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INFORMATION ASYMMETRIES IN THE HIRING PROCESS AND THE RISK OF NEW LEADER DISMISSAL: INSIGHTS FROM ENGLISH PREMIER LEAGUE SOCCER ORGANIZATIONS

ABSTRACT

Why are some new leaders dismissed quicker than others? Adopting agency theory logic we examine how different succession contexts shape boards' information asymmetries about a potential candidate's competencies in the hiring process, which influences the propensity of making poor hiring decisions and hence the risk of new leader dismissal. Employing duration analysis on a sample of 164 newly appointed leaders in the English premier league (1996 – 2014), we find that the risk of new leader dismissal is: (i) greater when the predecessor leader's exit was initiated by them rather than by the board; (ii) greater when following a longer tenured predecessor; and (iii) lower for outside successions as compared to inside successions.

Keywords: New leader dismissal, leader succession, agency theory, asymmetric information

INFORMATION ASYMMETRIES IN THE HIRING PROCESS AND THE RISK OF NEW LEADER DISMISSAL: INSIGHTS FROM ENGLISH PREMIER LEAGUE SOCCER ORGANIZATIONS

Top leader tenure presents a paradox. On the one hand, leaders require time to become effective in their role, via scanning and learning about their new organizations and their environments (Aguilar, 1967; Rowe, Cannella, Rankin, & Gorman, 2005), and for their decisions to translate through into performance improvements (Finkelstein, Hambrick, & Cannella, 2009; Graffin, Boivie, & Carpenter, 2013). On the other hand, pressure for instant success has meant that leaders are increasingly scrutinized and tend to be dismissed earlier in their tenures, which has led to average leader tenure falling dramatically in recent years (see: Favaro, Karlsson, & Neilson, 2010; Wiersema, 2002). To address the paradox, researchers have examined a range of theoretical explanations of new leader dismissal including: weak leader power (Shen & Cannella, 2002a), boards' post-succession evaluation heuristics (Graffin et al., 2013), and information asymmetries faced by boards in the hiring process leading to adverse selection (Zhang, 2008).

In this paper we focus on information asymmetries that boards face when hiring new leaders, which stem from boards' informational deficits about leader candidates' competencies as compared to the candidates themselves (Coff, 1997; Wiersema, 1992; Zajac, 1990).¹ During the hiring process, boards seek to reduce information asymmetries about leader candidates' competencies, to make the most effective appointment possible, as poor appointments entail

¹ Our definition of a leader is someone who has been appointed into the position of leader (i.e., is formally defined by appointment). We accept, however, that a wider issue exists in relation to what a leader constitutes (see: Baruch, 1998).

costs and lost opportunities (Khurana, 2001). Asymmetric information, however, is an unobservable construct, which is a problem that permeates many key theories of strategic management including: resource-based theory, transaction cost economics, and agency theory (Godfrey & Hill, 1995). To address this issue, scholars of strategic management have a well-established tradition of employing latent indicators to serve as observable proxies for unobservable variables (Godfrey & Hill, 1995). The use of latent indicators is also well-established in the leader succession research, which has employed new leader origin (i.e., appointed from inside or outside of the organization) and the mode of predecessor leader exit (i.e., forced versus voluntary exit from a leader's perspective) as observable proxies of asymmetric information in the hiring process (Zhang, 2008).

Focusing on the period 1993–1998, Zhang (2008) found that asymmetric information in the hiring process and the likelihood of new leader dismissal were greater for outside as compared to inside appointments and for new leaders appointed following a forced leader exit (i.e., dismissal) as compared to a voluntary exit (i.e., mandatory retirements, migrating to another organization, ill-health). The received wisdom of these findings is that there is less asymmetric information with inside as compared to outside candidates, due to personal interactions and internal networks with inside candidates (Zhang, 2008). In addition, because dismissal is the most common form of unplanned leader exit, boards will face time pressure to appoint a new leader due to stakeholder pressures to resolve the issue (Wiersema, 2002). Consequently, boards are more likely approach the hiring process in haste, which hinders their ability to conduct effective due-diligence and reduce asymmetric information about a candidate's competencies (Wiersema, 2002; Zhang, 2008).

Practice surrounding leader succession, however, has changed over time (Khurana, 2001; Zhang, 2011). Average leader tenure has fallen dramatically (via new leader dismissal) over the past 10–15 years (Zhang, 2008), driven by scrutiny and performance pressures (Wiersema, 2002). The scrutiny of leaders has increased through the rise of media (and analyst) coverage, which has led to greater reporting of their actions and the rise of celebrity status (Malmendier & Tate, 2009). Such media attention changes the informational dynamics that shape succession decisions for internal and external leader candidates (Malmendier & Tate, 2009; Stern & James, 2016). In addition, falling average leader tenure has created a labour market of experienced leaders (Zhang, 2011), with a concomitant increase in the proportion of leaders appointed from outside of the organization (Favaro, Karlsson, & Neilson, 2015, 2013)² with prior leader experience (Bragaw & Misangyi, 2016; Hamori & Koyuncu, 2015; Karlsson & Neilson, 2009; Zhang, 2011).³ Furthermore, top leader migration, defined as an individual that directly moves from a top leader position at one organization to a top leader position of another organization, has also increased over time (see: Hamori & Koyuncu, 2015; Lucier, Kocourek, & Habel, 2006). Accordingly, the traditional hiring practice of appointing leaders from within, who remain in post until a planned succession via mandatory retirement (see: Kesner & Sebor, 1994; Khurana, 2001), is increasingly being challenged (Zhang, 2011).

Given the changes noted above we feel that it is now time to re-examine received wisdom about information asymmetries and how they shape succession decision-making (Zajac, 1990;

² For example, 30 percent of new CEO leaders were outsiders in 2012, a 45 percent increase on the average level of the previous three years in the world's largest 2500 business organizations (Favaro et al., 2013).

³ While the appointment of CEO leaders with prior leadership experience only comprised one percent up until the late-eighties, it comprised 20 percent of new appointments between 2007 and 2009 (Karlsson & Neilson, 2009).

Zhang, 2008). Specifically, in light of the changes noted above to the hiring process of new leaders, we advance the understanding about how asymmetric information shapes new leader dismissal by examining three important components of the hiring process that are subject to varying degrees of information asymmetries about a potential candidate's competencies facing boards when hiring new leaders.

