 2003) but fail to develop the working relationship with the CEO that they require to obtain continued information about the company's leadership talent.

Future research should further explore scenario 2 in the pre-succession phase. Specifically, which practices do boards use to convince an incumbent CEO of the value of succession activities, making her an ally rather than an opponent of succession planning? How do the pre-succession activities unfold if a powerful incumbent CEO opposes them? How do board–CEO interactions in the pre-succession phase differ between companies with a CEO-chairman and companies in which these two roles are separated? Collaborations with companies may give researchers access to internal leadership development activities and board–CEO interactions during the pre-succession phase.

The CEO Change Phase

In the second CEO change phase, boards create a shortlist of final candidates, who are then thoroughly evaluated on their characteristics and abilities; the board then selects an appropriate CEO candidate from inside or outside the firm. At the beginning of the CEO change phase, a supportive CEO who collaborated closely with the board in the pre-succession phase may also provide important insights into the identification and evaluation of the final successor candidates. While the board selects the final CEO candidate—which it should do independent of the incumbent CEO—the incumbent can help identify current and future-oriented criteria against which candidates should be assessed. The incumbent CEO can also be key by providing access to internal candidates' assessments, such as 360-degree feedback and their past and current business performance (Day, Fleenor, Atwater, Sturm, & McKee, 2014). To date, we do not know enough about the communication channels between the board and the incumbent CEO, nor enough about the different methods used to evaluate successor candidates (e.g., Zhang & Rajagopalan, 2003)—an area that future research needs to explore further.

Specifically, an incumbent CEO can help identify star performers within the organizational hierarchy—employees who consistently produce outstanding outcomes that influence the success of their unit or the organization as a whole (Aguinis & O'Boyle, 2014). These employees need to be closely monitored over time because they can become highly valuable successor candidates in the future. The incumbent CEO can also provide important input when boards determine and evaluate the successor's required experience profile. For instance, the incumbent can help assess whether internal and potential external star performers will perform as well in the CEO role—that is, the extent to which their human capital profile (general management, strategic, industry, relationship, and company-specific human capital) is relevant and can be transferred to the new position (Groysberg, McLean, & Nohria, 2006). Future research thus needs to examine CEO–board interactions to identify and evaluate star performers and their ability as potential CEO successor candidates.

A collaborative CEO who has been involved in the CEO succession process from the start is also more likely to participate in the onboarding of her successor (scenario 1 of Figure 2). A period of transition from one CEO to the next is critical for the new CEO to familiarize herself with the new position, which will enhance her likelihood of succeeding (Bower, 2009; Vancil, 1987). Further, a CEO transition plan can reduce employee and investor uncertainty (Shen & Cannella, 2003; Vancil, 1987). A CEO who collaborated with the board in the previous succession phase has probably built social capital (Adler & Kwon, 2002; Sundaramurthy & Lewis, 2003) with the directors, is committed to selecting the best candidate to follow her legacy, and is probably dedicated to the effective onboarding of her successor to minimize disruption in the organization (Zhang, 2008). However, we know too little about how collaborative CEOs onboard their successors. Future research thus needs to study how CEOs use their internal company network and their external networks (Carpenter & Westphal, 2001; Sundaramurthy et al., 2014) to introduce their successors to important stakeholders and how they mentor them.

Further, supportive CEOs are likely to work with their boards to define the timing of their departure. There is a scarcity of research on how boards determine the appropriate timing of CEO departure and in turn how such timing influences the effectiveness of new CEO onboarding. On one hand, outgoing CEOs need enough time to onboard their successor and transfer their knowledge about the company, its external environment, and key stakeholders. On the other hand, boards need to ensure that the new CEO has sufficient discretion to design the company's future without merely succumbing to the outgoing CEO's legacy. Future research needs to examine how boards ensure a balance between the old and the new. We also need to know more about whether and how the previous CEO's transition to an internal role in the company, such as a board role or the role of adviser to the board, influences the new CEO's onboarding and performance. Qualitative research that provides scholars with opportunities to follow leadership transitions is particularly suited to uncover the subprocesses and mechanisms of CEO departure and the transition to a new role, and their influence on the new CEO's onboarding and effectiveness in office.

