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Changing Ideological Regimes: CEO Succession with A Shift in Political Ideology and New CEO Early Departure

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ABSTRACT We examine the effects of CEO succession coupled with a change in political ideology – when a conservative CEO is replaced by a liberal CEO or vice versa. We argue that in such CEO transitions, the new CEOs must alter their predecessors' ideological imprints to imbue strategic leadership with their own values, which increases their executive job demands in the critical early years of their tenure and raises the likelihood of their early departure. We also suggest that this relationship is moderated by two strategic leadership interface (SLI) factors that influence the executive job demands these new CEOs face: (a) the retention of the ideologically incongruent predecessor as board chair, and (b) the ideological fit between the new CEO and the incumbent executive team. We first test our framework using data from 2286 CEO successions in S&P 1500 firms. We then conduct an experimental study to ensure causality and confirm executive job demands as a mediating mechanism underlying the relationship. Overall, our study advances the disruption theory of succession by shedding light on the deeply held mechanisms that lead to early failure in CEO transitions.

Keywords: CEO early departure, CEO political ideology, CEO succession, predecessor imprint, strategic leadership interfaces

INTRODUCTION

Many new CEOs depart shortly after succession (Umoh, 2022). Such early departures denote failed leadership transitions and are often associated with undesirable

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firm-level outcomes (Zhang and Qu, 2016). Research in this area has been informed by the disruption theory of succession, which views corporate-leadership transitions as disruptive events that cause instability in corporate leadership and negative organizational consequences (Grusky, 1960). Studies subscribing to this theory have mainly focused on the contextual (e.g., external versus internal succession), demographic (e.g., CEO gender), and economic (e.g., firm performance) factors that affect a new CEO's early survival (Finkelstein et al., 2009). Yet, little attention has been devoted to the role of deeply held value differences in the process of transitioning from the predecessor to the successor CEO, as well as to the micro-mechanisms that link succession-related disruptions to the early departure of new CEOs. These omissions are critical, as deeply held values define individuals' 'logics of appropriateness' (March and Olsen, 2006, p. 689) for the enactment of strategic leadership. These logics are hard to observe and difficult to transmit, and they generate a sense of misfit when the values of an individual do not match those of the organization (Bermiss and McDonald, 2018). Thus, consideration of these factors may allow us to provide an alternative explanation for how (i.e., via which mechanisms) such disruptions occur and translate into succession failure.

We postulate that differences in values between the successor and the predecessor CEO increase the difficulties new CEOs face in their critical first years of tenure and, thus, raise the likelihood of succession failure (early CEO departure). To capture the successor-predecessor value shift, we focus on the distance between their political ideologies on the conservativism-liberalism ideological spectrum (Chin et al., 2013). Scholars regard political ideology as a direct indicator of an executive's 'enduring higher-order values' and 'preferred states-of-affairs' (Chin et al., 2021, p. 1213). In contrast to surface-level demographics (e.g., gender) (Zhang and Qu, 2016), interpersonal differences in ideological values are hard to observe, and require time to be communicated, disseminated, and transmitted (Haas, 2016). Until organizational members appreciate the value differences between the successor and the predecessor CEO and alter their functioning, the latter's ideological values remain imprinted on the organization (Burton and Beckman, 2007; Gilmore and Ronchi, 1995). Those value imprints may exacerbate the job-related challenges new CEOs face and increase the likelihood of failure in the leadership transition.

To theorize about the deeply held mechanisms that affect new CEO survival, we draw on the notion of *executive job demands*, which refers to the difficulties new CEOs face in meeting the requirements of their jobs (Chen, 2015; Georgakakis and Ruigrok, 2017; Hambrick et al., 2005). Scholars show that the job demands facing CEOs vary widely with the interfaces of the social systems in which they are functioning, and that these demands often act as direct determinants of CEO turnover (Hambrick et al., 2005). We argue that such executive job demands are exacerbated when new CEOs differ from their predecessors in political ideology – that is, when they attempt to alter their predecessors' value imprints to imbue strategic leadership with their own values. As the communication, dissemination, and transmission of value-related ideological shifts require time and effort (Barney et al., 2023), new CEOs who are distant from their predecessors in terms of ideological values will face enduring challenges and heightened job demands. This increase in executive job demands will act as a key mediator of the link between successor-predecessor ideology difference and new CEO early departure.

Furthermore, as strategic leadership enactment involves multiple corporate governance actors (Kavadis et al., 2024; Weck et al., 2022), and as executive job demands vary not only with the attributes of the new CEO but also with the characteristics of the firm's internal strategic leadership constituents (Hambrick et al., 2005), we suggest that the effects of successor-predecessor distance in political ideology will be more pronounced when the ideologically incongruent predecessor is retained as chair of the board of directors and less pronounced when the successor is ideologically congruent with the top management team (TMT). Consideration of these factors enables us to provide insights into two key strategic leadership interfaces (SLI) at the time of succession – one nested at the board level and one at the TMT level (Boyd et al., 2011; Bromiley and Rau, 2016).

We first test our framework using survival analyses of 2286 CEO successions in S&P 1500 firms from 2002 to 2015. We then use an experimental study involving 253 managers from publicly traded firms in the United States to confirm causality and test executive job demands as a potential mediating mechanism.

Our study contributes to the disruption theory of succession in two main ways. First, it corroborates and advances the original thesis on the disruption theory of succession, which suggests that both visible and hard-to-observe factors can generate disruptive processes and trigger early failure in CEO successions (Gilmore and Ronchi, 1995; Grusky, 1960; Vancil, 1987). While the visible and contextual factors have been widely examined, the deeply-held, hard-to-observe factors have been underexplored and require attention. Our work implies that consistent consideration of these deeply held and hard-to-observe factors at the successor-predecessor interface might help resolve the debate over whether succession is a disruptive event for organizations (Berns and Klarner, 2017). It also provides alternative explanations for why some new CEOs may stand a better chance of surviving the early years of their tenure.

Second, our work takes a step toward demystifying how disruption in succession occurs and leads to early failure in corporate leadership transitions. It stresses that executive job demands associated with successions with ideological shifts act as a key mediating mechanism leading to early CEO departure. As such, our paper advances the disruption theory of succession by shifting attention toward a more holistic consideration of how (i.e., through which exact mechanisms) some CEO successions fail shortly after they occur.

Moreover, our work contributes to the burgeoning stream of literature on executives' political ideology. As Swigart et al. (2020, p. 1080) mention, 'political ideology is thought to be stable over time, however, organizational members are not constant'. Given the non-constant nature of strategic leadership constellations (Ma and Seidl, 2018), our study shows that succession processes are outcomes of the dynamic value fit at the interface of the new CEO and the predecessor CEO interlinked with the value fit at the interface of the new CEO and the TMT. As such, our work advances the SLI perspective (Georgakakis et al., 2022) by revealing the importance of value interfaces among influential actors in a firm's strategic leadership ecosystem (Bromiley and Rau, 2016).

THEORY AND HYPOTHESES

CEO Succession as a Disruptive Event: The Successor-Predecessor Interface

Grusky (1960) portrays CEO succession as a disruptive event associated with leadership instability and adverse consequences. The central tenet of the *disruption theory of succession* is that CEO replacements destabilize organizational functioning, as new corporate leaders 'bring with them new modes of action […] and priorities that must be learned and routinized' (Haveman, 1993, p. 867). Until the new corporate leader becomes established in the firm, the organization faces instability and disadvantageous outcomes (Carroll, 1984; Friedman and Saul, 1991; Rowe et al., 2005; Vancil, 1987). Along these lines, the CEO-succession literature has debated whether CEO transitions are inherently disruptive events and examined the factors that drive them to become associated with positive outcomes. In fact, while acknowledging the disruptive nature of succession, Grusky (1963) offered a contradictory 'common sense' perspective, which argued that CEO replacements occur for specific reasons and, therefore, common sense suggests that they may lead to positive post-succession outcomes (Rowe et al., 2005). Grusky (1963) highlighted that to resolve the seemingly opposing views of disruption theory and common-sense theory, succession scholars need to examine the factors that determine whether the new CEO can overcome early survival hurdles to eventually be in a position to lead the firm and promote positive effects (Finkelstein et al., 2009; Shen, 2003).

A central tenet of the disruption theory of succession, as articulated by several scholars (e.g., Friedman and Saul, 1991; Gilmore and Ronchi, 1995; Haveman, 1993), is that disruption occurs not only due to observable factors but also due to deeply held, difficult-to-observe factors that are hard to control and influence the CEO-transition process. These factors often nest in the fact that a new leader comes with new priorities and visions, which are hard to accurately observe at the time of the appointment but will eventually alter the organization's norms and approaches to strategic leadership (Gilmore and Ronchi, 1995). Given that value differences are arguably more difficult to observe than demographic differences in leadership transitions, the organization function under a blend of the new CEO's values and those of the value-incongruent predecessor for some time after succession. This blend of incongruent values may be a strong source of disruption early in succession, and the hard-to-observe nature of those values may be one key reason why it is hard to predict whether the appointment of a new CEO will lead to failure (as the disruption theory of succession suggests), or to success and adaptation (as common-sense theory suggests) (Grusky, 1960; Grusky, 1963; Rowe et al., 2005).

In this regard, scholars have recognized the importance of identifying how succession-related disruptions translate into failure and early departure. However, the research to date has focused on economic and contextual factors that drive early CEO departure, such as poor prior firm performance, environmental (industry-level) factors, and the origin of the new CEO (internal versus external CEO succession). A small number of studies have examined the role of the new CEO's attributes relative to those of the predecessor, but these studies focus on socio-demographic (e.g., gender) differences (Zhang and Qu, 2016). While externally observable gender differences may influence new CEO early departure via stereotypical tendencies and other processes such as potential discrimination biases (Zhang and Qu, 2016), differences in values may be disruptive owing to their influence on distinct, deeply held mechanisms that are hard to observe and have not yet been explored. The lack of research on CEO value shifts, which may reflect the difficulty of measuring value differences, is antithetical to the importance the disruption view of succession places on the role of deeply held factors that alter organizational norms and affect the succession process (Grusky, 1960; Haveman, 1993).