First, we challenge the received wisdom that asymmetric information in the hiring process is most pronounced following a predecessor leader dismissal (Zhang, 2008). Specifically, extant literature views predecessor leader exits as being forced (i.e., dismissal) or voluntary (mandatory retirements, migration to another organization, ill-health), viewing dismissal as the most unplanned exit (Wiersema, 2002; Zhang, 2008). Given that early leader tenure dismissal has posed a challenge to internal development programs via a reduction in mandatory retirements, and the increased incidence of leader migration (Zhang, 2011), leader exits are becoming more unplanned from a board's perspective. Accordingly, we focus on the difference between planned (i.e., mandatory retirement) and unplanned leader exits (i.e., dismissal, migration to another leader role, ill-health) from the perspective of the board (Friedman & Saul, 1991). As within the category of unplanned leader exits there will exist differences to which the exit is unplanned, we conceptualize unplanned predecessor leader exits as being either leader-initiated (i.e., leader migration, ill-health) or board-initiated (i.e., leader dismissal) from a board's perspective (Friedman & Saul, 1991). We expect leader-initiated exits to have a greater unplanned dimension, and hence subject to greater asymmetric information in the subsequent hiring process, than board-initiated exits because boards will be less prepared for a leadership change (Friedman & Saul, 1991).

Second, we focus on leader stability by examining the impact of predecessor leader tenure on new leader dismissal, an issue that has not been explored in the extant literature. We argue that the increasing incidence of new leader dismissal and leader migration creates problems for leadership stability, which will shape the asymmetric information in the subsequent hiring process (Karaevli & Zajac, 2013). Drawing on the strategic leadership and governance literature about the influence of leader tenure (Graffin, Carpenter, & Boivie, 2011; Karaevli & Zajac, 2013; Lorsch & MacIver, 1989; Ryan, Wang, Wiggins, 2009), we suggest that the level of predecessor leader tenure importantly affects boards' ability to reduce asymmetric information about a potential candidate's competencies as it will shape boards' recent experience in conducting leader succession at the focal organization. Accordingly, new attention to the stability of leadership can help to advance the understanding about how asymmetric information influences new leader dismissal.

Third, we challenge received wisdom that information asymmetries are greater for externally, as opposed to internally, appointed leaders (Zajac, 1990; Zhang, 2008). We argue that the leader role is significantly different from a supporting role, such that the information gathered about an internal candidate does not accurately reflect their ability to undertake the leader role. We suggest that the increased availability of (top leader) experienced external candidates (Zhang, 2011), and greater availability of information about external leaders' effectiveness through the media, will reduce information asymmetries about external leaders and hence the risk of new leader dismissal.

We test our ideas using data on leaders (i.e., head coaches) in the English premier league (EPL) from 1996 to 2014. We do so because the EPL context is one in which many of the

emerging trends of leader succession in larger public organizations, the focus of extant research to date (Graffin et al., 2013; Zhang, 2008), are already well established. In the EPL, leader exits are typically unplanned whilst the general norm is to appoint leaders from outside of the organization (Sonnenfeld & Peiperl, 1988), many of which have prior leadership experience. Finally, the competitive process is highly transparent due to voluminous media coverage of and detailed commentary on leaders' actions (Brady, Bolchover, & Sturgess, 2008).

ASYMMETRIC INFORMATION AND NEW LEADER DISMISSAL

Asymmetric information is an important determinant of new leader dismissal because information asymmetries will always exist in the hiring process (Zajac, 1990; Zhang, 2008).

When hiring new leaders, boards face the problem that potential leader candidates have more information about themselves than the board, and so candidates may have the opportunity to misrepresent their competencies, leading to less than optimal appointments (i.e., the problem of adverse selection) (Coff, 1997; Wiersema, 1992; Zajac, 1990; Zhang, 2008). Failed successions are problematic as they entail costs for organizations, such as those associated with the leader search and the transitional period (Mooney, Semadeni, & Kesner, 2014). A key role for boards in the hiring process is to engage in due diligence, to minimize information asymmetries about a candidate's suitability for the position (e.g., see Wolf, 2015), with the aim of enhancing the effectiveness of their appointments (Khurana, 2001). The hiring process, however, is a complex task, and one that is infrequent in nature making learning across successions problematic (Graffin et al., 2011; Kesner & Sebor, 1994; Lorsch & Khurana, 1999). Furthermore, while prior experiences and reputation may inform boards about a potential candidate's competencies, there is no guarantee that the individual will be successful in the new role (Khurana, 2002;

Zhang, 2008). Indeed, a new leader's experience may be firm-specific, making it difficult to evaluate its transferability during the hiring process (Zhang, 2008). Additionally, inside candidates, even if better known, are liable to adverse selection because the leadership position entails an understanding and pressure that cannot be experienced in other positions (Charan, 2005; Kesner & Sebor, 1994).

Post hiring (i.e., early leader tenure) boards will be better able to ascertain the quality of their hiring decisions, where they can observe the new leaders more closely and acquire further information about their suitability for the role (Holmstrom, 1999). In the event of a poor hiring decision, boards will typically dismiss the new leader (Walsh & Seward, 1990; Zhang, 2008). Hence, the greater the problem of asymmetric information in the hiring process the greater the risk of making poor hiring decisions (i.e., adverse selection), and new leader dismissal (Zhang, 2008).

Building on extant research (see: Graffin et al., 2013; Wiersema, 2002; Zhang, 2008) we focus on three components of the hiring process that influence the degree to which the succession decision to hire a new leader will be subject to the problem of asymmetric information leading to adverse selection and new leader dismissal: (i) the mode of the predecessor leader's exit; (ii) predecessor leader tenure; and (iii) the origin of the new leader.

The mode of predecessor leader exit

From a board's perspective a leader exit can either be planned or unplanned (Friedman & Saul, 1991). A planned leader exit is typically defined in terms of a leader relinquishing the role due to mandatory retirement (Kesner & Sebor, 1994; Zhang & Rajagopalan, 2004), with an unplanned leader exit defined in terms of leader dismissal, leader migration to another

organization, or stepping down due to ill-health (Friedman & Saul, 1991). The received wisdom is that unplanned leader exits, as compared to planned leader exits, make the process of appointing a new leader more problematic due to their unexpected nature. Specifically, unplanned leader exits will shape the extent to which the subsequent leadership search is undertaken in haste due to pressures from important stakeholders demanding their organizations have a leader (Wiersema, 2002), which can stifle boards' ability to reduce information asymmetries via effective due diligence in the hiring process (Zhang, 2008).