Future research also needs to examine how boards manage frictions with a less supportive and less committed CEO during the CEO change phase (scenario 2 in Figure 2). Such a CEO could delay the succession process and may not (sufficiently) engage in the onboarding of her successor, especially if the board has overruled her or not included her appropriately in the previous succession activities. Under such circumstances, the CEO could use her influence in the firm to sabotage the onboarding of her successor—for instance, by not introducing her to critical stakeholders soon enough, not being transparent about important strategic processes, or failing to explain the pressing strategic issues. It would be particularly interesting to examine how a non-collaborative CEO uses her power (Finkelstein, 1992; Pfeffer, 1981; Zajac & Westphal, 1996b) to influence the onboarding of a successor, and how boards oversee the CEO and reduce such power exploitation (e.g., Jensen, 1993; Jensen & Meckling, 1976) to ensure effective onboarding.

The Post-Succession Phase

After the new CEO has been hired, she influences the strategic choices and subsequent company performance in the post-succession phase (Hambrick, 2007; Hambrick & Mason, 1984). The board needs to continuously evaluate the new CEO on the basis of her post-succession strategic decision making and resultant performance, to control and optimize the CEO succession process (Biggs, 2004; Miles, 2011). However, the succession process does not stop with the evaluation of one CEO. Instead, boards accumulate CEO succession experience over subsequent CEO successions, which allows them to learn and improve on future succession processes.

A collaborative new CEO (scenario 1 in Figure 2, post-succession phase) will be more inclined to share and openly discuss information about ongoing strategic activities with the board. Ideally, such a CEO not only considers the board a monitoring body, but also leverages the board directors' expertise to gain advice on strategic proposals (Carpenter & Westphal, 2001; Hillman & Dalziel, 2003). In turn, open information exchanges with the CEO allow the board to remain up to date with the company's strategic developments (Bower, 2009). However, we know too little about how boards develop trust-based working relationships with a new CEO. A social capital lens (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998) could help future research gain insights into the formation of social capital between board directors and a new CEO. How do boards develop collaborative working relationships with a new outsider CEO compared to an insider CEO? How do such activities differ between firms with a CEO-chairman and those in which the two positions are separated? Which practices do boards use to assess information the CEO provides and to collect and evaluate complementary perspectives on strategic initiatives from other internal (e.g., middle managers, business unit employees) and external (e.g., consultants, professional networks) stakeholders to gain an informed view of strategy?

In the post-succession phase, multiple stakeholders play key roles (Lorsch & Khurana, 1999; Puffer & Weintrop, 1995). For instance, investors and financial analysts closely monitor the incumbent CEO's performance, employees at different hierarchical levels accept or resist the CEO's strategic plans and actions, and customers and suppliers scrutinize strategic announcements and assess their implications. Boards must therefore ensure that their new CEO spends her first 100 days building credibility among stakeholders (Karaevli & Zajac, 2012) and winning their support for the envisaged strategic changes. A board needs to closely monitor the CEO's actions during this period, while also acting as strategic adviser and, ideally, mentoring the CEO. Future research should examine how boards interact with a collaborative CEO and a network of influential stakeholders in the post-succession phase to ensure acceptance of the selected candidate and to ensure that the new CEO's actions align with the organization's strategic vision (Zhang, 2006, 2008).

Conversely, a less collaborative CEO (scenario 2 in Figure 2, post-succession phase) may withhold critical strategic information from the board, which can lead to CEO–board frictions. Today's board directors tend to engage in company site visits and tend to interact with employees beyond the executive level (Sonnenfeld, 2002), allowing them to better assess the validity and scope of the information the CEO provides. For instance, if, by using multiple information sources, boards figure out that the CEO does not communicate openly at strategy meetings with them, how do they manage the resulting frictions? Do they try to build trust with the CEO, and if so, how? How do boards decide whether and when to dismiss a noncollaborative CEO? How do less collaborative CEOs who are also board chairmen influence information flows to the board and, consequently, its ability to evaluate strategic decisions and the resultant performance? These are questions that future research could study.

CEO succession outcomes, particularly the new CEO's performance, generally also influence the modification of the elements of future CEO succession processes, such as their duration (e.g., whether the board takes more or less time to find an appropriate candidate). Using a process lens, future research should examine the causal feedback loops from one CEO succession to the next, thereby improving our understanding of whether and how boards improve CEO succession processes and interactions with the CEO over time. We need more research on how boards manage repeated CEO transitions. For example, how do boards create routines (Feldman & Pentland, 2003; Levitt & March 1988) for CEO succession, and how do they update these routines over time? In this context, it's worth examining the board composition and its internal dynamics to gain insights into specific succession practices across several CEO succession processes.