To capture value shifts in CEO transitions, we focus on successor-predecessor distance in political ideology (Chin et al., 2013), an attribute widely used to investigate the role of value incongruence among individuals in executive groups (Bermiss and McDonald, 2018; Busenbark et al., 2023). Given the hard-to-observe nature of ideological differences and the fact that absolute similarity in ideology between two individuals is rare, CEO transitions are often associated with ideological shifts. While firms could, in theory, obtain information from public sources about the political leanings of CEOs (Gupta et al., 2020), political-ideology distance between two strategic leadership actors is arguably less observable than differences in socio-demographic traits. While such hard-to-observe differences are unlikely to play a central role in CEO selection, they may activate interpersonal dynamics and generate a sense of misfit in the post-appointment stage (Bermiss and McDonald, 2018; Swigart et al., 2020).

Given that ideological values reflect strategic leaders' states of affairs and 'logics of appropriateness' (March and Olsen, 2006: 689), focusing on successor-predecessor ideological differences can serve as a suitable way to inform the disruption theory of succession by exploring the unique underlying mechanisms that link disruptive effects to successors' early survival. This may help resolve the long-standing debate over whether succession is a disruptive event by highlighting the key role of deeply held factors and the resulting mechanisms that lead to early failure or survival in succession.

CEO Succession with a Shift in Political Ideology and New CEO Early Departure

Political ideology is a 'deeply held […] schema of interconnected attitudes, beliefs, and values' (Swigart et al., 2020, p. 1065). In a recent review, Swigart et al. (2020, p. 1066) stressed that liberals and conservatives differ with respect to their deeply held preferences for firms' governance, especially in terms of the degree to which they 'advocate social change versus tradition' (see also Chin et al., 2021), whether they 'emphasize contextual factors versus personal agency' (see also Chin and Semadeni, 2017), and the extent to which they prioritize equality and social-justice versus hierarchy and social order (see also Carnahan and Greenwood, 2018). Such value-based schemas are deeply rooted in individuals' cognitive frames. They are hardly negotiable, rarely alterable, and shape individuals' preferences for how their roles should be enacted as members of a social system (Jost et al., 2009).

We suggest that due to the tacit and relatively unobservable nature of values, organizational members will need time to understand the differences between the successor's ideology and that of the predecessor, and to adapt their functioning to align with the new leader's preferred states of affairs for strategic leadership enactment. Therefore, the predecessor's ideological values are likely to remain imprinted for some time after succession and constrain the ability of a new, ideologically incongruent CEO to smoothly imbue strategic leadership with their own values.

We connect ideological shifts in CEO succession to the notion of 'position imprint'. Burton and Beckman (2007, p. 239) argue that 'the legacies left by the incumbents of particular positions constrain subsequent position holders' in role enactment. In addition, Gilmore and Ronchi (1995) posit that the degree to which predecessor-successor differences affect post-succession processes depends on the nature of those differences. When successor-predecessor differences are deeply held and, thus, not communicable or unobservable at the time of succession, organizational members take longer to appreciate the shift and, consequently, continue to follow the value processes of the previous regime (Gilmore and Ronchi, 1995). The predecessor's ideological imprint will cause difficulties when an ideologically incongruent new CEO attempts to take charge, which may give rise to a sense of ideological misfit (Bermiss and McDonald, 2018) in the early years following CEO succession. We argue that the difficulty of adapting the organization to a new leader's values increases the challenges that the new leader faces in their early years as CEO, which serves as a key driver of early departure.

Central to our argument is the concept of executive job demands (Hambrick et al., 2005), defined as the challenges executives face in their jobs, which differ significantly from one new CEO to another (Chen, 2015; Finkelstein et al., 2009; Georgakakis and Ruigrok, 2017). Strategic leadership research suggests that the demands CEOs face in their jobs are generally higher in the years immediately after succession, as newly appointed corporate leaders must first familiarize themselves with the new job and understand the particularities of the role (Chen, 2015; Georgakakis and Ruigrok, 2017; Hambrick et al., 2005). We view executive job demands as a key intermediate mechanism through which ideological distance between the successor and the predecessor eventually leads to a higher likelihood of the successor's early departure. In parallel with the typical executive job demands new CEOs face, we argue that ideologically incongruent successors must expend extra effort to deal with the difficult-to-alter ideological misfit between them and their predecessors, and to introduce their new values into strategic leadership enactment to remedy this misfit. Indeed, studies show that as values are tacit and not easily transmissible, substantial effort is required to transfer and integrate them into a new environment (Barney et al., 2023). The difficulties associated with communicating and transmitting value-based ideological differences add to the burden of new CEOs in dealing with the transition, as they elevate executive job demands which, in turn, increases the likelihood of new CEO early departure. As altering values in a firm is challenging (Hambrick and Lovelace, 2018), ideologically incongruent successors are at a disadvantage in the early years of their tenure. The difficulty of communicating their ideology, and altering the value-based approach on which strategic leadership is based, contributes to their executive job demands after succession. This increases the likelihood of new CEO early departure.

Hypothesis 1: The greater the distance in political ideology between the successor and the predecessor, the greater the likelihood of new CEO early departure.

The Role of Ideological Interfaces in Strategic Leadership

The SLI perspective recognizes the importance of conceptualizing strategic leadership as a shared activity in which multiple actors conjointly interact and shape organizational processes and outcomes (Georgakakis et al., 2022; Georgakakis et al., 2023). While research in this area has gained momentum, recent reviews suggest a need to shed light on processes at the interface of the CEO and other key organizational constituents, especially the board of directors and the TMT (Van Doorn et al., 2022). Moreover, Wan et al. (2023) underscores the importance of value incongruence in influencing SLIs. As value-based schemas are deeply rooted beliefs that define how senior executives come together to jointly shape the way an organization acts (Bromiley and Rau, 2016), value differences are expected to play a vital role in determining SLIs in organizations.

In this study, we argue that the effect of CEO transitions with shifts in political ideology on the successor's early departure varies with value-based strategic-leadership constellations at the CEO-board and CEO-TMT interfaces. We focus on two main SLI factors: (a) whether the ideologically incongruent predecessor remains in the powerful role of board chair and (b) whether the incumbent executive group resembles the new CEO in political ideology. Conjointly, these two SLI factors help us unravel how value-based ideological constellations at the CEO-board and CEO-TMT levels affect executive job demands and new CEO departure.

Retention of predecessor CEO as board chair. The main objective of this corporate-governance practice is to ease the senior-leadership transition by retaining an experienced predecessor to help the successor learn about the particularities of the new job (Lorsch and MacIver, 1989). However, this practice can generate disruptive contests between the previous and the new corporate leadership regimes (Krause et al., 2014; Quigley and Hambrick, 2012). We postulate that the effect of successor-predecessor differences in political ideology on new CEO early departure and the mediating role of rising executive job demands are more pronounced when an ideologically incongruent predecessor CEO remains as board chair.

First, the retention of an ideologically incongruent predecessor as board chair is likely to increase the job demands facing the successor in relation to injecting their values and ideology into strategic leadership. Krause and Semadeni (2013) label the situation in which the previous corporate leader remains as board chair as an 'apprentice' separation, and suggest that 'a new apprentice CEO is likely to "stay the course" as the presence of the former CEO as chairperson may inhibit the ability of incumbent CEOs to initiate changes for fear of offending their predecessors' (p. 813, referring to Daily and Dalton, 1997, p. 129). In these contexts, value-based ideological differences between the successor and the board-chair predecessor are likely to increase the difficulty the successor faces in installing their ideological values. In such conditions, the executive job demands facing the successor will be heightened, as the powerful board-chair predecessor will use their structural power to prevent the value transition, making it more difficult for the new CEO to alter values and enact strategic leadership based on their own states of affairs. This will eventually strengthen the effect of successor-predecessor ideological distance on new CEO early departure.

Second, even when new CEOs manage to change strategic leadership processes to match their ideological values, power contests between the incongruent successor and the retained board chair predecessor may emerge and lead to the former's forced exit. Studies show that differences in political ideology can act as a source of political fighting in decision-making groups (Balliet et al., 2018). As Hibbing et al. (2014, p. 297) note, 'the supporters of tradition and stability, sometimes referred to as conservatives, do battle with the supporters of innovation and reform, sometimes referred to as liberals'. In such contests, a new CEO regardless of his or her hiring origin, is often in a weaker position – as the board-chair predecessor has not only gained position-specific skills from the CEO's post prior to succession, but often has also developed ties with key internal constituents and the board of directors due to their powerful role inside the organization prior to succession (Shivdasani and Yermack, 1999). This may expose the ideologically incongruent successor CEO to a heightened threat of premature removal due to the ideological misfit and contests with the powerful board-chair predecessor, thereby increasing the likelihood of new CEO early departure.

> *Hypothesis 2:* The impact of successor-predecessor distance in political ideology on the new CEO's likelihood of early departure becomes more pronounced when the ideologically incongruent predecessor CEO remains as board chair.

CEO-TMT ideological fit. The literature on executive job demands in CEO succession suggests that the challenges facing new CEOs vary with the degree to which they have a supportive executive team (Georgakakis and Ruigrok, 2017; Hambrick et al., 2005). Given the importance of the incumbent TMT in helping the new CEO learn about the particularities of the new position and successfully take charge (Cannella and Holcomb, 2005), we expect the effect of successor-predecessor distance in political ideology on new CEO early departure to be less pronounced when incumbent TMT members resemble the new CEO in political ideology.

First, the predecessor's ideological imprint after succession would generate lower executive job demands for an ideologically incongruent new CEO if the latter's ideology aligns with that of the TMT. In such conditions, the TMT may be better able to appreciate and align with the new CEO's ideological values and, thus, be more willing to support the new leader's integration. Such ideological similarity between the new CEO and the TMT can occur through either the appointment of new TMT members who share the successor's ideology or the retention of members who are ideologically congruent with the new CEO. Regardless of how CEO-TMT similarity in political ideology occurs (and regardless of whether the new CEO hires those ideologically similar TMT members) (Cannella and Holcomb, 2005), an unfavourable predecessor's imprint should not generate excessive executive job demands for the successor when CEO-TMT ideological congruence is in place. In other words, the TMT members (regardless of whether they are hired before or after CEO succession) will more quickly understand and identify with the deeply held values of the successor CEO when their own values fit with the new leader's values. This will facilitate the value transition, reduce the job demands the successor faces in the effort to imbue strategic leadership with their own values and, thus, weaken the positive relationship between successor-predecessor distance in political ideology and new CEO early departure.