Planned exits have fallen dramatically in recent years (Zhang, 2011), with a concomitant increase in unplanned exits (Favaro et al., 2010; Hamori & Koyuncu, 2015; Karlsson & Neilson, 2009). Within the category of unplanned leader exits, however, there is considerable heterogeneity as to the degree to which the exit is unplanned, which stems from whether or not the unplanned exit is leader-initiated or board-initiated. From the boards' perspective, leader-initiated exits (i.e., leader migration, ill-health) are more likely to be unplanned than board-initiated exits as boards have not planned for a change (i.e., leader dismissal) (Friedman & Saul, 1991). Although unplanned, a board-initiated leader exit occurs when the board feels that there is a need to replace a leader. In such instances, boards will likely have incorporated some evaluation of existing organizational issues, and considered what the requirements of the new leader will be. Indeed, it is common for performance to be evaluated closely in the run-up to a dismissal decision, where boards have more active dialogue about the leader and potential succession planning (Shen & Cannella, 2002b; Wiersema, 2002). In contrast, leader-initiated exits occur when the board does not intend to make changes, the change of leader being forced on the organization (Friedman & Saul, 1991). Accordingly, boards will be less prepared to

engage in the hiring process, including analyzing the internal conditions of the organization, in re-evaluating goals, and hence setting the objectives of the organization so as to identify appropriate candidates, which will become more time pressured as a consequence (Khurana, 2001).

We suggest, therefore, that boards will face greater information asymmetries in the hiring process following a predecessor leader exit that was leader-initiated as compared to one that was board-initiated, which will increase the risk of adverse selection in the hiring decision and hence new leader dismissal. Hence:

H1: Newly appointed leaders will face a greater risk of dismissal in the event of a predecessor's exit that was leader-initiated (i.e. migration or ill-health) as compared to one that was board-initiated (i.e. dismissal).

Predecessor leader tenure

The level of leadership stability will shape the asymmetric information facing boards about a candidate's competencies in the hiring process, via the frequency of enacting the succession process (Graffin et al., 2011; Lorsch & Khurana, 1999; Shen, 2003). Predecessor leader tenure is an important indicator of leadership stability, reflecting the frequency of leader successions in an organization's recent history (Karaevli & Zajac, 2013; Shen & Cannella, 2002b).

In stable organizations the succession decision is an infrequent task, but one of vital importance (Lorsch & Khurana, 1999). If an organization is characterized by longer predecessor leader tenure it means that the time since the last succession process was employed will be greater, and that the board will not have recent experience of making hiring decisions in the context of the focal organization (Graffin et al., 2011; Wiersema, 2002). Hence, the lack of

recent hiring will hinder boards' ability to apply learning across leader successions (Graffin et al., 2011), which makes the hiring process increasingly prone to uncertainty. Therefore, boards' ability to reduce asymmetric information about a potential candidate's competencies in the subsequent hiring process, via effective due-diligence, will be reduced. Furthermore, research suggests that as leader tenure increases, an indication that leaders have proven their leadership credentials, boards increase their confidence in the leader and become relaxed and less diligent in monitoring the leader and organization (Lorsch & MacIver, 1989; Ryan et al., 2009; Shen, 2003). Accordingly, the prevalence and/or effectiveness of succession planning may be reduced when successions occur after longer predecessor leader tenure, which will exacerbate the inherent problem of asymmetric information.

In contrast, shorter predecessor leader tenure (or leadership instability) indicates weaknesses on behalf of the board as it reflects a failure to make the appointment work either because boards have made poor appointments, not supported the leader, or not done enough to retain their services (Karaevli & Zajac, 2013). Leadership instability can lead to increased costs, lost opportunities, and unfavorable perceptions and reductions in morale from internal and external actors (Shen & Cannella 2002b; Khurana, 2001). Boards, therefore, have a strong incentive to avoid any further leadership (and organizational) disruptions by being more diligent in terms of reducing the information asymmetries they face in subsequent hiring processes. Indeed, boards will increase their efforts in matters of corporate governance after an unsuccessful leadership experience (Karaevli & Zajac, 2013). Furthermore, where predecessor leader tenure has been short, boards will have the opportunity to apply learning from recent

hiring processes to help reduce information asymmetries in the subsequent hiring process and improve succession decision-making accordingly (Graffin et al., 2011). Hence:

H2: Newly appointed leaders that follow a longer-tenured predecessor leader will face a greater risk of dismissal.

New leader origin

Leader origin relates to whether the leader is appointed from inside or outside of the organization (Kesner & Sebor, 1994). Extant research suggests that boards will face greater information asymmetries about outside candidates' competencies in the hiring process, which will increase the risk of new leader dismissal (Zhang, 2008). In contrast, asymmetric information will be less severe when appointing insiders, the logic being boards have greater access to information about their competencies through personal interactions and/or internal networks (Shen & Cannella, 2002a; Zajac, 1990).

As noted in the introduction, the changing nature of leader succession practices at large business organizations has led to a greater proportion of new leaders being appointed from outside of the organization, many of which have prior leader experience (Hamori & Koyuncu, 2015; Karlsson & Neilson, 2009; Zhang, 2011). We suggest such changes will influence the asymmetric information facing boards about a candidate's competencies in hiring process. The availability of more (top leader) experienced outsiders, allied to a greater availability of information about them through increased media attention (Deephouse, 2000; Graffin & Ward, 2010; Khurana, 2002; Murphy & Zábojnik, 2007, 2004), means that the information asymmetries facing boards in hiring outsiders will be reduced. For instance, the prominence of celebrity leaders in the media is providing boards with more information about the

performance and actions of leaders (Bednar, 2012; Hamilton & Zeckhauser, 2002; Khurana, 2002). The media increasingly serves as a governance mechanism, whereby leaders strategic decisions and actions are meticulously monitored and (ruthlessly) critiqued, generating significant information and analysis about leaders' competencies that boards can use in the hiring process (Ketchen, Adams, & Shook, 2008; Khurana, 2002; Park & Berger, 2004). We suggest that there will be greater (recent) information about outside candidates' competencies because of the visibility of the leadership role and the media attention leaders garner.

In contrast, while inside candidates may, to some extent, be known to the board via being tested in various non-leadership roles, boards will face higher levels of information asymmetries in appointing the inside candidate due to their lack/limited (recent) leadership experience (Charan, 2005). Furthermore, inside candidates who are currently in a non-leader role will receive much less media attention, and so there will be less (recent) information about their competencies to perform in the top job. Indeed, research suggests that those in the number two position are tasked with different responsibilities (e.g., day-to-day management role) than those exhibited in the number one position (e.g., setting the long-term direction of the organization, accountability to stakeholders), and contributions that are less visible (Heenan & Bennis, 1999; Kesner & Sebora, 1994; Miles & Bennet, 2006). As the growing prevalence of candidates with leadership experience will increase the parameters used by boards when making hiring decisions, the fact that the leadership position is different to any other will now be particularly pronounced for inside candidates (Kesner & Sebora, 1994; Khurana, 2001).