Contingencies

In our model, shown in Figure 2, we differentiate between two scenarios: CEO–board collaboration and frictions throughout the CEO succession process. However, CEO behavior and corresponding board–CEO interaction may also change during the CEO succession process, due to internal or external contingencies. For instance, a performance crisis could lead an originally supportive CEO to focus on strategic and operational issues rather than on leadership development. She might then attempt to secure her position instead of grooming successor candidates. At the same time, there might be pressure from shareholders for the CEO to be replaced as they regard her as being responsible for the crisis. When experiencing performance crises, the CEO might change her behavior and exploit her power (Boeker, 1992; Fredrickson, Hambrick, & Baumrin, 1988; Pfeffer, 1981; Walsh & Seward, 1990), potentially sabotaging the leadership succession activities to decrease the number of potential replacements (e.g., Cannella & Shen, 2001). These circumstances lead to questions that need to be researched: How do board–CEO interactions change in times of performance crises? Do boards engage in leadership succession activities during times of performance crises without involving the incumbent CEO?

The board's previous CEO succession experience is another important contingency. Boards with insufficient CEO succession experience cannot govern the CEO succession process effectively, while the incumbent CEO gradually accumulates power and influence. This can result in a situation in which the CEO manages the board rather than the board governing the CEO. Future research grounded in a human capital perspective (Becker, 1964; Sundaramurthy et al., 2014) needs to examine how board directors' experience with CEO successions influences CEO–board interactions during the CEO succession process.

Further, external changes, such as rapid industry changes or external crises, may deter CEO and board attention from succession planning. In times of unprecedented technological change, geopolitical instability, and digital disruption, it is difficult for a board to spend sufficient time on assessing the incumbent CEO and building a successor pipeline for the short to medium term. During unexpected crises, a board and the CEO might refocus the strategic agenda on the current crisis. Studies that adopt an attention-based view (Ocasio, 1997, 2011; Tuggle, Sirmon, Reutzel, & Bierman, 2010) could provide important insights into how board and CEO attention to CEO succession planning changes depending on external events, and how boards can allocate sufficient time to leadership development activities in times of uncertainty.

Finally, across different corporate governance models and countries there might be differences in board–CEO interactions during the CEO succession processes. Depending on the board's role in the specific corporate governance model, CEOs, the entire board, and/or the board's nominating or search committee might be more or less involved in the leadership succession processes. Examining the differences in the CEO–board interactions during the different CEO succession phases and across corporate governance models and countries is an exciting avenue for future research. Overall, future research needs to provide more insights into the contingencies and outcomes of board–CEO interaction patterns throughout leadership change processes.

Implications

Our research summary and the future research program on the CEO succession process have implications for scholars studying leadership transitions and for the board directors responsible for CEO succession. Scholars should adopt a process lens when studying CEO succession and should gather longitudinal data on leadership transitions. Qualitative methodologies are particularly suited for collecting specific leadership succession data over repeated time intervals (Langley, 1999). Gaining access to a board's deliberations on leadership succession and internal development plans might, however, be a challenge. Here, longer-term collaborations with companies that offer access to internal leadership development assignments and plans and provide opportunities to conduct senior-level and board director interviews will be a fruitful avenue.

Our paper also has important practical implications. CEO succession is clearly on the rise: In 2015, the world's 2,500 largest companies had a 16.6% CEO turnover rate, the highest rate in the past 16 years (PwC, 2016). Because CEOs influence company outcomes, boards face strong shareholder scrutiny concerning CEO replacement (Quigley, Crossland, & Campbell, in press). We provide boards with a conceptual road map of the factors that could influence CEO succession (see Figure 1). This road map can serve as a guiding framework to assess the critical factors that affect CEO succession and to evaluate scenarios with contingency factors that might harm or benefit CEO replacements. Our framework on the role of the board governance of and CEO–board collaboration during the CEO succession process (see Figure 2, and outlined above) attracts boards' attention to the factors that can influence the different CEO succession phases. The framework will help boards pay more attention to and continuously assess the firm's leadership pipeline and suitable external candidates, become aware of the incumbent CEO's critical influence during the CEO succession process, and think more critically about dealing with CEO successions.

CONCLUSION

CEO succession has received much attention in strategic management, corporate governance, strategic leadership, and organizational behavior research. Despite the important insights gained during the past decades, we still know very little about how boards engage in CEO succession processes over time. We summarized the state of the art of research on CEO successions and developed a framework for the CEO succession process that highlights the key factors that influence the board governance of leadership changes during various succession phases and the incumbent CEO's role in influencing the succession process. In our view, this serves as a solid basis to stimulate urgently required research on boards' roles and practices in the effective governing of CEO successions in their organizations.