Second, studies have shown that in the early years of a CEO's tenure, top managers may be inclined to contest the successor with the hope of eventually being promoted to the CEO role (Shen and Cannella, 2002a, 2002b). This tendency is likely to be more pronounced when the successor's ideological values differ from those of the TMT. Such differences may lead ideologically incongruent senior executives to exhibit hostile behaviours toward the new leader with the aim of gaining the top job for themselves and installing their own ideology. Even when TMT members have been appointed by the successor CEO, ideological differences may motivate them to engage in value-driven contestation. Such contestation will expand the executive job demands of an ideologically incongruent successor CEO who already faces difficulties in overcoming the predecessor's imprint and altering the firm's values. Replacing the ideologically incongruent TMT members with others who have values congruent with those of the successor also requires extra effort and may act as an additional source of disruption in the new CEO's early years of integration (Karaevli, 2007). In contrast, when the TMT resembles the CEO in ideological values, contestation will be mitigated and TMT support may increase, thereby reducing the job demands facing the successor and the likelihood of that successor's early departure.

> *Hypothesis 3:* The impact of successor-predecessor distance in political ideology on the new CEO's likelihood of early departure becomes less pronounced if CEO-TMT ideological fit is high.

STUDY 1

Data and Sample

Our initial sample in Study 1 consisted of 2698 CEO successions (subjects) that occurred in S&P 1500 firms between 2002 and 2015. The year 2002 marked the introduction of the Sarbanes Oxley Act (SOX), which influenced the roles of strategic leaders and corporate-governance practices in listed firms in the United States (Withers et al., 2018). We do not capture the 2016 presidential election year or the presidential period from 2017 to 2020 – a period regarded as unstable in terms of political ideology (Kilborn and Vishwanath, 2022; Stewart and Willer, 2022). Specifically, scholars have argued that from 2016 to 2020, the within-party differences that emerged in the United States (mainly in the Republican party) rendered the simple liberal versus conservative dichotomy applied in extant research on political ideology more complex (Bliuc et al., 2021). By focusing on the years before this period, we can ensure internal consistency.

To obtain information about CEOs, executives, and directors, we merged the Execucomp database with the BoardEx database for director information and the

Federal Election Commission (FEC) database on individuals' political donations. We gathered firm- and industry-level data from Compustat. Our final sample excluding missing observations consisted of 2286 CEO-succession events with 5902 CEO-years at risk.

Dependent Variable

To measure *successor's early departure*, we first used the Execucomp database to identify all new CEOs who took office between 2002 and 2015. We then tracked each new CEO for the first three years of their tenure. To increase precision in identifying a CEO's early departure, we looked at the date-of-entry and date-of-departure variables in Execucomp, and coded *successor's early departure* as 1 if the new CEO departed within 36 months of their appointment. The 36 month window is regarded as the minimum amount of time a new leader needs to successfully take charge (Finkelstein et al., 2009; Shen, 2003).

In line with Zhang and Qu (2016), we focus on non-routine early CEO departures that do not occur for obvious reasons other than the ideology-misfit we predict. To obtain information about CEOs' reasons for departure, we merged our database of CEO-succession events with the open-access database provided by Gentry et al. (2021).We then did not consider as exits cases falling into at least one of the following categories: (a) the exiting CEO was an interim CEO; the exit followed a merger and acquisition (M&A) activity; or the company ceased to exist or changed identifiers and, thus, the exit did not represent actual CEO turnover (i.e., category 7 in Gentry et al.'s (2021) reason for departure); (b) the new CEO died unexpectedly or left for health reasons (categories 1 and 2 in Gentry et al., 2021); (c) the case appearing in Execucomp as a CEO departure was identified as an incorrect case by Gentry et al. (2021) or the CEO was identified as remaining in office (i.e., still in office) in the year after the observed year of departure in Execucomp (category 9); or (d) the CEO left for reasons related to natural retirement (category 5 in Gentry et al., 2021) and was older than 64 in the year of their exit (Shen and Cannella Jr., 2002a).

We considered all other CEO exits that occurred within the first three years of succession (e.g., resignations, unreported reasons, abrupt terminations, unplanned departures for unspecified personal or career-related reasons) as early CEO departures in our survival analysis (Zhang and Qu, 2016). We assigned these cases a value of 1 at the respective year of *exit*. In line with Zhang and Qu (2016), we focused on non-routine early CEO departures instead of differentiating between early non-routine voluntary departures and early involuntary departures because a new CEO who departs shortly after appointment denotes a failed transition process, which is the notion we aim to capture in our study (Finkelstein et al., 2009). This resulted in a final sample of 256 early CEO departures.

Independent Variable

Our independent variable is *successor-predecessor ideology distance*. We gathered data on political donations from the FEC website (Chin et al., 2013). Scholars have qualitatively and quantitatively verified that political donations are a valid indicator of individuals' political beliefs (Bermiss and McDonald, 2018; Chin et al., 2013). In addition, political-science research offers empirical evidence of the validity and reliability of donation-based approaches to measuring political ideology (Bonica, 2019). Consistent with prior studies, we included donations to federal or state offices, candidates, campaign finance committees, and political action committees with the stated aim of supporting one of the two major parties in the United States (i.e., Republican and Democratic) (Christensen et al., 2015; Gupta et al., 2018; Gupta and Wowak, 2017).

After we retrieved data on political donations from the FEC website, we calculated the conservativism ratio for each new CEO and their predecessor by dividing the donation amounts, times of donation, number of years of donation, and number of distinct recipients in the Republican party by the donation amounts, times, number of years of donation, and number of distinct recipients in both parties starting from 1995 and including each respective year of observation (Chin and Semadeni, 2017). As mentioned above, we first calculated the conservativism ratio in four dimensions: amount (in US dollars), times, years of donations and distinct recipients (committees). The conservativism ratio for the amount of donations was calculated as: $\frac{\Sigma \text{ donated USD to the Republican party}}{\Sigma \text{ donated USD to both parties}}$. The conservativism ratio for the times of donations was calculated as: $\frac{\text{Times donated to Republican party}}{\text{Times donated to both parties}}$. The conservativism ratio for the number of years of donation was calculated as: $\frac{\text{Number of years donated to Republican party}}{\text{Number of years donated to both parties}}$ and the conservativism ratio for distinct donation recipients was calculated as $\frac{\text{Number of distinct reciepients from Republican party}}{\text{Number of distinct reciepients from both parties}}$. In cases where an individual had not contributed to either party, we followed prior research and used 0.1 for numerators and 0.2 for denominators. Therefore, CEOs with no donations were assigned an ideology score of 0.5, denoting neutrality in political ideology (Chin et al., 2013; Chin and Semadeni, 2017).

We then separately calculated the distance between the successor and the predecessor for each of the four components using the formula suggested by Tsui et al. (1992): $\sqrt{\left(S_i - S_j\right)^2}$, where S_i is the new CEO's ideology ratio i, and S_j is the predecessor's ideology ratio j. To obtain the overall *successor-predecessor ideology distance*, we first z-scored each of the four components (i.e., distance in the amount ratio, distance in the times ratio, distance in the years of donation ratio, distance in the distinct-recipients ratio), and then averaged them in a composite variable. High scores indicate high successor-predecessor distance in political ideology.

Moderator and Control Variables

In line with prior studies (Quigley and Hambrick, 2012), we measured *predecessor board chair* as a dichotomous variable that took a value of 1 if the predecessor CEO remained as board chair in the year after succession, and 0 otherwise. To calculate *CEO-TMT ideology fit*, we first computed the ideology ratio for each executive team member following the same approach used to measure CEO ideology. Subsequently, we calculated CEO-TMT fit in political ideology as the number of executives who had the same ideology as the new CEO divided by TMT size. Given that neutral political ideology represents an ideological compromise with the two political orientations (Baldassarri and Goldberg, 2014; Haas, 2016), we coded CEOs or TMT members who were neutral in ideology (i.e., had a conservativism ratio of 0.5) as not different from either of the political orientations. In defining the TMT, we focused on all executives (excluding the CEO) of each firm and year as reported in the Execucomp database.

We included several control variables to account for potential confounding factors. First, we controlled for *CEO age* measured in years (updated each year after succession). To account for firm size, we controlled for the total *number of employees* in the firm in each year of observation. Furthermore, we controlled for *outside CEO succession*, which we coded as 1 if the new CEO had less than two years of tenure in the firm upon taking the CEO position, and 0 otherwise (Shen and Cannella Jr., 2002b). We also controlled for *TMT change*, measured as the average of TMT member entries and exits in each year of observation (Shen and Cannella Jr., 2002a).

Scholars have underscored the important role of gender in strategic leadership (Weck et al., 2022). Thus, we controlled for *CEO-predecessor gender difference*, coded as 1 if the CEO's gender differed from that of the predecessor, and 0 otherwise. Given that powerful new CEOs are less likely to depart early (Shen, 2003), we also controlled for *new CEO power*. We measured this variable using three components: CEO total compensation, CEO share ownership, and CEO duality (Finkelstein, 1992). First, we measured new CEO total compensation as the CEO's total annual pay in each year of observation (i.e., using the variable *tdc1* in Execucomp). Second, we measured new CEO share ownership as the reported number of shares outstanding owned by the new CEO in each year of observation (*shown* in Execucomp). Third, we measured new CEO duality as a dummy variable that took a value of 1 if the successor CEO was also appointed as board chair, and 0 otherwise. Subsequently, we z-scored the three component variables and averaged them in a composite variable. High scores indicate high *new CEO power*.

As in prior studies, we calculated *predecessor tenure* as the number of years the predecessor served as CEO prior to the year of succession (Karaevli and Zajac, 2013). To account for the nature of the predecessor's departure, we controlled for *predecessor ordinary retirement*, which we coded 1 if the predecessor's age in the year of the new CEO's appointment was 65 or above, and 0 otherwise (Shen and Cannella Jr., 2002b). Given that firm performance after a new CEO's appointment is likely to play a critical role in the early succession process (Zhang and Qu, 2016), we controlled for the return on assets (*ROA*) and *Tobin's Q* in each year of succession. We also controlled for the board's female ratio (measured as the *proportion of female directors* in the board) and the board's foreign nationality ratio (measured as the *proportion of foreign directors*) as reported in BoardEx. As longer-tenured TMT members are likely to be more embedded in the firm's prior regime (Friedman and Saul, 1991; Gilmore and Ronchi, 1995), we also controlled for average *TMT tenure*, which we measured as the average tenure (years) of executives (excluding the new CEO) in the TMT.