In summary, boards face greater information asymmetries when hiring inside candidates, as compared to outside candidates, due to increases in information about outside leaders'

competencies and concerns about inside candidates' ability to step up to the role of leader.

Hence:

H3: Newly appointed leaders will face a lower risk of dismissal if they are appointed from outside of the organization as compared to inside of the organization.

METHOD AND DATA

Empirical setting

We test our ideas using data of leaders in the EPL, which as a professional sports team industry is a context that is well established for examining leadership and succession phenomena (Giambatista, Rowe, & Riaz, 2005). As noted in the introduction, our choice of empirical setting is motivated by the changes in the hiring practices of top leaders in the context of large public organizations being already well established in the EPL context. As a result, the EPL context provides a quasi-natural laboratory to explore our ideas (Wolfe et al., 2005). Furthermore, sports team data can provide better "opportunities to observe, accurately measure, and compare variables of interest over time" (Wolfe et al., 2005: 185). From a board's perspective, the appointment of leaders in the EPL and business organizations are critical decisions as both: are accountable for financial performance (as team performance has a strong effect on financial performance in sports based settings) (Lewis, 2005); involve leading teams of individuals; need to satisfy important stakeholder groups (Desai, Lockett, & Paton, 2016; Ndofor, Priem, Rathburn, & Dhir, 2009; Rowe et al., 2005).

Sample and data

Our sample is based on 164 leaders that competed in the EPL from 1996 to 2014. We use game-level data from the EPL competition so that we can better observe variations within a

season, which would not be possible using season-level data. Consistent with prior research, our sample contains only league games for leaders and not those relating to cup competitions because not all organizations have access to such competitions, which can create inconsistencies across organizations and leaders in our sample (Hughes, Hughes, Mellahi, & Guermat, 2010). In addition, we do not track interim leaders that did not become permanent appointments as they may affect our model by providing more weight to non-dismissals. We do, however, control for the effect of interim leaders as it may shape the new leader's tenure outcomes. In total, our sample provides us with a total of 6,613 leader–game observations.

Consistent with prior succession and dismissal research (e.g., Graffin et al., 2013; Zhang, 2008), we employ an early post-succession time window to explore the risk of new leader dismissal. While studies using large business organizations have tended to use a two (Graffin et al., 2013) or three (Zhang, 2008) year early post-succession window with the year of entry being year zero and included in the analyses, we employ a one year (i.e., season) window. We do so because performance and actions at sports organizations are typically evaluated on a weekly basis, as compared to longer periods in (large) business organizations, meaning that boards are quicker at evaluating leaders. Further, we use seasons as our guidance to effectively track new leaders' early tenure games in post, as compared to an arbitrary time period (e.g., leaders' first 50 games), because it will allow for consistency across soccer organizations and leaders in terms of the evaluations and attributions leaders face during a typical season (e.g., the 'run-in', which refers to the final 10 or so games in a season) and whereby boards may be more likely to dismiss leaders at certain points in time accordingly (e.g., end of a season). As a robustness test, we ran our models using early tenure windows of the first 40, 50, 60, and 70 games. The results

did not significantly change. In summary, all leaders are tracked for the number of games in their season of entry (season =0) plus the number of games in the subsequent season (season=1), subject to exit.

Estimation procedure

To examine the risk of new leader dismissal we employed duration analysis (using Stata). Duration analysis views leaders as being under threat of dismissal (hazard) on appointment and they are seen to fail if they experience the dismissal event; those leaders that do not experience dismissal are censored. Employing duration analysis we are able to take into consideration the impact of time (i.e., leader tenure as measured by the number of games in post) in the estimation (Shen and Cannella, 2002a). Accordingly, our dependent variable is defined as the time to new leader dismissal. The *dismissal* event refers to when leaders leave their posts for reasons other than mandatory retirement, health reasons, or taking up a post in another organization (Fredrickson, Hambrick, & Baumrin, 1988; Zhang, 2008, 2006). Using press releases via LexisNexis we categorized leader dismissal as exits that were reported for reasons of being “sacked”, “dismissed”, or “mutual consent”, and which referred to situations associated with policy differences and tensions with the board, and/or poor performance (Fee & Hadlock, 2004). In our sample of 164 newly appointed leaders, 67 (41 percent) were dismissed (i.e., board-initiated exit), the remaining 97 (59 percent) either: (i) migrated to another organization; (ii) were relegated and hence dropped out of the sample; or (iii) remained in post at the end of the sample period.

We modeled our duration data using the Cox (1972) proportional hazard model, the benefits of which are that it does not assert any assumptions regarding the shape of the baseline hazard

and it allows for the impact of the estimated covariates. The Cox model is appropriate for our study because we have little prior knowledge to be able to assert any functional form to the underlying baseline hazard function. Being a semi-parametric approach, the Cox model is one in which time is not parameterized, but the effects of covariates are (Hosmer, Lemeshow, & May, 2011). All leaders face a hazard rate that is multiplicatively proportional to the baseline hazard, which is then adjusted by a vector of covariates. The equation for the Cox proportional hazard model can be given as follows:

$$h(t, X) = h_0(t)\lambda$$

Where $h_0(t)$ is the baseline hazard rate and λ is the exponential of the vector of covariates [$\exp(\beta X)$], which scales the baseline hazard up or down. The Cox model implements binary-outcome analyses at each of the individual failure times, which provides the probability for those that failed at that time (Hosmer et al., 2011).

Model variables

Our data set is unique and gathered from a range of archival sources. Table 1 presents our variables, measures, and associated data sources.

INSERT TABLE 1 ABOUT HERE

Leader-initiated predecessor exit was measured as a binary variable that was coded one if the predecessor leader exited for reasons such as migrating to a leadership position elsewhere

and ill-health. We identified 38 (23 percent) leaders that were appointed after a leader-initiated exit.

Predecessor leader tenure was measured as the total number of league games the predecessor was in post. As the number of games in a season in the EPL varied prior to the 1995/96 season, and as did the number of games of predecessors that competed in the Championship league in the case of promoted organizations (see *promoted organizations* variable below), we scaled all seasons to the equivalent of a 38 game season for consistency.