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APPENDIX

TABLE A1
Overview of the Literature on CEO Succession

Author(s) (year)	Methodology	Key findings
Agrawal et al. (2006)	Quantitative method Sample of 1,035 observations on CEO succession in 800 large U.S. firms Period: 1974 to 1995	The likelihood of inside succession is higher in organizations with a functional structure. Outsiders are chosen as CEO only if they are markedly better than the best insider. The more homogeneous an industry is, the less likely the board is to rely on inside succession rather than outside succession.
Ballinger and Marcel (2010)	Quantitative method Sample of 479 successions in firms listed on the S&P index, including 89 interim successions Period: 1996 to 1998	Interim succession is mostly associated with lower performance and mainly occurs in U.S. publicly traded firms. Interim CEO succession mostly occurs if the incumbent's departure was unexpected and there is a lack of available successor candidates.
Barron et al. (2011)	Quantitative method Sample of 2,664 publicly traded firms with 23,747 firm-year observations Period: 1992 to 2006	Newly discontinued operations, which is one form of strategic change, are more likely to increase when CEO turnover occurs. However, discontinued operations are positively related to a CEO departure only if at least one other TMT member leaves the firm with the CEO. Outsider succession is positively related to discontinued operations only if the previous CEO and previous TMT members leave the firm at the time of succession. There is a positive relationship between CEO departure in a contender succession and discontinued operations, but a negative relationship between follower succession and discontinued operations.
Beatty and Zajac (1987)	Quantitative method Sample of 209 large corporations, including 184 insider and 25 outsider successions Period: 1979 to 1980	CEO succession is disruptive to an organization only if the market did not anticipate the CEO change, implying the new CEO's lack of preparation. A firm's stock price increases if the CEO change was anticipated—in this case, the new CEO can be an indicator of positive future earnings. Conversely, the firm's stock price decreases in the case of an unanticipated announcement of CEO succession, especially if the new CEO's ability is evaluated negatively relative to that of her predecessor. Further, there is a significant association between a firm's production and investment decisions and CEO succession.
Boeker (1992)	Mixed method 67 semiconductor producers Period: 1968 to 1989	CEO turnover is less likely the more widespread the company ownership. Further, the greater the incumbent CEO's power, the less likely CEO succession is.
Boeker and Goodstein (1993)	Quantitative method Sample of 67 semiconductor producers with 231 succession events Period: 1968 to 1989	The likelihood of outside succession relative to inside succession is higher if the pre-succession performance was poor. This effect is stronger the higher the board's proportion of inside directors and in firms where ownership is concentrated in the hands of insiders (managers and employees).
Borokhovich et al. (1996)	Quantitative method 969 CEO successions at 588 large published firms Period: 1970 to 1988	There is a positive relationship between outside directors and the likelihood of outside succession. Outside-dominated boards are more likely to choose an outsider as the new CEO in any situation, irrespective of the performance context.
Cannella and Lubatkin (1993)	Quantitative method Large, publicly traded U.S. firms with 472 succession events Period: 1971 to 1985	The effect of company performance on a CEO's origin is moderated by sociopolitical forces. If the sociopolitical context is relatively weak, performance has an impact on the CEO's origin.

TABLE A1
(Continued)