To account for ideological similarity between the new CEO and the board of directors, we controlled for the *proportion of directors with ideology similar to the new CEO*. To measure this variable, we first calculated the ideology ratio for each director, and then coded it as 1 if the director had the same ideology as the CEO or was ideologically neutral, and 0 otherwise. Subsequently, we calculated the proportion of board members with the same ideology as the CEO by dividing the sum of those directors by the total number of directors.

Furthermore, we controlled for pre-succession firm performance and industry munificence as key contextual factors that affect the job demands facing new CEOs in the early years of their integration (see, e.g., Friedman and Saul, 1991; Georgakakis and Ruigrok, 2017; Karaevli, 2007). When pre-succession firm performance is poor, a new CEO is typically appointed to radically disrupt the status quo (Finkelstein et al., 2009). Under such conditions, a new CEO faces more executive job demands in the early years of their tenure (Hambrick et al., 2005) due to the unpredictability associated with the firm's financial situation (Chen, 2015; Georgakakis and Ruigrok, 2017). We measured *pre-succession firm performance* as the two-year average ROA of the focal firm's four-digit standard industry classification (SIC) code (excluding the focal firm) prior to the year of succession (i.e., t-1 and t-2) subtracted from the focal firm's two-year average ROA for the same period (Karaevli, 2007; Zhang and Rajagopalan, 2004). High scores indicate that the firm performed better than its industry peers prior to succession.

We also controlled for the characteristics of the firm's task environment (Dess and Beard, 1984). Consistent with prior studies, we calculated *industry munificence* as the regression coefficient of time on the annual total sales of a firm's four-digit SIC industry over the five years prior to each year of observation divided by the mean value of sales for those five years (Dess and Beard, 1984; Keats and Hitt, 1988). High scores indicate high industry munificence. Furthermore, we measured *industry complexity* by creating a sample including every firm in a firm's four-digit industry and regressing that firm's market share in year t-1 against its market share in year t-5, with t-0 being the respective year of observation. This measure captures the extent to which market concentration increased (or decreased) over the preceding five years (Keats and Hitt, 1988). Finally, we calculated *industry dynamism* as the standard error of the coefficient estimate capturing industry munificence (Nielsen and Nielsen, 2013).

Analysis and Results

Study 1 examines the likelihood of an event (i.e., early CEO departure) to occur within a particular time period (i.e., the first three years of a new CEO's appointment). Thus, we employed an event-history analysis with a Cox proportional hazard methodology and robust standard errors to analyse our data (Cleves et al., 2016; Cox, 1972; Jiang et al., 2017; Lester et al., 2008). Our analytical approach models the implications of our independent variable for the hazard rate of early CEO departure within the three-year period of interest. The hazard rate reflects the likelihood that an event will happen at time *t* given that it has not occurred prior to *t*. The main benefit of the Cox survival analysis approach compared to a simple logit or probit regression is that it directly accounts for the dynamic changes that occur in all independent, moderator, and control variables in each year of the observation period (Lane et al., 1986).

Studies in epidemiology have stressed that in order to obtain accurate statistical estimates in survival analyses, particular attention should be paid to the event per variable (EVP) assumption, with a rule of thumb of at least five events per variable used in the Cox regression (excluding the dependent variable) (Austin et al., 2017; Concato et al., 1995). This threshold is met in our case, as our final sample consists of 256 failure events (i.e., early CEO departures) and our full model (Model 4 in Table II) comprises less than 23 variables including interaction terms. To ensure that the proportional hazard assumption is met, we ran our Cox analysis including only our predictor variable in the model using the *phtest* command in Stata 18. With a chi-squared of 0.34 and a p-value of 0.559, the global test shows that the proportionality assumption is met, confirming that a Cox survival analysis is suitable (Cleves et al., 2016). The baseline model including only our independent variable (i.e., successor-predecessor distance in political ideology) and without any controls shows a positive, statistically significant effect on early departure ($b=0.13$; s.e. $=0.06$; $p=0.023$; *hazard ratio* $=1.14$). This is an additional indication that multicollinearity is not driving our results (Kalnins, 2018; Kalnins and Praitis Hill, 2023).

Table I presents descriptive statistics and correlations,[1] while Table II presents the results of the Cox survival analyses with the independent, moderator, and control variables included. To enhance the interpretation of our results, Table II reports the estimated coefficients and standard errors obtained using the *nohr* command in Stata 18 as well as the hazard ratio for each variable. Hazard ratios above 1.0 indicate positive relationships, while hazard ratios below 1.0 indicate negative relationships. To test for potential multicollinearity, we generated variance inflation factors (VIFs) using ordinary least squares (OLS) regression. The highest VIF score in Model 1 of Table II is 1.64, with an average VIF of 1.18. This implies that multicollinearity is unlikely to be an issue (Cannella Jr. et al., 2008; Cohen et al., 2003).

Hypothesis 1 predicts that CEO succession with a change in political ideology increases the likelihood of new CEO early departure. Our results substantiate this hypothesis ($b=0.17$; s.e. $=0.07$; $p=0.019$), which implies that CEO-predecessor ideology differences play a significant role in predicting the departure of the new CEO (see Table II). These results are also of practical relevance, as they indicate that one-unit increase in successor-predecessor distance in political ideology increases the likelihood of early departure by about 19 per cent (*hazard ratio* $=1.19$). Figure 1 depicts the Kaplan–Meier failure estimates. To obtain these estimates, we generated a dichotomous variable that took a value of 1 if our predictor variable (successor-predecessor distance in political ideology) was above its mean (i.e., 0.04), and 0 otherwise. We then compared the two groups with the likelihood of early departure. As Figure 1 depicts, the likelihood of early departure and the difference between the two groups increases in the second year after succession and reaches a maximum in the third year. This observed time effect is not surprising, as new CEOs are unlikely to depart within the first year while they attempt to appreciate and find solutions for the ideological misfit. However, they are more likely to depart in the two subsequent years, reflecting this misfit.

Hypothesis 2 posits that the positive relationship between CEO succession with a change in political ideology and new CEO early departure becomes more pronounced when the predecessor CEO serves as board chair after succession. Our results do not support this hypothesis ($b=0.04$; s.e. $=0.19$; $p=0.817$).

Hypothesis 3 suggests that the impact of CEO succession with a change in political ideology becomes less pronounced when the CEO-TMT ideology fit is high in the first three years after succession. Our results are significant ($b=-0.70$; s.e. $=0.35$; $p=0.048$). The hazard ratio of 0.50 indicates that the likelihood of early departure of a new CEO who is ideologically incongruent with their predecessor falls by about 50 per cent when

Table I. Descriptive statistics and correlations

		Mean	*S.D.*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*	*21*
1	Early CEO departure	0.04	0.20																					
2	Industry complexity	0.88	0.27	0.02																				
3	Industry munificence	1.05	0.09	0.02	0.04																			
4	Industry dynamism	1.03	0.03	−0.02	−0.42	−0.12																		
5	New CEO age	53.43	6.53	0.03	−0.01	−0.06	0.04																	
6	CEO-predecessor gender difference	0.06	0.24	0.01	0.01	−0.02	−0.03	−0.00																
7	Predecessor remains board chair	0.24	0.43	−0.03	−0.02	0.06	0.04	−0.10	−0.00															
8	Pre-Succession firm performance	0.03	0.39	−0.03	0.02	0.05	−0.03	−0.06	−0.01	0.07														
9	Proportion of female directors	0.13	0.10	−0.04	−0.00	−0.05	−0.05	0.04	0.26	−0.07	0.04													
10	Proportion of foreign directors	0.10	0.16	0.00	0.03	−0.01	−0.04	0.00	0.02	−0.06	−0.00	0.04												
11	TMT average tenure	4.77	3.71	−0.04	−0.01	0.01	0.04	0.02	−0.03	0.26	0.06	−0.02	−0.06											
12	Predecessor retirement	0.30	0.46	−0.03	−0.03	0.01	0.03	−0.01	−0.01	0.01	0.01	−0.08	−0.05	0.12										
13	Outsider CEO succession	0.07	0.26	0.02	0.00	0.00	0.00	−0.02	0.02	−0.03	−0.04	−0.05	−0.01	−0.08	0.02									
14	New CEO power	0.01	0.59	−0.05	0.01	−0.01	−0.02	0.18	0.03	−0.18	−0.00	0.14	0.06	−0.02	0.04	−0.05								
15	TMT change	0.19	0.15	0.10	0.03	0.03	−0.04	−0.03	0.05	−0.12	−0.02	0.03	0.05	−0.26	−0.06	0.14	0.00							
16	Predecessor tenure	11.32	10.53	−0.05	0.02	0.00	0.02	0.01	−0.03	0.14	0.07	0.07	−0.00	0.48	0.08	−0.08	0.05	−0.07						
17	Number of employees	24.96	87.58	−0.01	0.06	0.00	−0.09	0.04	0.01	−0.03	0.01	0.15	0.09	0.01	−0.03	−0.03	0.13	0.04	0.11					

(Continues)

Table I. (Continued)

		Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
18	ROA	0.02	0.16	−0.11	−0.00	−0.01	0.00	−0.00	0.02	0.07	0.26	0.12	0.01	0.09	−0.02	−0.05	0.06	−0.13	0.08	0.05				
19	Tobin's Q	1.77	1.29	−0.02	0.02	0.05	−0.06	−0.07	0.00	0.07	−0.01	0.02	0.02	0.03	−0.00	0.00	0.02	−0.06	−0.01	0.01	0.05			
20	% of directors with similar ideology as the CEO	0.77	0.21	−0.01	0.01	0.02	0.01	−0.14	0.02	0.08	−0.01	−0.09	0.05	−0.00	0.03	0.00	−0.11	−0.00	−0.01	−0.03	−0.03	0.08		
21	CEO-TMT ideology fit	0.86	0.19	−0.00	0.03	0.03	0.01	−0.10	0.01	0.08	0.00	−0.09	0.03	−0.01	0.01	−0.02	−0.13	−0.02	−0.01	−0.04	−0.02	0.06	0.59	
22	CEO-Pred. ideology distance	0.04	0.85	0.03	−0.00	−0.04	−0.02	0.02	0.00	−0.01	0.00	0.02	0.03	−0.03	−0.01	0.01	0.02	0.02	−0.05	−0.01	0.02	0.05	−0.28	−0.20

Note: N = 5902, correlation with r > 0.03 are significant at 0.05.