Outside Succession was measured as a binary variable taking the value of one if the leader was hired from outside of the organization. We identified 128 (78 percent) outside successions.

Control variables

Concurrent performance was measured as the league position after the focal game (observation). A league position of one means top of the league and 20 is bottom (i.e., the lower the relative performance). We take the reverse (i.e., 21 minus league position) so that higher values equate to better relative performance.

Concurrent prior performance is a lagged measure of performance and was constructed by taking the average of total points a leader attained in the prior three games to the focal game (win=three points, tie= one point, and loss=zero points). Research shows that recent performance is the most important in determining leader dismissal in a soccer team context (Audas, Dobson, & Goddard, 1999). As a robustness test, we took the prior five game average total performance and the results did not change.

Promoted organization was measured as a binary variable taking the value of one when a soccer organization is promoted to the EPL from the Championship league. The EPL is

structured in a way such that the three teams that are bottom of the league at the end of each season are demoted to the Championship league (CHL), the league below the EPL. In turn, three teams are promoted from the CHL to the EPL.

Within-season succession refers to when a leader is appointed during a competitive season. We measure this as a binary variable taking the value of one if the succession was during an active season. We identified 101 (62%) such appointments.

Foreign ownership is a binary variable, which takes the value of one for the period of time a soccer organization is owned by investors from outside of the United Kingdom. We identified 33 (20 percent) leaders that worked under foreign ownership in our sample..

Annual wage bill was measured as the total wage cost in a given season divided by the average wage cost across all 20 soccer organization in that season to account for inflation effects. It is acknowledged that team member salaries make up a major proportion of a soccer organization's wage cost and has typically been viewed as a reflection of team quality (Brady et al., 2008; Fee, Hadlock, & Pierce, 2006; Gerrard, 2006).

Leader was a prior player reflects the possibility that the leader has an affiliation with the soccer organization, which may shape new leader tenure. We measured this as a binary variable taking the value of one if the leader was a past player at the organization. We identified 34 (21 percent) leaders that were players at the hiring organization.

Prior interim-leader tenure refers to whether or not, and how long, there was an interim leader (also referred to as 'caretaker manager' in the EPL) in position prior to the appointment of a new leader. An interim-leader is typically appointed as a temporary placeholder while the board searches for a permanent replacement, which may be important because it influences

the hiring process (Ballinger & Marcel, 2010; Khurana, 2001; Marcel, Cowen, & Ballinger, 2013). We measured this as a continuous variable in terms of the total number of games an interim leader was at the helm prior to new leader appointment.

Split-leadership structure was measured as a binary variable taking the value of one if a director of football is present, and zero otherwise. A director of football in the EPL is synonymous to the general manager role in US based sports organizations. We suggest that the director of football role is similar to the role of chief operating officers at (large) business organizations, and include it as it may shape new leader dismissal (Cannella & Shen, 2001; Zhang, 2006). In our sample, we identified 37 (23 percent) leaders that operated under a split-leadership structure.

Returning leader was measured as a binary variable taking the value of one if the new leader had been leader of the focal organization in the past..

Prior leadership experience was captured as a continuous variable and relates to the total number of seasons of top leader experience before the focal appointment. In our sample, 138 (84 percent) of leaders had prior leadership experience.

Leader Reputation was measured as the total number of competitions/awards won as a leader at elite soccer organizations prior to appointment. By elite organization we mean any soccer organization that is placed in the top five leagues in Europe (England [EPL], Spain, France, Italy, and Germany), or led an organization in any league while competing in the UEFA champions league (the most prestigious intra-European competition). In terms of awards, we accounted for league championships, domestic cup competitions, and European cup competitions as they will be the most visible to institutional actors. Leader reputation may

signal the individual's ability, which is different from experience (Cannella and Rowe, 1995), and may affect the dismissal decision (Finkelstein, 1992).

Strategic changes were measured as the total number of player acquisitions divided by the leader's tenure in a given season. We constructed the variable on a season-specific basis because leaders typically have two windows in a given year in which to invest in team members, with the vast majority of business being conducted in the close season.

We control for the possibility that dismissal may be time-dependent (Zhang, 2008), and so created the variable *first season dummy* that takes the value of one in the season after the season a leader was appointed. Coefficient values signify the comparison of leaders' first season in office to their year of entry. Finally, we created dummy variables for the seasons 1996–2014, using 1996 as the base year, to control for any season-specific effects.

EMPIRICAL FINDINGS

Means, standard deviations, and correlations for our independent variables are presented in table 2. Model 1 in table 3 reports the duration analyses for our control variables only, and models 2– 6 report the results of the duration analyses for our hypotheses predicting the risk of new leader dismissal. In interpreting the analyses it is important to note that a positive coefficient sign signifies an increase in the hazard of new leader dismissal (i.e., speeds up the time to new leader dismissal), and a negative coefficient signifies a decrease in the hazard of new leader dismissal (i.e., slows down the time to new leader dismissal).

INSERT TABLE 2 ABOUT HERE

The results pertaining to our hypotheses are as follows. Hypothesis 1 predicts that newly appointed leaders will face a greater risk of dismissal after a predecessor leader exit that was leader-initiated, as compared to one that was board-initiated. Our results show a coefficient that is both positive and significant ($b=1.224$, $p < 0.01$ in model 2; $b=1.003$, $p < 0.05$ in model 4; $b=0.875$, $p < 0.10$ in model 6). Using model 6, the substantive significance of these results suggests new leaders that have not yet succumbed to dismissal are around twice more likely to be dismissed in the next game if the predecessor leader exit was initiated by the predecessor leader than the board [$\exp(0.875)$]. Hence, there is evidence to support H1.

INSERT TABLE 3 ABOUT HERE

Hypothesis 2 suggests that new leaders that are appointed after a longer-tenured leader will face a greater risk of dismissal. Our results show a coefficient that is positive and significant ($b=0.005$, $p < 0.001$ in model 3; $b=0.004$, $p < 0.001$ in models 4 and 6). Using model 6, the substantive significance of our result is that an increase in the tenure of the predecessor leader by twenty games is likely to increase the hazard of dismissal by around eight percent [$\exp(0.004*20)$]. Hence, we provide evidence to support H2.

Hypothesis 3 suggests that the risk of dismissal is likely to be lower for newly appointed outside leaders than newly appointed inside leaders. Our results show a coefficient that is negative and significant ($b = -1.766$, $p < 0.001$ in model 5; $b = -1.647$, $p < 0.01$ in model 6). Using model 6, the substantive significance of these results suggests that new outside leaders reduce the hazard by 80 percent as compared to new inside leaders [$\exp(-1.647)-1$]. Hence, there is evidence to support H3.