Author(s) (year)	Methodology	Key findings
Cannella and Shen (2001)	Quantitative method Sample of 168 large, publicly traded U.S. manufacturing firms with 382 heir-apparent year-observations Period: 1986 to 1991	Under low company performance, CEO power decreases the likelihood of an heir's promotion to the CEO position. Outside directors' power has no direct effect on an heir's promotion, but there is a significant influence on the heir apparent's exit. Further, if performance is high, powerful outside directors engage in an heir's promotion and in the prevention of an heir's exit. The likelihood of an heir's exit is lower if she arises from within the firm than from outside.
Cao et al. (2006)	Conceptual	The turnover of a CEO who is highly embedded in (intra-firm and inter-firm) social networks is negatively related to companies' exploitation and exploration capabilities. However, hiring a successor who is highly embedded in intra-firm and/or inter-firm social networks can diminish the negative relationship between organizations' capabilities and the turnover of a socially embedded CEO.
Chen and Hambrick (2012)	Quantitative method Sample of S&P 1500 index companies, including 223 firms Period: 1990 to 2003	In turnaround situations, organizations benefit from replacing a long-tenured CEO and from selecting an outside successor. Further, replacing an incumbent CEO with poor throughput experience with a successor with such experience will be beneficial. Under poor industry performance, it will be beneficial for the company to replace a long-tenured industry veteran and hire an industry outsider.
Chen et al. (2015)	Quantitative method Sample of 145 interim CEO succession events in U.S. public firms Period: 2004 to 2008	To improve their promotion prospects, interim CEOs are more likely than non-interim CEOs to engage in earnings management. The likelihood of an interim CEO being promoted is higher if income-increasing earnings are higher. However, if there are effective internal and external governance mechanisms, the former relationship is weakened.
Chung et al. (1987)	Quantitative method 472 CEO changes in *Forbes* major U.S. corporations Period: 1971 to 1976	Outside succession might be an implicit admission that a mistake was made, which might be disruptive in the case of low pre-succession performance. In addition, the appointment of an outsider affects the firm's stock price positively, especially that of high-performing firms.
Chung and Luo (2013)	Quantitative method Sample of 573 publicly listed firms with 4,316 firm-year observations in the emerging market of Taiwan Period: 1996 to 2005	In emerging markets, outsiders are associated with higher post-succession profitability than inside successors. Further, for high-tech firms, the positive performance effect of outside and inside successors is higher than for firms in other industries.
Connelly et al. (2016)	Mixed method Policy capturing, 73 surveys of financial professionals and 17 major institutional investors	This study examines CEO succession following misconduct, differentiating between integrity and competence failure. In the case of an integrity failure, investors perceive outside and interim succession positively but inside succession negatively. However, in the case of a competence failure, investors perceive new CEOs from outside positively. Investors' perceptions are ambivalent regarding inside and interim succession.
Dalton and Kesner (1985)	Quantitative method Sample of 96 companies listed on the NYSE Period: one-year period	There is no significant relationship between poor pre-succession performance and outside succession, or between high pre-succession performance and outside succession. Only mid-performing companies are positively related to outside succession.

TABLE A1
(Continued)

Author(s) (year)	Methodology	Key findings
Datta and Guthrie (1994)	Quantitative method Sample of 195 succession events in *Business Week* 1000 firms Period: 1980 to 1989	Firms that focus strongly on R&D tend to appoint outside CEOs with technical experience. Further, there is an association between outside succession and lower company profits and company growth.
Datta et al. (2003)	Quantitative method Sample of 118 non-diversified U.S. manufacturing firms with 132 CEO successions Period: 1977 to 1990	A new CEO's openness to change is negatively related to strategic continuity. Thus, young CEOs are associated with a higher likelihood of the initiation of strategic change. However, the ability of an open-minded CEO to initiate strategic change depends on the industrial environment.
Davidson et al. (1993)	Quantitative method Final sample of 55 firms hiring a new CEO during the year prior to bankruptcy and 26 firms that hired a new CEO in the year after bankruptcy Period: 1979 to 1989	The appointment of a new CEO in the context of bankruptcy is related to positive stock market reactions. In this context, the CEO change might be an indicator that further organizational failure will cease. The market reaction to outside succession is more positive than to inside succession, especially if the succession occurs after the bankruptcy.
Friedman and Olk (1995)	Conceptual	Constructs four different idealized succession process types (race, heir to the crown, coup d'etat, and comprehensive search).
Friedman and Saul (1991)	Mixed method Sample of 235 *Fortune* 500 firms	In terms of board composition, selecting an external successor might threaten the inside directors because the new CEO could replace them. Outside succession is related to a higher senior executive turnover level than inside succession is.
Friedman and Singh (1989)	Mixed method Surveys targeted at the senior HR officers in *Fortune* 500 firms Data from *Wall Street Journal* announcements	Poor pre-succession performance is associated with the predecessor's departure. Under poor pre-succession company performance, stockholder reactions to CEO successions are positive. In terms of customary retirements relative to forced retirements, stockholder reaction is insignificant.
Gamson and Scotch (1964)	22 midseason managerial changes in baseball clubs Period: 1954 to 1961	Succession is described as engaging in "ritual scapegoating" owing to poor company performance to meet the stakeholders' change expectations. Thus, there is no significant relationship between succession and company performance.
Georgakakis and Ruigrok (2017)	Quantitative method 109 CEO succession events at large international firms Period: 2005 to 2009	The authors suggest that the relationship between a new CEO's origin and firm performance should be considered from a multilevel approach. They find that the higher the 1) industry munificence, 2) prior performance, 3) outside CEO's international experience variety, 4) outside CEO's industry experience, and 5) CEO–TMT socio-demographic similarity, the more positive the relationship between an outsider CEO and post-succession performance.
Gomulya and Boeker (2014)	Sample of 352 restating firms Matching pair design: 704 restating and matching firms Period: 2003 to 2006	Firms with a more severe restatement choose successors with previous CEO and turnaround experience and a more elite education, which leads to more positive reactions from the stock market, financial analysts, and the mass media.
Graffin et al. (2013)	Quantitative method Sample of 432 *Fortune* 1000 firms Period: 1999 to 2004	Negative investor reactions to CEO succession announcements indicate a board's inability to manage a succession process.

