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How new leaders affect strategic change following a succession event: A critical review of the literature

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ABSTRACT

In this study we review literature on leaders' impact on strategic change in the context of CEO succession events. We critically examine the progress made by research within the field focusing on four questions: WHY, WHAT, HOW, and WHEN. WHY addresses the theoretical arguments put forth in the literature to explain the phenomenon of post-succession strategic change. WHAT addresses the contingency factors that have been argued to affect leaders' impact on strategic change in succession contexts. HOW addresses the way, in which strategic change manifests itself within firms. Finally, WHEN addresses the temporal dimension of strategic change. Overall, we find that although research on the leadership succession strategic change (LSSC) relationship is immature with attention being focused on only few theoretical explanations and research questions, it is indeed evolving. We find need for improvements to theory, research questions pursued, and methodology and offer several opportunities to extend the literature along these needs.

1. Introduction

Research on leader succession has a long history. Driven by the work of Grusky (for example, 1960, 1961) in the 1960s, leader succession has become a topic of interest across a variety of scientific disciplines such as strategy, organization, finance, and leadership. Reviewing over thirty years of succession research Kesner and Sebora (1994) concluded that there are four key components to the succession event: (1) antecedents, (2) the event itself, (3) consequences, and (4) contingencies. While the range of antecedents, event characteristics, and contingencies under investigation has been broad and varied, research on the consequences of leader succession has tended to focus on performance (Giambatista, Rowe, & Riaz, 2005). However, notwithstanding this emphasis we have also witnessed an increasing interest on strategic change as a consequence of leader succession over the past two decades.

Research addressing the leaders' succession strategic change (LSSC) relationship is generally grounded in the key theoretical perspective that leaders, in particular CEOs, are charged with determining strategic choices and setting organizational context (Child, 1972). Hence, given this pivotal role it is reasonable to expect that leader succession entails strategic change. Academic interest in the LSSC-relationship is further fueled by numerous real-world examples, providing this research topic with high face validity. Jorma Ollila at Nokia, Lou Gerstner at IBM, or Jürgen Schrempp at Daimler are but a few well known CEOs that have initiated substantial strategic change upon taking office.

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Given the theoretical and practical importance of leaders' impact on strategic change, in particular in the context of succession events, it is surprising that to date no comprehensive review has been done on this particular research stream. Though Kesner and Sebora (1994) as well as Giambatista et al. (2005) reviewed the CEO succession literature, their broad approach to reviewing the entire literature has prevented them to spend considerable space to individual research streams such as the LSSC-relationship. Thus, to date no in-depth summarization has been done critically reflecting on existing knowledge and uncovering critical gaps with regard to leaders' impact on strategic change in the context of leader succession.

We address this shortcoming and by building on a framework that addresses the WHY-, WHAT-, HOW-, and WHEN-questions aim at reflecting the current state and progress of research on the LSSC-relationship. Moreover, with the review provided in this article and areas identified for future research, we enable researchers to build on existing literature more meaningfully and further advance our understanding of the LSSC-relationship.

We proceed as follows: in the next section, we argue why it is important and appropriate to focus on the CEO as the executive leader being the most responsible for strategic change. In the third section, we lay the foundation of a common understanding by defining CEO succession and providing a definition of strategic change. In the fourth section, we describe how we identified the relevant literature. We present our theoretical framework that we used to review the literature as well as the results of our review in Section 5. We end with a short conclusion in Section 6.

2. Why focus on the CEO?

Early theoretical work by Barnard (1938) and Selznick (1957) established a rationale for including executives in analytic investigations of companies. The role that CEOs in particular have in shaping the companies they head was emphasized by the Harvard model (Andrews, 1971) and by the strategic choice perspective (Child, 1972). An increasing body of theoretical and empirical literature has since recognized the CEO as the principal leader and architect of the firm, as the individual ultimately responsible for the formulation and implementation of company strategy.

Obviously the CEO is not alone in running the company. First, CEOs are usually part of a top management team (TMT) whose members have clearly defined responsibilities. As such, the CEO shares some tasks and, to some extent, power with other team members (Hambrick, 1994). Second, theoretical reasoning and empirical evidence suggest that middle and frontline managers substantially influence the course of the company (Wooldridge, Schmid, & Floyd, 2008). Given that so many persons are involved in managing a company, why is it that it is often assumed that the CEO has greater impact than other leaders in the company on strategic actions and performance?