DISCUSSION

In this paper we have built on and extended the work of Zhang (2008) by revisiting the relationship between asymmetric information in the hiring process and new leader dismissal due to changes in labour markets and hiring practices. Leaders are now under more scrutiny than ever (Favaro et al., 2010; Hamori & Koyuncu, 2015), resulting in falling average leader tenure meaning that; there are more and more leaders who are experienced and available outside of the organization (Zhang, 2011); and media and analyst coverage has never been greater with a greater reporting of leaders' actions and the rise of their celebrity status (Malmendier & Tate, 2009). With respect to these emerging trends, we follow Zhang's (2008) lead and develop upon important components of the hiring process that are characterized by varying levels of asymmetric information that boards face about leader candidates' competencies in the hiring process. Below we outline and discuss the main contributions of our study.

The mode of predecessor leader exit

We found that new leaders are at a greater risk of dismissal when the predecessor leader's exit was leader-initiated rather than board-initiated. While both are an unplanned mode of exit from a board's perspective (Friedman & Saul, 1991), leader-initiated and board-initiated exits differ by the extent they are unplanned, which in turn have differing influences on boards' ability to mitigate asymmetric information in the hiring process. Our findings challenge the received wisdom that views dismissal as the most unexpected mode of leader exit, one that enhances the asymmetric information in the hiring of the next leader as compared to voluntary exits (e.g., Graffin et al., 2013; Zhang, 2008). Accordingly, our findings question the extent to

which a board-initiated exit is unplanned. Leader dismissals for poor performance or a fall-out with the board, the common forms of dismissal exits (Fee & Hadlock, 2004; Lucier, Schuyt, & Handa, 2004), are typically preceded by a period of evaluation of the leader's performance and the potential succession plan, which clearly have a planned dimension (Shen & Cannella, 2002a; Wiersema, 2002). In contrast, a board will not have planned for a leader-initiated exit, which will force the board into an unplanned hiring process (Friedman & Saul, 1991). Furthermore, this implies that the unplanned nature of board-initiated exits will likely be much greater when boards are enacting dismissal for reasons such as misconduct (Ertugrul & Krishnan, 2011; Pozner, 2007).

Our findings suggest a need to revisit the way we view the role of predecessor leader exits as shaping asymmetric information in the hiring process. Existing work typically categorizes predecessor leader exit as being either forced (i.e., dismissal) or voluntary from a leader's perspective (Graffin et al., 2013; Zhang, 2008), the voluntary exit encompassing departures due to being poached, ill-health, and mandatory retirements. The category of voluntary exits, however, includes unplanned leadership exits through being poached (migration) and ill-health (Friedman & Saul, 1991). Our theorization and empirical findings question the traditional categorization of predecessor leader exit as it fails to take into consideration important differences that may exist in the degree to which a leader exit is unplanned, and hence the extent to which the subsequent hiring process will be subject to asymmetric information. We suggest that focusing on the extent to which a leader exit is unplanned from the perspective of the board will contribute to a better understanding of how asymmetric information shapes new leader dismissal.

Predecessor leader tenure

We found that longer predecessor leader tenure (i.e., leadership stability) increases the risk of new leader dismissal. We suggest our finding underscores an important factor that influences the asymmetric information about candidates' competencies in hiring process via boards' preparedness for the hiring process (Khurana, 2002; Zhang, 2008). Building on the practical reality that the hiring process is a complex task and one that is infrequent in nature, we proposed that longer (predecessor) leader tenure will result in boards lacking the experience of enacting the hiring process at the focal organization (Graffin et al., 2011), which makes the hiring process increasingly prone to uncertainty and hence asymmetric information. The problem being exacerbated due to boards' propensity to lower their level of corporate governance as leader tenure increases (Lorsch & Khurana, 1999; Lorsch & MacIver, 1989; Ryan et al., 2009). Shorter leader tenure, in contrast, may actually motivate boards to re-double their efforts via greater diligence in the hiring process, and provide opportunities to apply learning across successions (Graffin et al., 2011; Zajac & Karaevli, 2013).

Our findings highlight the paradoxical nature of leader tenure. While scholars have long argued the issues and costs of leadership instability (Khurana, 2001), our findings also point to potential issues of too much leadership stability and poses questions about the optimal level of leader tenure. Clearly, longer leader tenure not only has negative implications at the leadership-level via ineffective decision making (Hambrick & Fukutomi, 1991), but also at the board-level where understanding of the of the organization and monitoring of leaders decreases, due to having greater confidence in the leader (Lorsch & MacIver, 1989; Ryan et al., 2009; Shen, 2003), making subsequent successions increasingly liable to asymmetric

information and adverse selection (Wiersema, 2002). By demonstrating that the time to dismissal is quicker for the newly appointed leader, our findings highlight and reinforce the idea that the succession of longer-tenured predecessors can present difficulties to subsequent organizational outcomes (see: Friedman & Saul, 1991; Graffin et al., 2011; Shen & Cannella, 2002b).

New leader origin

Our evidence suggests that newly appointed outside leaders experience a lower risk of dismissal than inside leaders. The finding challenges the received wisdom that boards will face lower levels of asymmetric information and adverse selection for inside leaders because they will be better known to the board via greater interactions and internal networks (Shen & Cannella, 2002a; Zhang, 2008). We accept that boards will possess greater information about inside candidates (Zajac, 1990; Wiersema, 2002; Zhang, 2008), but question how relevant their information is in relation to their ability to undertake the role of leader. Falling average leader tenures has led to the creation of a labour market for experienced leaders (Zhang, 2011), who have a leadership track record that boards can assess in the hiring process. This process is being increasingly aided by enhanced media coverage of the leadership position (Malmendier & Tate, 2009; Stern & James, 2016). Hence, we suggest that in such settings boards will face greater asymmetric information about inside as compared to outside leader candidates' competencies as leader in the hiring process. Accordingly, our findings enable us to specify important boundary conditions influencing the risk of newly appointed leaders from inside and outside the organization.