TABLE A1
(Continued)

Author(s) (year)	Methodology	Key findings
Grusky (1960, 1961)	Quantitative method Secondary data analysis of published documents 16 professional baseball teams Two periods: 1921 to 1941 and 1951 to 1981	Leader succession is considered to be disruptive, resulting in a negative effect on company performance, because a change in leadership creates instability, requires the involvement of new policies, and destroys the relationships between the organizational members and the traditional firm values.
Helmich and Brown (1972)	Quantitative method Sample of 208 chemical and allied product corporations Period: 1959 to 1969	Large firms are more likely to hire insiders (with social ties and firm-specific knowledge) as they tend to have a large pool of available internal candidates from which to choose.
Herrmann and Datta (2002)	126 CEO successions and 271 foreign market entry events Period: 1989 to 1997	The successor's attitude toward risk and, thus, her decision to enter foreign markets depend on her characteristics (CEO position tenure, international experience, throughput functional background).
Karaevli (2007)	Quantitative method Sample of 90 midsize and large publicly traded corporations in the U.S. airline and chemical industries Period: 1972 to 2002	Under conditions of poor performance and munificent environments, firms tend to have an advantage when hiring outsider successors. There is no significant association between an external successor and post-succession company performance. Additionally, an outsider is positively related to post-succession performance if the pre-succession performance was low. In the context of fewer rapid strategic changes, an outside successor is more positively associated with company performance than in the context of more rapid strategic changes. External succession and post-succession senior executive team change are strongly positively related.
Karaevli and Zajac (2013)	Quantitative method Sample of 110 midsize and large firms in the U.S. airline and chemical industries, with 1,958 firm-year observations Period: 1972 to 2010	External succession has no significant impact on post-succession strategic change when controlling for the economic and behavioral factors before the succession event. Nonetheless, the likelihood of strategic change due to an outsider increases if the succession was ordinary and the company performance was good.
Magnusson and Boggs (2006)	Quantitative method Sample of 100 CEO selections in *Fortune* 200 companies Period: 1990 to 2004	A successor's lack of international experience increases the likelihood of CEO dismissal.
Mooney et al. (2017)	Quantitative method Sample of 375 succession events with 73 interim selections (publicly traded firms) Period: 1998 to 2005	The likelihood of the board choosing an interim successor is higher if the previous CEO was forced out, or only served a short tenure, or there was no predetermined heir apparent.
Naveen (2006)	Quantitative method Sample of 6,714 firm-year observations Period: 1987 to 1997	The likelihood of relay succession planning is higher in larger firms, more diversified firms, and firms in heterogeneous industries. Further, inside succession and voluntary succession are related to succession planning, while forced succession tends to predict an unplanned succession.
Ocasio (1994)	Quantitative method Sample of 114 U.S. corporations Period: 1960 to 1990	CEO succession is considered the result of a contest of power. The longer an incumbent's tenure, the more familiar she is with past politics and the more obsolete she becomes, leading to a decrease in power. If pre-succession performance is low, the incumbent's ability is challenged, making the heir a contender to the CEO.