Table II. Cox survival analysis with early CEO departure as the dependent variable

	Model 1				*Model 2*				*Model 3*				*Model 4*			
Variable	*β*	*S.E.*	*P-value*	*Haz Ratio*	*β*	*S.E.*	*P-value*	*Haz Ratio*	*β*	*S.E.*	*P-value*	*Haz Ratio*	*β*	*S.E.*	*P-value*	*Haz Ratio*
Industry Complexity	0.20	0.25	0.426	1.22	0.20	0.25	0.429	1.22	0.19	0.25	0.447	1.21	0.19	0.25	0.450	1.21
Industry munificence	1.17	0.76	0.126	3.22	1.17	0.76	0.126	3.22	1.14	0.77	0.138	3.12	1.14	0.77	0.139	3.12
Industry dynamism	−2.20	3.03	0.468	0.11	−2.19	3.03	0.471	0.11	−2.33	2.95	0.429	0.10	−2.32	2.95	0.433	0.10
New CEO age	0.03	0.01	0.006	1.03	0.03	0.01	0.006	1.03	0.03	0.01	0.005	1.03	0.03	0.01	0.004	1.03
CEO-Predecessor gender difference	0.32	0.24	0.192	1.38	0.32	0.24	0.192	1.38	0.29	0.25	0.237	1.34	0.29	0.25	0.237	1.34
Predecessor remains board chair (1 = Yes)	−0.11	0.17	0.528	0.90	−0.11	0.17	0.512	0.89	−0.11	0.17	0.533	0.90	−0.11	0.17	0.514	0.89
Pre-Succession firm performance	−0.06	0.14	0.675	0.94	−0.06	0.14	0.674	0.94	−0.05	0.14	0.710	0.95	−0.05	0.14	0.708	0.95
Proportion of female directors	−1.67	0.66	0.012	0.19	−1.66	0.66	0.012	0.19	−1.63	0.66	0.014	0.20	−1.62	0.66	0.014	0.20
Proportion of foreign directors	−0.02	0.36	0.946	0.98	−0.02	0.36	0.947	0.98	−0.06	0.36	0.861	0.94	−0.06	0.36	0.860	0.94
TMT average tenure	0.01	0.02	0.750	1.01	0.01	0.02	0.756	1.01	0.01	0.02	0.792	1.01	0.01	0.02	0.798	1.01
Predecessor ordinary retirement	−0.29	0.14	0.042	0.75	−0.29	0.14	0.042	0.75	−0.30	0.14	0.040	0.74	−0.30	0.14	0.040	0.74
Outsider CEO succession	0.14	0.23	0.550	1.15	0.14	0.23	0.546	1.15	0.12	0.23	0.604	1.13	0.12	0.23	0.599	1.13
New CEO power	−0.48	0.23	0.038	0.62	−0.48	0.23	0.039	0.62	−0.47	0.23	0.043	0.62	−0.47	0.23	0.043	0.62
TMT change	2.61	0.43	0.000	13.56	2.61	0.43	0.000	13.55	2.61	0.43	0.000	13.60	2.61	0.43	0.000	13.58
Predecessor tenure	−0.02	0.01	0.057	0.98	−0.02	0.01	0.056	0.98	−0.02	0.01	0.063	0.98	−0.02	0.01	0.062	0.98
Number of employees	−0.00	0.00	0.844	1.00	−0.00	0.00	0.843	1.00	−0.00	0.00	0.803	1.00	−0.00	0.00	0.800	1.00

(Continues)

Table II. (Continued)

Variable	*Model 1*				*Model 2*				*Model 3*				*Model 4*			
	β	*S.E.*	*P-value*	*Haz Ratio*	*β*	*S.E.*	*P-value*	*Haz Ratio*	*β*	*S.E.*	*P-value*	*Haz Ratio*	*β*	*S.E.*	*P-value*	*Haz Ratio*
ROA	−1.01	0.21	0.000	0.36	−1.01	0.21	0.000	0.36	−1.02	0.20	0.000	0.36	−1.02	0.20	0.000	0.36
Tobin's Q	−0.15	0.07	0.034	0.86	−0.15	0.07	0.034	0.86	−0.15	0.07	0.034	0.86	−0.15	0.07	0.034	0.86
% of directors with similar ideology as the CEO	0.02	0.40	0.958	1.02	0.02	0.40	0.960	1.02	−0.06	0.40	0.870	0.94	−0.07	0.39	0.867	0.94
CEO-TMT ideology fit	−0.09	0.45	0.846	0.92	−0.09	0.45	0.848	0.92	0.26	0.50	0.601	1.30	0.26	0.50	0.598	1.30
CEO-Pred. ideology distance	0.17	0.07	0.019	1.19	0.16	0.08	0.038	1.18	0.75	0.31	0.015	2.12	0.74	0.31	0.016	2.10
CEO-Pred. ideology distance × Pref. full departure vs. Board chair					0.04	0.19	0.817	1.04					0.05	0.18	0.779	1.05
CEO-Pred. ideology distance × CEO-TMT ideology fit									−0.70	0.35	0.048	0.50	−0.70	0.35	0.047	0.49
Wald chi-square	150.89				150.78				157.59				157.48			
P-value	0.000				0.000				0.000				0.000			

Note: N (times at risk): 5902; N (subjects): 2286; N (Number of failures): 256. Robust standard errors clustered at CEO level.

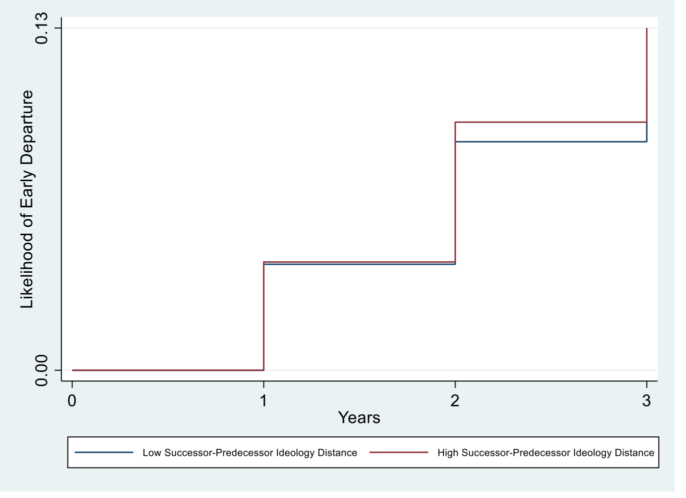

Figure 1. CEO succession with a shift in political ideology and likelihood of new CEO early departure

CEO-TMT ideological fit is high. This highlights the key role of the CEO-TMT ideological interface in CEO value transitions.

Endogeneity Tests

We conducted empirical analyses to detect and correct for potential endogeneity, recognizing that both the selection of an ideologically dissimilar successor and the likelihood of early CEO departure might be influenced by a common set of unobservable factors. First, similar to prior research (Jiang et al., 2017), we conducted Durbin–Wu–Hausman (DWH) tests (i.e., augmented regression tests) to determine whether endogeneity for non-sample induced reasons was present (Davidson and MacKinnon, 1993). To identify appropriate instruments, we followed prior studies that used the industry average of the focal predictor variable, excluding the focal firm, to instrument for the focal independent variable (Liu et al., 2015; Zorn et al., 2017). Accordingly, we employed the average *change in CEO ideology in industry peers* (excluding the focal firm) and the average *change in CEO ideology among firms headquartered in the same state as the focal firm* (excluding the focal firm) at the year of succession as instruments. Due to mimetic tendencies, firms in the same industry and state may adopt similar hiring patterns (Williamson and Cable, 2003). However, such industry- and state-level mimetic tendencies (excluding the focal firm) are unlikely to affect a successor's likelihood of early departure in the focal organization. Both the Durbin ($\chi^2 = 1.04$; $p = 0.307$) and the Wu–Hausman ($F = 1.04$; $p = 0.307$) tests suggest that endogeneity is not present (Jiang et al., 2017). Notably, our experimental approach in Study 2 allows us to further test and reconfirm that non-sample induced endogeneity is not an issue, which we discuss in conjunction with Study 2.

Second, in line with recent studies dealing with sample-induced endogeneity in Cox survival models (Jiang et al., 2017; MacKenzie et al., 2014; Tchetgen et al., 2015), we conducted a Heckman two-stage analysis with all CEO firm-year observations in our sample from 2002 through 2015 (see also Zhang and Qu, 2016). The Heckman first-stage probit model controlled for several factors that may affect a firm's propensity to hire a new CEO who differs in political ideology from their predecessor, including predecessor board chair, Tobin's Q, successor-predecessor gender difference, successor's age, predecessor's share ownership, predecessor's tenure, successor duality, successor's total compensation (variable *tdc1* from Execucomp), industry munificence, industry dynamism, and industry complexity. We also controlled for the instrumental variables of the average successor-predecessor difference in ideology among industry peers (excluding the focal firm) and the average successor-predecessor difference in political ideology among firms headquartered in the same state as the focal firm (excluding the focal firm). Given that the Heckman first-stage probit model requires a dichotomous dependent variable, we coded successor-predecessor difference as 1 if the predecessor CEO was conservative leaning (an ideology score of more than 0.5) and the successor CEO was liberal leaning (an ideology score of less than 0.5) or vice versa. We coded all other successor-predecessor cases as 0. From the first-stage model (see Table IIa in the Appendix), we then calculated the *inversed Mill's ratio* for hiring an ideologically different CEO and included it in the second-stage model, which was our Cox regression (Jiang et al., 2017). The inverse Mill's ratio was insignificant in all second-stage models (lowest p-value was 0.601), indicating that our results are unlikely to be driven by sample-induced endogeneity (Jiang et al., 2017). The results of the Heckman second-stage Cox analyses are available in Table IIb of the Appendix.

Supplementary Analyses and Robustness Checks

We also conducted several supplementary tests to ensure the robustness of our results. First, in line with prior research (see, e.g., Gupta et al., 2020), we clustered standard errors at the one-digit SIC code level for each firm's industry (instead of the firm level) to ensure that our results remained robust. The results do not substantially differ from those in Table II when standard errors are clustered at the firm level (*gvkey* identifier in Execucomp) and industry level (the firm's one-digit SIC code) (see Tables Ia and Ib in the external Appendix linked with our paper).

Second, we conducted additional analyses controlling for the proportion of minority directors instead of separately controlling for the proportions of female and foreign directors on the board. To measure this variable, we first z-scored the proportion of female directors and the proportion of foreign directors, and then summed the two into one composite variable indicating minority representation. The results do not substantially differ from the main results in Table II (see Table III in the external Appendix linked with our article).

Third, given the key role of gender in CEO-succession processes and strategic leadership outcomes (Weck et al., 2022), we further tested the influence of a gender shift (i.e., from male to female) in CEO succession. More specifically, we created a dichotomous variable that took a value of 1 if the new CEO was female and the previous CEO was male to test whether this gender-succession direction has significant effects on new CEO early departure. Our results show non-statistically significant effects for this variable (see Table IV in the external Appendix). However, the non-significant results may be due to the low number of female successor CEOs in our sample (i.e., about 4.6 per cent). To account for predecessor power beyond the tenure dimension, we also controlled for a composite variable of predecessor power measured as the sum of the z-scored values of predecessor tenure, predecessor share ownership, and predecessor duality. The results are similar to those presented in Table II and are available on Table VI in the external Appendix.

Fourth, we treated CEOs who had not donated to either party as neutral in ideology and assigned them a value of 0.5 in the conservativism ratio ranging from 0 to 1 (Chin et al., 2013; Gupta and Wowak, 2017). However, even CEOs who did not donate to either party during the focal period might have had an ideological leaning that could not be captured with our donations-based approach of measuring political ideology. Recent research suggests that an appropriate way to address this issue is to re-run the analyses after excluding non-donor cases from the sample (Gupta et al., 2020, p. 539). Accordingly, we conducted an additional analysis excluding cases in which either the successor or the predecessor CEO (or both) were neutral in political ideology. The results of this analysis do not differ substantially from those presented in Table II (see Table V in the external Appendix). More specifically, our main relationship's hazard ratio in Model 1 was 1.17 with a p-value indicating significance ($p = 0.040$). In Model 4 with interaction terms included, the main relationship had a hazard ratio of 2.28 and was statistically significant (p-value = 0.008). The moderating effect of CEO-TMT ideological similarity was also significant with a hazard ratio of 0.43 and a p-value of 0.022 in Model 3, and significant with a hazard ratio of 0.43 and a p-value of 0.022 in Model 4 (see Table V in the external Appendix). It should be noted that with the exclusion of neutral CEOs from our Cox survival models and the resulting smaller sample, our analysis barely meets the EVP assumption (Austin et al., 2017; Concato et al., 1995).

In addition, we examined the moderating impact of CEO conservativism on the relationship between successor-predecessor distance in political ideology and new CEO early departure. The interaction effect was not statistically significant ($b = 0.02$; s.e. = 0.02; $p = 0.320$), which suggests that, in the context of CEO replacement, the observed relationship may not be affected by the new CEO's ideological leaning (see Table VII in the external Appendix).

To ensure that our final sample represented the target population, we performed t-tests and Kolmogorov–Smirnov tests to observe potential differences in successor-predecessor ideology distance, ROA, and total assets in the year of succession (t0) between the final sample of succession events and the sample of cases with missing observations. The results indicated significant differences. For this reason, we examined whether our results held after accounting for the potential non-random occurrence of missing values by running a Heckman two stage analysis. In the first stage probit model, we predicted the presence of a missing value, while the second stage model controlled for the inverse Mills ratio. This allowed us to account for the potential non-random occurrence of missing values. For instrumental variables, we used the average of missing values (excluding the focal firm) for the firm's industry and state, assuming that firms in the same industry and state may be similar to the focal firm in reporting information compared to firms in different industries and states. This aspect might affect the presence of missing values for the focal firm but it would be exogenous to our outcome variable (i.e., new CEO departure). The results of the first stage model are presented in Table XIa and the results of the second stage model are presented in Table XIb in the external Appendix. The results remain robust when the potential non-random occurrence of missing values is taken into consideration.

Furthermore, to ensure that the effect of CEO-TMT ideological resemblance is not due to changes the CEO made in the TMT's composition, we controlled for TMT members who exited and entered the TMT each year after succession. After introducing this control, our main and moderating effects still received statistically significant support. We provide the results of this analysis in Table IX in the external Appendix. In addition, we tested the effect of successor-predecessor distance in ideology, and the moderating role of the number of TMT exits and TMT entries separately. This allowed us to observe potential similar effects of these variables that may cancel out the impact of CEO-TMT ideological fit. The results show that the number of TMT exits and the number of TMT entries have no significant moderating effects (Table X in the external Appendix).

We also considered the correlation between TMT change and CEO-TMT ideological fit to explore whether the two are correlated. As shown in Table I, the correlation between post-succession TMT change and CEO-TMT ideological fit is weak and not significant ($R = -0.02$). This suggests that the effects we observe related to CEO-TMT ideological fit are independent from TMT change and that TMT change is not related to ideological fit. Finally, we replicated our analyses by identifying and excluding CEOs who changed their ideology during their tenure from our sample. Only a small number of these CEOs existed in our sample and their ideology ratio was close to neutral (i.e., average ideology of 0.49). After excluding these CEOs from our sample, the results were largely similar to those reported in Table II (see Table XII in the external Appendix).

STUDY 2

Study 1 suffers from two main limitations: (a) we cannot fully capture causality by excluding alternative explanations of event occurrence and (b) we cannot capture whether the increase in *executive job demands* acts as an intervening mechanism that drives the observed relationship as we theorize. To overcome these limitations, we complimented Study 1 with a randomized experiment (Study 2). The experimental study was designed to test the causality of the relationship between successor-predecessor ideological incongruence (versus congruence) and successor early departure, and to explore job demands as an intervening mechanism that partially drives this relationship. As such, the study directly tests our theorizing (Souitaris et al., 2020; Souitaris et al., 2023). It also allows us to ensure that our results are not driven by endogeneity. As Antonakis (2017, p. 12) commented, 'the sure way to deal with the endogeneity problem is to manipulate the modelled independent variables' in experimental settings.

Our sample consisted of managers employed by publicly traded firms in the United States who had experienced managerial succession in their careers. The sample was sourced by the market-research firm Qualtrics and the participants were paid up to about USD 55 to participate. By focusing on a sample of general managers from publicly listed firms in the United States who had experienced succession rather than a sample of students from management programmes, we ensured that the participants could understand and adequately associate themselves with a scenario of CEO succession. In addition, they would be familiar enough with the context of listed firms and the political-ideology context of the United States to take part in a factorial survey (Auspurg and Hinz, 2014; Taylor, 2006).

The initial sample included 302 managers whose relevance for inclusion in our sample was determined in three phases. In the first phase, participants were presented with two screening questions, which they had to answer before reading a randomly assigned scenario: (a) 'In your current job, do you have management duties?' and (b) 'Is your current employer a publicly traded firm that is based in the United States?'. With these two questions, we ensured that all participants met the first two selection criteria – that is, they were managers employed in publicly listed firms in the United States.

The second screening took place after the participants had read the scenario (vignette). At this point, participants were asked: 'In the scenario described above, do you align with or differ from the predecessor CEO's ideology?'. Those participants whose answer was not aligned with the ideology described in their randomly assigned scenario were not allowed to proceed with the factorial survey and were replaced by the Qualtrics team with another participant who met the criteria described above. This ensured that all participants in the initial sample had carefully read and understood their randomly assigned scenarios before taking part in the factorial survey experiment.

The third screening relied on the following question: 'Have you experienced managerial succession (i.e., Have you stepped into the position of another manager in your career)?'. This question ensured that all participants had experienced managerial succession and were, therefore, in a position to appreciate the scenario and provide informed responses. Of the 302 participants, 49 indicated that they had not experienced managerial succession in their careers and were, therefore, excluded from the sample. This resulted in a final sample of 253 participants, of which 55.73 per cent were male, 58.10 per cent indicated that they were liberal (i.e., Democrat) in terms of political ideology, 33.99 per cent indicated that they were conservative (i.e., Republican) in political ideology, 6.72 per cent indicated that they were *Other* in political ideology, and 1.19 per cent indicated that they were unwilling to disclose their political ideology.

The participants were randomly assigned to two groups. One group was presented with scenarios (vignettes) of ideological congruence between the successor and the predecessor. The other group was presented with scenarios of ideological incongruence between the successor (participant) and the predecessor. Specifically, the participants were first randomly assigned to one of four conditions, each of which had a different successor-predecessor ideology scenario: (a) conservative CEO and conservative predecessor (CC scenario), (b) liberal CEO and liberal predecessor (LL scenario), (c) liberal CEO and conservative predecessor (LC scenario), and (d) conservative CEO and liberal predecessor (CL scenario). We then merged the CC and LL conditions into a broader 'successor-predecessor ideological congruence' group ($n = 128$), and the CL and LC conditions into a broader 'successor-predecessor ideological incongruence' group ($n = 125$).

In line with extant studies, the vignette contextualized participants to the nature of CEO succession as well as the ideological shift or continuity to which they were exposed.

The vignette portrayed them as newly hired CEOs in one of the conditions described above. To ensure participants were aware of liberal versus conservative ideological values, we provided a description of conservative and liberal ideological successor-predecessor differences or similarities depending on the assigned scenario. These descriptions covered perceptions of social change versus tradition, personal agency considerations, and support for equality versus hierarchy – the main dimensions of differences according to Swigart et al. (2020). After participants read the vignettes, they were asked to indicate their perceived likelihood of departing in: (a) the year of their succession and (b) two years after their succession (Souitaris et al., 2020). The inclusion of both time windows allows us to differentiate first-year reactions from reactions two years after the appointment. For both variables, we employed a seven-point Likert scale, where 1 indicated a very low likelihood of departing early and 7 indicated a very high likelihood of departing early. In addition, as the inclination to depart early in the experiment mainly captured the participant's likelihood of voluntarily exiting, we asked participants to indicate the perceived threat of early dismissal in: (a) the year of succession and (b) two years after succession. For this question, we also used seven-point Likert scales, where 1 indicated a very low perceived threat of early dismissal and 7 indicated a very high perceived threat of early dismissal.

Result of Experimental Analysis 1

In line with prior studies that use factorial survey experiments (Souitaris et al., 2020; Souitaris et al., 2023), we first tested the main relationship (i.e., the propensity of participants to depart early after succession) and its causality using mean differences (t-tests) between the two samples (i.e., ideological congruence with the predecessor and ideological incongruence with the predecessor). Participants in the ideological incongruence group had a significantly higher mean for the propensity to depart early than those in the ideological congruence group for two years after succession (mean difference = 0.925, $p = 0.000$). We conducted the same t-test for the year of appointment to examine differences in the propensity to depart early between the two groups in the year of succession (see Table III). The results indicate that, for the year of succession, the mean differences between the two groups were in the same direction (i.e., the ideological incongruence group had a higher mean), although the p-value of the difference between the two groups was not significant (mean difference = 0.376, $p = 0.107$). The observed weaker effect for the year of succession aligns with the results from Study 1 (i.e., the Kaplan-Meyer trends shown in Figure 1), which show that the early departure effects of CEOs who are ideologically distant from their predecessors mainly occur after the first year of their appointment. It may be that, in their year of appointment, new CEOs who are ideologically different from their predecessors do not directly depart but attempt to integrate while observing the ideological differences, which then leads to a higher early departure likelihood in the following years once they continue facing the heightened job demands after their appointment.

Furthermore, as we mainly captured early departure using the participants' perceived likelihood of voluntary exit, we conducted t-tests to explore mean differences between the two scenario-based categories (i.e., ideological congruence and ideological incongruence

Table III. Study 2 experiment t-tests

Scenario	*n*	*Propensity for 2-year departure*	*Propensity for 1-year departure*	*Perceived dismissal threat within 2 years*	*Perceived dismissal threat within 1 year*	*Job demands*	*Age*	*Female*	*Democrat*
Ideological congruence (SD)	128	3.883 (1.991)	4.344 (1.974)	3.492 (2.004)	3.086 (2.058)	3.369 (0.736)	35.656 (6.673)	0.484 (0.502)	0.555 (0.499)
Ideological incongruence (SD)	125	4.808 (1.768)	4.720 (1.707)	4.520 (1.776)	4.152 (1.858)	3.575 (0.573)	36.344 (6.607)	0.400 (0.492)	0.608 (0.490)
Difference (t-statistics)		0.925*** (3.906)	0.376 (1.620)	1.028*** (4.314)	1.066*** (4.321)	0.206** (2.480)	0.688 (0.824)	−0.084 (−1.350)	0.053 (0.857)

Note: Robust standard errors in parentheses.
**$p < 0.01$. ***$p < 0.001$.

between the successor and the predecessor) and the perceived threat of dismissal within two years of succession. Participants in the ideological incongruence group (Group 1) had a higher mean than those in the ideological congruence group (Group 2) (mean difference = 1.028, $p = 0.000$). We also conducted the same t-test for the year of succession to test for differences in the perceived threat of dismissal in the year of succession. For the year of succession, the mean differences between the two groups were in the same direction and significant (mean difference = 1.066, $p = 0.000$). Overall, when considering the perceived threat of early dismissal, participants in the ideological incongruence with the predecessor group exhibited a significantly higher mean, similar to the early departure tests discussed above.

Results of Experimental Analysis 2

We also endeavoured to explore whether job demands act as a mediating factor in the relationship between ideological incongruence and early departure. We measured *job demands* using the eight items suggested by Van Veldhoven and Meijman (1994; see also Janssen, 2001). More specifically, participants were asked to respond to the following items using a five-point Likert scale ranging from 'Disagree completely = 1' to 'Agree completely = 5': 'Under my similarity/dissimilarity in ideology with the predecessor CEO: (a) *I would perceive that I have to work fast*; (b) *I would perceive that I have to work extra hard to finish a task*; (c) *I would perceive that I work under time pressure*; (d) *I would perceive that I do my work in comfort* (reversed); *I would perceive that I have to deal with a backlog at work*; (f) *I would perceive that I have problems with the pace at work*; (g) *I would perceive that I have problems with the workload*; and (h) *I would perceive that I wish to work at an easier pace*'. We conducted a factor analysis to test the reliability of the eight items. With a

Cronbach's alpha coefficient of 0.803, our results confirm reliability (Janssen, 2001; van Veldhoven and Meijman, 1994).

Subsequently, we tested the mediating role of job demands by employing the three steps outlined by Baron and Kenny (1986), controlling for participants' gender, age, and political ideology. Consistent with the results of the t-tests described earlier, our regression results show that successor-predecessor ideological incongruence (dichotomous) has a positive effect on the likelihood of early departure (seven-point Likert scale) two years after the year of succession ($b = 0.907$; s.e. $= 0.235$; $p = 0.000$) and a positive effect on job demands (five-point Likert scale) ($b = 0.219$; s.e. $= 0.080$; $p = 0.006$). Moreover, when *job demands* is included as a mediator in the regression model, the main effect of ideological incongruence on early departure becomes weaker ($b = 0.728$; s.e. $= 0.228$; $p = 0.002$), which suggests a partial mediation of job demands (see Table IV). Specifically, our results show that the partial mediating effect of job demands is 0.25 times the direct effect of ideological incongruence on early departure two years after succession. To confirm the mediating effect of job demands, we applied Preacher and Hayes's (2004) bootstrapping approach with 1000 replications (see Table V). The results confirmed the partial mediation effect of job demands ($b = 0.179$; s.e. $= 0.085$; $p = 0.035$).

Table IV. Mediation analysis for the effect of job demands

Variable	*Job demands*	*Propensity for 2-year departure*		*Perceived dismissal threat within 2 years*	
Ideological incongruence	0.219**	0.907***	0.728**	1.003***	0.814***
	(0.080)	(0.235)	(0.228)	(0.237)	(0.234)
Age	−0.021***	−0.019	−0.001	−0.026	−0.008
	(0.006)	(0.018)	(0.018)	(0.018)	(0.017)
Female	0.180*	−0.042	−0.189	−0.206	−0.362
	(0.081)	(0.237)	(0.231)	(0.241)	(0.232)
Political ideology					
Liberal	−0.018	−0.126	−0.111	0.095	0.110
	(0.155)	(0.363)	(0.313)	(0.411)	(0.391)
Conservative	−0.318	−0.615	−0.356	−0.368	−0.093
	(0.168)	(0.396)	(0.370)	(0.441)	(0.428)
Mediator					
Job demands			0.815***		0.865***
			(0.197)		(0.198)
Constant	3.956***	3.952***	0.726	3.616***	0.194
	(0.296)	(0.824)	(1.091)	(0.884)	(1.065)
R-squared	0.116	0.075	0.145	0.091	0.167

Note: N = 253.
*p < 0.05. **p < 0.01. ***p < 0.001.

Table V. Study 2 experiment – mediation analysis for the effect of job demands (bootstrapping)

	Coefficient	*Boot SE*	*p-value*	*95% CI (bias corrected)*
Successor-predecessor ideological incongruence → Job demands → Propensity for early departure				
	0.179*	0.085	0.035	[0.054, 0.389]
Successor-predecessor ideological incongruence → Job demands → Perceived dismissal threat				
	0.190*	0.083	0.022	[0.055, 0.394]

Note: N = 253; Reps. = 1000.
*p < 0.05.

We also performed the Baron and Kenny (1986) and Preacher and Hayes (2004) mediation tests with the perceived threat of early dismissal two years after the year of succession (seven-point Likert scale) as the dependent variable (see Table IV). Our results suggest that successor-predecessor ideological incongruence has a positive effect on the perceived threat of early dismissal (b = 1.003; s.e. = 0.237; p = 0.000). In addition, when *job demands* is included as a mediator, the effect of ideological incongruence weakens (b = 0.814; s.e. = 0.234; p = 0.001), suggesting a partial mediation. The partial mediating effect of job demands is about 0.23 times the direct effect of ideological incongruence. Moreover, the bootstrapping mediation analysis confirmed that successor-predecessor ideological incongruence has a negative, significant, indirect effect on the perceived threat of dismissal via job demands (b = 0.190; s.e. = 0.083; p = 0.022). Overall, our results demonstrate the important role of job demands in managerial successions with shifts in political ideology. This intervening factor at least partially affects the relationship between successions with shifts in political ideology and successors' early departures (see Tables IV and V).

DISCUSSION

While studies have shown that contextual, economic, and externally visible demographic factors can affect succession-related disruptions and the likelihood of new CEO early departure (Karaevli and Zajac, 2013; Zhang, 2008; Zhang and Qu, 2016), the deeply held factors and underlying processes through which disruption occurs and leads to failure in CEO transitions have been understudied. This is a critical omission, as the disruption theory of succession highlights that both visible and hard-to-observe factors lead to disruptions in succession (Gabarro, 1987; Grusky, 1960; Vancil, 1987). The omission to examine these non-visible behavioural factors may explain the lack of a comprehensive understanding of why some CEOs stand a better chance of surviving their critical and vulnerable early years of tenure.

Building on the notion of executive job demands (Hambrick et al., 2005), we have theorized and empirically shown that successor-predecessor shifts in a hard-to-observe attribute associated with an individual's values (i.e., differences in political ideology) increase the executive job demands facing the successor and the likelihood of new CEO early departure. Our research also reveals that the disruptive effects of successor-predecessor differences in political ideology on the successor's early departure become less pronounced when the incumbent TMT is ideologically congruent with the new CEO, thereby demonstrating the importance of ideological SLIs in CEO transitions.

Our work makes several contributions. First, it enhances the organizational disruption theory of succession by digging deeper into the behavioural drivers of disruptive processes, which are difficult to observe but matter for successors' early survival. In fact, our work takes a step toward resolving the debate between the two core theoretical streams on CEO succession – the disruption perspective, which associates CEO transitions with instability and disadvantageous effects (Grusky, 1960; Schepker et al., 2017), and the common-sense perspective, which associates CEO replacements with positive outcomes (Grusky, 1963; Rowe et al., 2005). While scholars have examined the economic, contextual, and demographic factors that determine whether disruption dominates adaptation and leads to failure, to the best of our knowledge, this study is the first to consider deeply held differences at the successor-predecessor interface as well as the mediating processes that link these differences to succession failure.