We must note that appointing candidates that have prior leadership experience does not necessarily equate to better hiring decisions (Khurana, 2001; Zhang, 2008). Indeed, our study did not show a significant linkage between the level of prior leadership experience and a reduced risk of new leader dismissal, and only a weak relationship between leader reputation and a lower risk of new leader dismissal. Clearly, leaders' experience and track record are no guarantee that they will be successful in the new role (Shen, 2003; Zhang, 2008). Rather, we suggest that because there will be a readily available external supply flow of outside candidates who are more likely to have prior leadership experience (Sonnenfeld & Peiperl, 1988; Zhang, 2011), there will be more information about their competencies in the top job for boards to assess than inside candidates. This may imply that inside candidates will need to prove their potential to step up to the top job more than ever as such labour market trends become more prominent.

Limitations and future research

While our empirical context is particularly useful for furthering our understanding of new leader dismissal, it is important to acknowledge the potential limits to the generalizability of our results and look to interesting directions for future research.

First, while we discussed planned exits from a conceptual point of view, we note that mandatory retirement is not a common phenomenon in the EPL, with only one event in our sample period close to following a planned leader exit.⁴ Furthermore, leaders in the EPL are typically dismissed for reasons of poor strategic decisions and/or poor performance, and rarely

⁴ This pertains to Sir Alex Ferguson, the leader of Manchester United (1986–2013) who retired voluntarily than mandatory, was succeeded by David Moyes. As a robustness test, we omitted the observations pertaining to David Moyes from our sample and our results did not change.

for illegal practices. While our empirical context was important as it enabled us to examine the differing effects of unplanned leader exits, future research in business organization contexts should formally examine planned (mandatory retirements) versus unplanned (board-initiated versus leader-initiated) predecessor leader exits to better understand its linkage with new leader dismissal. Coupled with this, future research should decompose leader dismissal (i.e., board-initiated exits) via their degree of unplannedness (e.g., poor performance versus illegal/unethical actions) to explore if they have differing effects on new leader dismissal.

Second, our study developed important argumentation based on boards' propensity to learn across successions via shorter leader tenures and the increasing role of the media in analyzing business and leadership (Graffin et al., 2011; Malmendier & Tate, 2009). Given the importance of leadership succession on organizational outcomes (Kesner & Sebor, 1994), future research should explore the role of both factors in the hiring and dismissal decision. Furthermore, findings of the study demonstrated a high risk of new leader dismissal for both returning leaders and leaders at teams with high wage bills—i.e., a perception of high team quality (Fee et al., 2006). Clearly, expectations will play a significant role in new leader dismissal, which illuminates an interesting area of future research.

Finally, EPL leaders are evaluated on a game-by-game basis, which is commonly every week (or even more frequently in some cases) throughout a season (operating year), whereas most business organizations' performance is measured over a longer time window. Accordingly, we urge scholars and practitioners to interpret the findings with a degree of caution with respect to timing differences.

Notwithstanding the discussion above, we contend that the EPL context offers an interesting window into the future of succession decisions at (large) business organizations, and hence provide boards with greater knowledge when making hiring and dismissal decisions (see below). Furthermore, our context can offer new theoretical insights for leadership succession scholarship and we urge researchers to replicate and extend our ideas using different samples/contexts.

Practical implications

We suggest that there are three main practical implications that stem from our work. First, boards need to be aware that the level of uncertainty via the haste in which they approach the hiring process can differ depending on whether the predecessor leader was dismissed by them (i.e., board-initiated) or exited on their own accord to seek opportunities elsewhere or issues related to health (i.e., leader-initiated). Hence, succession planning becomes more and more important, particularly given the increase in unplanned leader exits (see: Wolf, 2015). Second, our finding that longer predecessor leader tenure increases the risk of new leader dismissal suggests that boards need to be alert to the fact that the tenure of the predecessor leader will influence the manner in which they approach the hiring process. Hiring top leaders is a complex process (Lorsch & Khurana, 1999), but the complexity will be further exacerbated when prior leader tenure is longer as boards have less experience of the hiring process, and so are less able to master the task and hence more susceptible to making suboptimal appointments.

Accordingly, boards should not become complacent when there has been leadership/organizational stability. Rather, boards need to re-double their efforts to understand their organization's environments and what they want from a (potential) new leader (see:

Lafley & Tichy, 2011). Third, our finding about internal/external appointments is a reminder that appointing from within is not always an optimal choice (Charan, 2005). Any hiring decision needs to take into account a range of factors, including the hiring practices of the industry and the (subsequent) level of information about inside/outside candidates (Charan, 2005; Khurana, 2001). Overall, our research support calls for succession planning to be a regular agenda item at board meetings (e.g., Favaro et al., 2015; Miles & Larker, 2010; Zhang & Rajagopalan, 2010).

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TABLE 1
Variables, Measures, and Data Sources

Variable name	Measures	Data Sources
Concurrent performance	Measured as the league position after the focal game with values being reversed (e.g., the highest league position of one will be 20, two will be 19 and so on)	Rothman's/Sky Sport's annual yearbooks (soccer yearbooks) and www.premierleague.com
Concurrent prior performance	Measured as a moving average of the total points attained in the prior three games	Rothman's/Sky Sport's annual yearbooks (soccer yearbooks) and www.premierleague.com
Promoted organization	A binary variable, coded one if the leader's organization was promoted from the Championship league to the EPL	Rothman's/Sky Sport's annual yearbooks and www.premierleague.com
Within-season succession	A binary variable, coded one if the leader was appointed during a competitive season	www.leaguemanagers.com
Foreign ownership	A binary variable, coded one if the leader's organization is owned if the leader was appointed within a competitive season	LexisNexis
Annual wage bill	Measured as the annual wage bill of the leader's organization, which was corrected to account for inflation effects	Financial Analysis Made Easy (FAME) and Companies House
Leader was prior a player	A binary variable, coded one if the leader had a playing career at the focal organization	www.soccerbase.com and LexisNexis
Prior interim-leader tenure	Measured as the total number of games an interim-leader was in place before the subsequent (permanent) appointment	www.soccerbase.com and LexisNexis
Split-leadership structure	A binary variable, coded one if a director of football was in place at an organization	LexisNexis and Companies House
Returning leader	A binary variable, coded one if the leader had led the organization in the past	www.leaguemanagers.com
Prior leadership experience	Measured as the total number of seasons a leader has been a leader at other organizations prior to the focal appointment	www.leaguemanagers.com
Leader reputation	Measured as the total number of competitions a leader has won	www.leaguemanagers.com and LexisNexis
Strategic changes	Measured as the number of acquisitions divided by the number of games in a season	www.soccerbase.com and LexisNexis
First season dummy	A binary variable, coded one in a leader's second season (i.e., the season after appointment)	www.leaguemanagers.com
Leader-initiated	A binary variable, coded one if the predecessor	LexisNexis

predecessor exit	leader exited for non-dismissal reasons	
Predecessor leader tenure	Measured as the total number of games the predecessor led the organization	www.leaguemanagers.com and Rothman's/Sky Sport's annual yearbooks
Outside succession	A binary variable, coded one if the new leader was appointed from outside of the organization	LexisNexis