TABLE A1
(Continued)

Author(s) (year)	Methodology	Key findings
Parrino (1997)	Quantitative method 31 CEO successions in large public corporations Period: 1970 to 1989	The more homogeneous an industry, the more likely outside succession is, relative to inside succession. Forced turnover is more likely after poor performance, and forced turnover together with an intra-industry appointment is more likely in more homogeneous industries.
Pfeffer and Leblebici (1973)	Study of 20 four-digit SIC code manufacturing studies and five companies from the listings of companies within each industry in *Moody's Industrial Manual* (1971) and *S&P's Register of Corporations, Directors and Executives* (1972)	The more rapid the technical change, the more likely a new CEO is to originate from the same industry, because dynamism in technology demands someone familiar with the relevant industry. The higher the level of competition in an industry, the more likely inside succession is.
Quigley and Hambrick (2012)	Quantitative method 181 successions in three industries: computer hardware, software, and electronics Period: 1994 to 2006	The predecessor's continued connection to the firm prevents the successor from initiating organizational change, because the previous CEO influences the successor's decisions. Thus, if the previous CEO stays on as the board chairman, post-succession strategic change is less likely.
Schwartz and Menon (1985)	Basic matched-pairs design comparing failing and healthy firms Sample of 134 bankrupt companies Period: 1974 to 1982	Outside succession relative to inside succession is positively associated with failing firms marked by financial problems that require external expertise and less commitment to the status quo.
Shen and Cannella (2002a)	Quantitative method Sample of 387 large, publicly traded U.S. corporations Period: 1988 to 1997	The proportion of non-CEO inside directors and non-CEO executive ownership is positively related to CEO dismissal followed by inside succession. However, this relationship is not supported if outside succession follows the CEO dismissal.
Shen and Cannella (2002b)	Quantitative method Sample of 228 successions in large, publicly traded U.S. corporations Period: 1988 to 1994	Outside succession and contender succession are both related to a higher likelihood of strategic change. Follower succession and contender succession differ, although both types reflect inside succession. Further, it is important to consider top management team change when examining performance outcomes.
Shen and Cannella (2003)	Quantitative method Sample of 114 heir appointments, 130 heir promotions, 31 heir exits, 29 non-relay inside successions, and 34 outside successions in large, publicly traded U.S. corporations Period: 1988 to 1997	Investors show no significant reaction to a relay succession process, but there is a negative relationship between investors' reactions and an heir's exit and a positive relationship between investors' reactions and an heir's promotion. Additionally, there is a positive relationship between investor reactions and outside CEO promotion. Investors react negatively if a non-heir insider is appointed as the new CEO.
Tian et al. (2011)	Quantitative method Sample of 208 new CEO appointments in U.S. manufacturing firms Period: 1999 to 2003	Under high board capital, investors react positively to a new CEO's selection. Further, internal promotion and investor reactions are positively associated if there is a high internal board social capital level. There is no significant relationship between a board's external social capital and investor reactions in the case of an external promotion.
Tushman and Rosenkopf (1996)	Quantitative method Longitudinal study of 921 firms in the U.S. cement industry Period: 1918 to 1986	There is a positive relationship between simple CEO succession and subsequent company performance in the case of a stable environment, but a negative relationship between simple CEO succession and subsequent company performance under turbulent environmental conditions.

TABLE A1
(Continued)