Theoretical support for this assumption may be derived from both the formal and the symbolic power of the CEO (Gupta, 1988). First, the CEO's position at the top of the organizational chart, indeed the very title “Chief Executive Officer” provides CEOs with the authority to dictate the substance of strategic decisions. Moreover, in some cases the CEO has the power to appoint or remove members of the TMT (Ocasio, 1994), making the CEO the architect of the company's TMT and responsible for the actions or inertia of its members. Second, the symbolic role of the CEO can potentially serve as a source of power in shaping corporate behavior. The media, for example, tend to focus almost exclusively on the CEO while other members of the TMT receive considerably less attention. For instance, Harvard Business Review publishes a ranking of The Best-Performing CEOs in the World (Hansen, Ibarra, & Peyer, 2010). Empirical studies have shown close links between a company's CEO and its strategy (Jensen & Zajac, 2004). Researchers have explored the impact that the CEO can have on company reorientation (Keck & Tushman, 1993), innovation (Miller & Shamsie, 2001), product diversification (Smith & White, 1987), internationalization (Matta & Beamish, 2008), and entry-mode decisions (Reuber & Fischer, 1997). All of these studies, and many more, have shown that CEOs have substantial impact on strategy.

Thus, both theoretical rationale and empirical evidence lend support to the idea that the CEO is a company's preeminent executive leader, and as such can make a major impact on its strategy. This is not to deny that others, such as members of the TMT, and middle and front-line managers influence the company's direction. However, the CEO exerts a distinct influence (Jensen & Zajac, 2004; Papadakis & Barwise, 2002). Accordingly, a change in who holds the CEO position is likely to substantially affect the strategy of the company, thus, leading to strategic change.

3. Defining the domain of the review

Before proceeding further, it may be useful to define the domain of this review by addressing two basic questions: What is strategic change? and What is CEO succession?

One of the most widely shared assumptions in the strategic management literature is that strategy determines the fit, or match, between company and environment (Zajac, Kraatz, & Bresser, 2000). At the same time, change refers to differences in form, quality, or state in an organizational entity over time (Van de Ven & Poole, 1995). Thus, strategic change can be defined as a difference in form, quality, or state in an organizational entity over time that alters the company's alignment with its environment. Rajagopalan and Spreitzer (1996: 49) argue that changes in the company-environment alignment encompass either direct changes in company strategy or changes in the company that will ultimately lead to the initiation and implementation of change in strategy. In other words, change that does not ultimately result in change in company strategy is not strategic change. Furthermore, strategic change may be single activities, repeated activities, or single activities that influence each other (Ancona, Okhuysen, & Perlow, 2001).

CEO succession is easily defined, it is a pivotal act or process in a company's history by which a new actor, an incoming CEO, takes the place of another actor, an outgoing CEO, and inherits all the rights and responsibilities of the position. If a company is in existence long enough, sooner or later there will be a succession.[3]

4. Identification of the literature

Although both the succession literature and the strategic change literature are huge, only a relatively small subset of each has focused on the effect CEO succession has on strategic change. In deriving the literature to be reviewed we limited ourselves to articles published in refereed journals. Our rationale in doing this is that peer reviewed work can be considered certified knowledge and so is likely to have the most impact on the field (Podsakoff, MacKenzie, Bachrach, & Podsakoff, 2005). We also decided to apply a systematic database search in order to identify relevant literature. However, unlike previous reviews that have focused on a pre-selected set of journals and years, we conducted an open computerized search of the complete literature within both the Business Source Complete Database and the ScienceDirect Database using a set of keywords referring to CEO succession and strategic change.[4]

The database search returned 132 hits, originating from 116 separate articles. We read the abstracts of those articles to determine which ones address CEO succession and strategic change in some way. In this way we created a working list of 68 articles which we then looked through quickly but systematically. This allowed us to identify for elimination articles that did not have appropriate themes and non-empirical studies.[5] At the same time we added articles that the database search did not identify but that the authors of clearly relevant articles repeatedly referred to. Our final list consists of 34 articles. Table 1 provides a comprehensive overview of the studies included in our review.

5. Review of the literature

For any literature review to further the understanding and provide a valuable contribution to the comprehension of a topic it is important to analyze the literature systematically (Ginsberg & Venkatraman, 1985). To do so, we chose to analyze the identified literature by means of different questions. According to Whetten (1989) the building blocks of any theory can be broken down to six simple questions: WHAT, HOW, WHY, WHEN, WHO, and WHERE.

Given that the present study addresses the topic of leader succession and strategic change, the latter two questions seem self explanatory and seem to deserve no further elaboration. WHO and WHERE may at first sight be answered by: the leader within a firm. The former four questions, however, are more complicated and shall be answered by analyzing the identified literature. WHY addresses the *theoretical arguments* that are used in the literature to explain the phenomenon of leaders' impact on strategic change following succession events. WHAT addresses the moderators, that is, the *contingency factors* that have been argued to facilitate or hamper leaders' impact on strategic change. HOW addresses the way, in which strategic change following a succession event *manifests itself* within a company. Finally, WHEN addresses the *temporal dimension* of strategic change.

These four questions form the core building blocks of the framework depicted in Fig. 1 that we used to review the literature. A careful analysis of the body of literature revealed that the WHY, WHAT, and HOW building blocks could further be structured along more fine-grained perspectives.

In the following section, we review the literature along our framework. In Table 2 we provide an overview of the streams, in which the studies within our sample are contained.[6] We outline crucial findings, contradictions, and gaps in the literature and bring together what we have learned so far.

6. WHY? Untangling the rationale for the LSSC-relationship

We encountered a variety of theoretical rationales for the LSSC-relationship, and highlight subsequently those that have attracted most research attention. To do so, we distinguish two perspectives that have been put forth to explain the aforementioned relationship. The first perspective, which we label *leader internal impetus*, builds on the assumption that strategic change following a succession event originates from factors residing within the new leader. In contrast, the second perspective,

[3] We do by no means deny that leaders have substantial impact on strategic change in other contexts than CEO successions. Nor do we claim that all changes new leaders initiate are strategic. However, we limit our literature review to studies that have explored leaders' impact on strategic change in the context of CEO successions. In the context of this article, we use the terms ‘leader’ and ‘CEO’ interchangeably. We gratefully thank one of the anonymous reviewers for raising this important issue.

[4] The search string that we used to search within the abstracts of the literature contained in the *Business Source Complete Database* and the *ScienceDirect Database* consisted of 15 variations of *CEO succession* and 8 variations of *strategic change*. The complete search string used for our review was: “executive succession” OR “CEO succession” OR “Chief Executive Officer succession” OR “leader succession” OR “managerial succession” OR “executive turnover” OR “CEO turnover” OR “Chief Executive Officer turnover” OR “leader turnover” OR “managerial turnover” OR “executive migration” OR “CEO migration” OR “Chief Executive Officer migration” OR “leader migration” OR “managerial migration” AND “Change” OR “Reorientation” OR “Modification” OR “Alteration” OR “Variation” OR “Transformation” OR “Adjustment” OR “Shift”.

[5] Two non-empirical articles were identified by key-word search: Fondas and Wiersema (1997) and Sliwka (2007).

[6] A study may cover a wide range of research questions that take in more than one category. To overcome potential ambiguity associated with classification we each independently prepared a table of how we believed the studies should be classified. In cases where we differed in our classification we discussed our reasoning until we reached a consensus on the appropriate theme.

Table 1
Overview of the studies included in the review.