TABLE 2
Means, standard deviations, and Pearson correlations ^{a,b}

Variable name	#	Mean	S.D	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Concurrent performance	1	9.78	5.50																
Concurrent prior performance	2	1.32	0.76	.52*															
Promoted organization	3	0.13	0.33	-.20*	-.13*														
Within-season succession	4	0.56	0.50	-.16*	-.05*	-.03*													
Foreign ownership	5	0.17	0.38	.05*	.03*	.01*	.03*												
Annual wage bill	6	0.94	0.53	.49*	.32*	-.23*	-.07*	.21*											
Leader was prior a player	7	0.22	0.42	-.01*	.00	-.03*	.19*	-.13*	-.05*										
Prior interim-leader tenure	8	1.45	5.14	.13*	.05*	-.02*	-.05*	-.01*	.20*	-.09*									
Split-leadership structure	9	0.17	0.38	.12*	.07*	-.03*	.07*	-.01*	.18*	-.01*	.07*								
Returning leader	10	0.06	0.23	.03*	.01	-.04*	.12*	.09*	.01*	.05*	.12*	.14*							
Prior leadership experience	11	9.14	7.60	-.02*	.00	-.03*	.08*	.02*	.02*	-.33*	.24*	.01*	.20*						
Leader reputation	12	1.46	2.94	.20*	.11*	-.14*	-.08*	.01*	.30*	-.21*	.28*	.10*	.14*	.24*					
Strategic changes	13	0.60	0.84	.00	-.01*	.07*	-.06*	.02*	.02*	-.05*	.03*	.00	.00	.00	-.02*				
First season dummy	14	0.48	0.50	.17*	.03*	.15*	.13*	-.07*	-.07*	.16*	-.08*	-.05*	.00	-.07*	-.09*	.13*			
Leader-initiated predecessor exit	15	0.23	0.42	-.09*	-.09*	.13*	-.28*	-.18*	-.23*	.14*	-.15*	-.04*	-.09*	-.28*	-.20*	.03*	-.03*		
Predecessor leader tenure	16	94.96	103.36	.09*	.05*	-.06*	-.02*	-.11*	.00	.02*	-.09*	-.13*	-.11*	.00	.01*	-.03*	-.10*	.18*	
Outside succession	17	0.82	0.38	.00	.00	.11*	-.15*	-.04*	-.01	-.36*	.12*	-.10*	-.07*	.31*	.18*	.03*	-.01*	-.19*	-.01*

Notes

^a N=6613—except concurrent prior performance (N=6122)

^b * p < 0.05

TABLE 3
Duration analyses predicting the hazard of dismissal of new leader dismissal ^{a,b,c,d,e}

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Control Variables						
Concurrent performance	-0.264*** (0.043)	-0.279*** (0.048)	-0.283*** (0.040)	-0.299*** (0.044)	-0.274*** (0.045)	-0.308*** (0.049)
Concurrent prior performance	-0.543** (0.187)	-0.553** (0.197)	-0.562** (0.182)	-0.563** (0.191)	-0.518** (0.199)	-0.538** (0.196)
Promoted organization	-0.826 (0.536)	-0.815† (0.486)	-0.800 (0.543)	-0.794 (0.507)	-0.480 (0.506)	-0.457 (0.499)
Within-season succession	-0.630† (0.352)	-0.225 (0.396)	-0.551† (0.306)	-0.272 (0.331)	-0.721* (0.362)	-0.360 (0.327)
Foreign ownership	-0.171 (0.383)	-0.095 (0.378)	-0.093 (0.377)	-0.074 (0.377)	-0.687 (0.495)	-0.619 (0.489)
Annual wage bill	1.872*** (0.371)	2.255*** (0.417)	2.038*** (0.410)	2.370*** (0.443)	2.066*** (0.444)	2.539*** (0.505)
Leader was prior a player	-0.753 (0.524)	-0.889† (0.536)	-0.715 (0.488)	-0.874† (0.502)	-1.123* (0.543)	-1.261* (0.539)
Prior interim-leader tenure	0.047* (0.023)	0.055* (0.024)	0.056* (0.024)	0.063** (0.024)	0.045† (0.025)	0.062* (0.026)
Split-leadership structure	0.671† (0.380)	0.716* (0.356)	0.867* (0.375)	0.922** (0.352)	0.666† (0.390)	0.903* (0.351)
Returning leader	1.023† (0.601)	1.142* (0.568)	1.472* (0.620)	1.556** (0.594)	1.100† (0.597)	1.638** (0.613)
Prior leadership experience	-0.007 (0.019)	0.007 (0.020)	-0.011 (0.019)	0.001 (0.020)	0.013 (0.018)	0.017 (0.019)
Leader reputation	-0.100† (0.054)	-0.095† (0.055)	-0.115† (0.059)	-0.115† (0.059)	-0.101† (0.058)	-0.124* (0.063)
Strategic changes	-0.437 (0.317)	-0.434 (0.320)	-0.409 (0.326)	-0.397 (0.319)	-0.279 (0.307)	-0.232 (0.301)
First season dummy	0.776 (0.525)	0.733 (0.509)	0.782 (0.501)	0.774 (0.498)	0.415 (0.565)	0.367 (0.569)
Model Variables						
Leader-initiated predecessor exit (H1)		1.224** (0.408)		1.003* (0.427)		0.875† (0.470)
Predecessor leader tenure (H2)			0.005*** (0.001)	0.004*** (0.001)		0.004*** (0.001)
Outside succession (H3)					-1.766*** (0.435)	-1.647*** (0.475)
Number of observations	6122	6122	6122	6122	6122	6122
Degrees of freedom	32	33	33	34	33	35
Wald chi-square	142.177	158.985	179.095	179.631	175.524	218.896
Log likelihood	-244.246	-239.761	-236.946	-234.037	-234.899	-226.414
AIC	552.491	545.521	539.892	536.074	535.798	522.828

^a Estimation of Cox proportional hazard model coefficients reported.

^b Robust standard errors (clustered by leader) reported in parentheses (one-tailed test for model variables; two-tailed test for controls).

^c N=6122 due to lagged concurrent prior performance variable.

^d Seasonal dummies included (but not reported) and statistically significant .

^e Levels of significance : † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.