Author(s) (year)	Methodology	Key findings
Virany et al. (1992)	Quantitative method Cohort-based, longitudinal study of 59 minicomputer firms Period: 1968 to 1971	Executive succession is considered an organizational learning mechanism that leads to a shift in knowledge. Executive succession has a positive influence on organizational performance. This effect is even stronger in combination with strategic reorientation.
Weisbach (1995)	Sample of 200 acquisitions by U.S. companies, based on Kaplan and Weisbach (1992) Period: 1991 to 1982	Managerial succession is associated with an increased likelihood of poorly performing acquisitions being divested.
Weng and Lin (2014)	Quantitative method Sample of 281 CEOs appointed by 129 firms in the U.S. computer industry Unbalanced panel data set of 558 firm-year pairs Period: 1994 to 2007	There is a positive relationship between CEO newness (less top management experience in the focal firm) and a firm's strategic change. This relationship is even stronger the greater the strategic distance between the focal company and a new CEO's prior firm.
Westphal and Fredrickson (2001)	Quantitative method Sample of 406 U.S. industrial and service companies Period: 1984 to 1996	CEO succession might provide boards with the possibility to generate change, while boards tend to select successors with strategy experience consistent with their wishes for the firm's future strategy.
Wiersema and Zhang (2011)	Quantitative method Sample of large, public U.S. firms in the S&P 500, with 2,730 firm-year observations Period: 2000 to 2005	Investment analysts' negative recommendations are related to a higher likelihood of CEO dismissal.
Worrell et al. (1986)	Quantitative method Final population of 127 key executives' deaths Period: 1967 to 1981	Negative investor reactions follow an unexpected CEO departure (death), highlighting the crucial role of early CEO succession planning.
Zajac (1990)	Quantitative method complemented by data from survey of 118 CEOs of the largest U.S. firms in 1987 Sample of 105 firms Period: 1979 to 1986	Firms with a succession process tend to choose an internal candidate as a successor. There is a tendency for firms with inside CEOs to be more profitable than those with external CEOs. Further, the likelihood of being more profitable is higher in respect of firms with a specific successor in mind than in respect of those without one. Having a specific successor in mind signals high-quality top management.
Zajac and Westphal (1996b)	Quantitative method Sample of 198 of the largest U.S. industrial and service firms listed in the 1988 *Forbes* and *Fortune* 500 indexes Period: 1986 to 1991	Boards and CEOs tend to select successors similar to them. The more powerful the board, the more likely the CEO characteristics are changed in favor of the board's demographic preferences and characteristics. If a firm chooses an outside CEO, her characteristics differ from those of the former CEO and are more similar to the board members' characteristics.
Zhang (2006)	Quantitative method Sample of large, publicly traded U.S. manufacturing firms, with 1,772 firm-year observations Period: 1993 to 1998	Under low performance, the degree of strategic change increases if there is a separate COO/president; under high performance, the extent of strategic change decreases. Further, if there is a separate COO/president, the likelihood of CEO dismissal increases under low performance. However, in the case of high performance, there is no relationship between the likelihood of CEO dismissal and a separate COO/president.
Zhang (2008)	Quantitative method Sample of publicly traded U.S. nondiversified manufacturing companies, including 204 CEO successions at 184 firms	A CEO succession process includes the continuous evaluation of the current CEO. The likelihood of CEO dismissal is higher if the CEO has been appointed from outside relative to an inside appointment. Further, if the board has an independent nomination committee at the

TABLE A1
(Continued)

Author(s) (year)	Methodology	Key findings
	Period: 1993 to 1998	time of succession, the dismissal of a newly appointed CEO is less likely. There is no relationship between a large number of outside directors with external directorships in the committee and the likelihood of new CEO dismissal. The likelihood of the newly appointed CEO's dismissal increases if her predecessor was also dismissed.
Zhang and Rajagopalan (2003)	Quantitative method Sample of 220 CEO successions at 200 large, publicly traded, nondiversified U.S. manufacturing firms Period: 1993 to 1998	The study categorizes new CEO origin as intra-firm, intra-industry, and outside-industry. The likelihood of intra-firm succession increases if an heir apparent is present or the number of non-heir inside directors is high. Further, the likelihood of intra-industry succession relative to outside-industry succession is significantly higher if similar-size or larger firms have a homogeneous strategy. Further, there is a positive relationship between pre-succession company performance and intra-firm succession, and between company size and intra-firm succession.
Zhang and Rajagopalan (2004)	Quantitative method Sample of 184 publicly traded nondiversified U.S. manufacturing firms Period: 1993 to 1998	Distinguishing between relay CEO succession and non-relay inside succession, in which the new CEO is an insider but no heir apparent, the study reveals that good pre-succession company performance has a positive effect on the likelihood of relay CEO succession. Relative to non-relay inside succession, the likelihood of relay succession is negatively related to the number of internal candidates and positively related to pre-succession company performance. Relative to non-relay inside succession, the likelihood of external succession is negatively related to the number of internal candidates and to pre-succession company performance. In the case of relay succession, post-succession company performance tends to be better than non-relay inside succession and outside succession, especially if the pre-succession company performance was at a lower level and if post-succession strategic and industry instability are at a higher level.
Zhang and Rajagopalan (2010b)	Quantitative method Sample of 176 firms, with 193 departing CEOs Period: 1993 to 1998	There is an inverted U-shaped relationship between the strategic change level and company performance. Performance increases if the change level shifts from low to moderate, while performance declines if the level changes from moderate to great. Firms differ depending on the CEO's origin (internal vs. external). Thus, two effects are stronger for outsiders than for insiders: When the change level is low, strategic change and company performance are positively related, while a relatively high change level is negatively related to strategic change and company performance.
Zhu and Shen (2016)	Quantitative method 188 outside successions at public companies in a sample of *Fortune* 500 firms Period: 1994 to 2007	If a new outside CEO has prior experience with more diverse boards, this can improve company performance and reduce the CEO turnover.

Process study: Event study: