Abstract:

As CEOs reach the end of their tenure, they attempt to influence the decision about who will replace them in order to safeguard what they have put in place. This prompts them to favor candidates who share similar demographic profiles whom they believe will carry on where they leave off. We suggest that as CEOs are not usually given the authority to name a successor, they make use of informal power to exert their influence. We test our hypotheses on a sample of 137 CEO successions in 67 German diversified companies between 1985 and 2007 and find strong support for our theoretical reasoning that the more informal power incumbent CEOs have, the greater the demographic similarity between them and their successors.

Stichworte:
Demographic similarity; Incumbent CEO; Informal power perspective

Intellectual Contribution:
Discipline-based Research

Zeitschriftentitel:
Managerial and Decision Economics