More specifically, our theory and survival analysis (Study 1) coupled with our experimental evidence (Study 2) reveal that in leadership transitions involving a shift in political ideology, the predecessor's value-based ideological imprint permeates the early transition process, increases the challenges (i.e., executive job demands) facing the ideologically incongruent successor in the critical early years in their new role, and determines the likelihood of the successor's early departure. By demonstrating the impact of successor-predecessor value shifts on succession failure and early departure, our work improves our understanding of the complex, deeply held, micro-foundational nature of disruptions in CEO transitions (Berns and Klarner, 2017). It stresses that beyond the external and internal organizational factors of disruption (Marcel et al., 2017), and the role of observable differences in demographic attributes (Zhang and Qu, 2016), new CEO early departure is affected by the value interface of the successor and the predecessor. To this end, our work helps resolve the debate over whether succession is a naturally disruptive event associated with undesirable outcomes. It suggests that such disruptions do not automatically have undesirable effects, but they may involve deep, underlying values and processes that make the new CEO's integration more challenging and affect their early survival prospects.

Second, we bring the notion of executive job demands into the disruption view of succession to offer a new perspective on how failure in CEO transitions occurs. Although executive job demands are regarded as a key driver of executive turnover (Hambrick et al., 2005; Lee et al., 2022), this notion has rarely been applied to explain why some CEOs fail shortly after their appointment. By emphasizing the notion of executive job demands, and by revealing its significant mediating effect on the relationship between CEO succession with a change in ideology and early CEO departure, our study takes a step toward addressing the mechanisms through which disruption in succession occurs and affects the early years of tenure and, ultimately, the early survival of a new CEO. As among first to shed light on the micro-level mediating processes that lead to succession disruption and early CEO departure, our work demonstrates that the disruptive nature of succession can be considered through the lens of the job demands the new CEO faces in their early years in the role. These demands are shaped not only by observable internal and external factors but also by deeply held, largely unobservable value-based processes within the firm's strategic leadership ecosystem. As such, our work advances the disruption view of succession by adding an executive job demands lens. It points to a new factor for future studies to consider when attempting to expand our knowledge of the factors that lead to failure or success in the critical early stage of CEO transitions.

Third, our research contributes to the burgeoning stream of literature on executives' political ideology by highlighting its dynamic nature in organizations (Busenbark et al., 2023; Swigart et al., 2020; Weng and Yang, 2024). Due to the stable, difficult-to-alter nature of political ideology (Jost et al., 2003), upper-echelons scholars have mainly viewed it as a static construct (Chin et al., 2013; Gupta and Wowak, 2017). However, researchers have recently highlighted that ideological shifts can emerge when changes occur in corporate leadership (Busenbark et al., 2023), thereby stressing the need to consider the dynamic nature of political ideology in strategic leadership and its effects. Taking a broader view of ideology in organizations Swigart et al. (2020, p. 1080) highlighted that 'political ideology is thought to be stable over time, however, organizational members are not constant'. Considering the non-constant nature of strategic leadership constellations (Ma and Seidl, 2018), we advance this area of research by showing that dynamic shifts in political-ideology regimes in strategic leadership are subject to disruptive processes and often trigger failures in CEO transitions.

In addition, our Study 2 reveals that ideological shifts in managerial succession are associated with elevated job demands for the new leader, who must not only become familiar with the new position but also inject a new ideology into corporate leadership that contradicts that of the previous leader. In this regard, our work highlights the dynamic nature of political ideology by emphasizing a specific mechanism that leads ideologically incongruent successors to leave the CEO position soon after their appointment. As such, our work calls for studies that shift the focus from the stable effects of executive ideology toward the notion of ideological shifts. In addition, it stresses that ideological changes associated with corporate leadership transitions can have important ramifications for corporate leadership stability.

Finally, our work advances the SLI perspective in upper-echelons research (Georgakakis et al., 2022; Van Doorn et al., 2022; Wan et al., 2023) by highlighting the impact of ideological interfaces in upper echelons as well as their relevance for CEO-succession processes and outcomes. The SLI perspective implies that because strategic leadership is a shared activity (Hambrick, 1995), the interactions among multiple actors must be considered and understood if we are to adequately address upper echelons' impacts on organizations (Bromiley and Rau, 2016; Georgakakis et al., 2022; Simsek et al., 2018; van Doorn et al., 2022; Weck et al., 2022). Applying this logic to the CEO-succession context, our research focuses on two forms of post-succession SLIs that may act as key contingencies for the disruptive effects of CEO successions with shifts in political ideology: (a) the CEO-TMT ideological interface following succession and (b) the presence of an ideologically incongruent predecessor CEO as board chair.

We find that CEO-TMT ideological fit plays a key role in reducing the likelihood of new CEO early departure after successions with a change in political ideology. Yet, although we assumed that the predecessor's retention as board chair would strengthen the main relationship, our results show a non-significant moderating effect. This may be because firms have a variety of reasons for retaining the predecessor as board chair, including the new CEO's need for the predecessor's expertise (Nguyen and Lee, 2023) and the need to signal the continuation of corporate leadership to the firm's stakeholders (Querbach et al., 2020). In other cases, the predecessor may be retained to act as the CEO's boss (Krause, 2017). This variation in the reasons for retaining predecessor CEOs as board chairs may explain the observed insignificant moderating effect. In other words, a large proportion of board-chair predecessor CEOs may be retained solely for signalling purposes or to provide specific expertise – they may not have the power or the intention to intervene in strategic leadership processes. In such cases, retained board chair predecessors may have less discretion to influence the new CEO's attempts to alter the firm's ideology (or less interest in doing so). Future work can draw on the CEO-board relations literature (Boyd et al., 2011) to delve deeper into this topic and examine how different reasons for retaining the predecessor CEO as board chair may affect the early succession process and the likelihood of successor survival.

Overall, our study advances the SLI perspective (Georgakakis et al., 2022; Simsek et al., 2018) by demonstrating that succession processes are outcomes of the value fit at the interface of the new and the predecessor CEO, which is also interlinked with the value fit at the interface of the new CEO and the incumbent TMT. Given the important role of values in determining how SLIs form and affect organizations (Bromiley and Rau, 2016), our study offers implications related to the succession context. Further theorizing on the CEO-TMT ideological interface in the CEO-succession research can move us toward a new theory in which the roles of multiple actors in the social system are simultaneously considered in relation to CEO-succession processes and outcomes. Such new theorizing could build on the notion of strategic leadership systems (Luciano et al., 2020) in which multiple corporate-governance actors in large companies influence the demands facing new CEOs soon after succession and, ultimately, determine their early survival.

Beyond its academic relevance, our study has practical implications. Our results suggest that organizations experiencing ideological shifts in leadership transitions should pay close attention to helping new CEOs overcome the heightened job demands they encounter after their appointment. To ensure stability and avoid succession failure, boards should give new CEOs time to introduce their own values to strategic leadership. In addition, the moderating effects at the CEO-TMT interface imply that the ideological fit between the successor and the incumbent TMT plays a vital role in avoiding disruptive processes. Overall, our findings show that the CEO-TMT ideological fit significantly reduces the positive effect of succession with a shift in political ideology on successor CEO early departure. When CEO-TMT ideological congruence is lacking, boards should find ways to reduce the CEO's job demands in the early years of succession and support the ideological transition. This may mitigate the disruption and the risk of succession failure.

Our study's limitations point to promising research avenues. First, our work on the impact of succession with a change in political ideology focuses on the US context. Clearly, ideological differences and their effects vary widely across cultural and institutional environments (Chin et al., 2021). As such, our results may not be generalizable to other country-level contexts. Thus, future studies may use samples from different countries to examine the impact of ideological differences in the CEO succession process. Future studies may adopt a general management perspective to examine further the mechanisms that may differentiate succession processes in international firms – and impact the dynamics of general management succession in foreign subsidiaries of such firms (see e.g., Li et al., 2024).

Second, while our work employs political ideology as an indicator of executives' values, we have not addressed which of the main differences between liberal and conservative CEOs (e.g., perceptions about personal agency, risk-taking and tradition, or hierarchy and equality) are more likely to cause disruptions in successions with shifts in political ideology. Scholars have argued that the various value-related dimensions of political ideology are closely interrelated and, thus, should not be considered separately (Chin et al., 2013; Semadeni et al., 2022). However, future research can use other research designs, such as multiple case studies (Gibbert et al., 2008), to build new theory and disentangle the liberal-conservative distinction.

Third, we argue that executive job demands may increase when the new CEO's ideology is incongruent with that of the predecessor. However, other forms of incongruence might also affect early departure through different mechanisms. For instance, research could examine successor-predecessor personality differences, which are also externally unobservable and may result in early departure through processes similar to those described in this study. Thus, future work could examine whether our findings are generalizable to other externally unobservable traits at the successor-predecessor interface. It can also test whether heightened executive job demands act as a key mechanism in successor-predecessor personality incongruence that leads to successor early departure. This will enable scholars to shed light on whether our findings are solely applicable to value differences or are generalizable to other deeply held differences. The more we examine the processes and intervening mechanisms that drive early CEO departures, the greater our ability to inform policy and reduce the rate of early failures in CEO transitions.

Furthermore, recent studies have shown that a variety of broader factors play a role in new CEO departure. Umoh (2022) mentions several aspects, such as a mismatch with the internal culture, the new CEO's ability to effectively delegate responsibility to senior managers, and the need to calibrate a new strategic vision. The limited availability of archival data does not allow us to account for all factors in Study 1. While this is a general limitation in quantitative research with secondary data, our experiment in Study 2 allowed us to isolate a single causal relationship in a controlled setting, keeping all else equal and, thus, ensuring the robustness and causality of the theorized and observed effect. Over and above other potential factors, ideology-based value shifts at the successor-predecessor interface play a key role in post-succession processes and successor survival. Future studies can expand our work by examining whether the factors underscored by Umoh (2022) act as additional drivers of early CEO departures. In addition, future studies can further explore the role of other SLIs, such as CEO-board relations (Boyd et al., 2011), and their impact on successor survival.

Finally, our study focuses on the moderating role of a predecessor serving as board chair with the assumption that this role comes with substantial discretion over the firm (Krause, 2017; Quigley and Hambrick, 2012). However, due to data unavailability, we could not account for cases in which the predecessor plays a post-succession role other than board chair. The inclusion of more detailed data or qualitative insights may shed light on how other ways of involving an ideologically incongruent predecessor to strategic leadership can affect the successor's early survival.

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NOTE

[1] The mean and standard deviation of the independent variable with non z-scored components are 0.331 and 0.241, respectively.

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