Author(s)	Industry focus/regional focus	No. of companies	No. of successions	Period/method	Key findings
Barker and Duhaime (1997)	Manufacturing USA	38		1974–1988 Survey	The extent of strategic change enacted in a successful turnaround attempt is positively associated with the replacement of a firm's CEO.
Barron et al. (2011)	– USA	2664		1992–2006 Secondary data	CEO turnover significantly increases the likelihood of new discontinued operations.
Bigley and Wiersema (2002)	– USA	61	112	1990–1994 Secondary data	Increasing heir apparent experience of newly appointed CEOs diminishes the CEOs' use of power to initiate corporate strategic refocusing.
Boeker (1997a)	Semiconductor USA	67	361	1976–1993 Secondary data	Organizations that recruit higher ranked managers and managers with longer industry experience are more likely to enter into product markets the new manager's former firm is active in, than lower ranked or short-tenured managers. The effects of executive migration are influenced by attributes (functional and industry experience) of the successor.
Boeker (1997b)	Semiconductor USA	67	–	1978–1992 Secondary data	Long chief executive tenure is associated with greater levels of strategic change.
Datta et al. (2003)	Manufacturing USA	118	132	1977–1990 Secondary data	There is a negative relationship between CEOs' openness to change and post-succession strategic persistence. This relationship is significant in high-discretion industries, but not in low-discretion industries.
Denis and Denis (1995)	– USA	–	581	1985–1988 Secondary data	Incoming CEOs frequently reverse decisions of their predecessors.
Farrell and Whidbee (2002)	– USA	66	66	1982–1992 Secondary data	In addition to influencing new director selection, new CEOs may also influence committee assignments of individual directors. Forced CEO turnover does lead to changes in committee assignments for individual directors, but not to overall committee structure.
Friedman and Saul (1991)	Industrial, Service USA	222	–	1983 Survey	Outside succession results in relatively greater post-succession executive turnover than inside succession. Compared to long predecessor tenure top management turnover will be smaller when the tenure of the prior CEO was short.
Goodstein and Boeker (1991)	Hospital USA	327	–	1980–1986 Secondary data	The interaction of changes in ownership and board with change in CEO positively influences the number of service additions and divestures hospitals initiate.
Gordon et al. (2000)	Computer, Furniture USA	120	–	1987–1993 Secondary data	CEO turnover is a precursor to strategic reorientation.
Greiner and Bhambri (1989)	Liquid gas USA	1	1	– Case study	The succession of the CEO is the initiating force that creates a political uncertainty which leads to change in process characteristics and is needed for gaining momentum for change.
Hayes et al. (2006)	– USA	–	–	1994–2000 Secondary data	Non-CEO turnover probability increases around CEO successions. The probability is dependent upon the tenure of both CEO and non-CEO managers.
Helmich and Brown (1972)	Chemicals USA	208	204	1959–1969 Secondary data	Organizations with inside succession exhibit less organizational change in the executive role constellation than organizations with outside succession.

Keck and Tushman (1993)	Cement USA	104	–	1900–1986 Secondary data	CEO succession is associated with increased team change and heterogeneity.
Kesner and Dalton (1994)	– USA	84	–	1980 Secondary data	Outside succession is positively related to the level of turnover in upper level management positions in the post-succession period.
Kraatz and Moore (2002)	Colleges USA	631	–	1971–1985 Survey	Controversial program adoption is more likely when led by presidents who recently migrated either from colleges that had such programs or from lower-status colleges.
Lant et al. (1992)	Computer, Furniture USA	80	–	1984–1986 Secondary data	CEO turnover increases the likelihood of strategic reorientation in the dynamic computer industry, but not in the stable furniture industry.
Li et al. (2008)	– China	607	–	2002 Survey	CEO turnover frequency has an inverted-U-curvilinear impact on firm entrepreneurial orientation.
Lin and Liu (2012)	– Taiwan	–	160	2000–2005 Secondary data	Firms that experience outside succession or where there is a difference between successor CEO and existing chairman will opt for higher levels of change on an international scale. This relationship is positively moderated by organizational slack.
Miller (1993)	– USA	36	–	– Secondary data	Succession is followed by an adaptation of numerous strategy process characteristics in order to obtain political support of incumbent managers.
Ndofor et al. (2009)	Sports (NFL) USA	28	60	1983–1992 Secondary data	Successors from different cognitive schools carry out more changes immediately after succession.
Romanelli and Tushman (1994)	Minicomputer USA	25	–	1967–1969 Secondary data	The installation of a new CEO significantly increases the likelihood of revolutionary transformation.
Sakano and Lewin (1999)	Nonfinancial Japan	162	81	1988–1993 Secondary data	CEO succession is *not* associated with radical strategic and organizational change.
Shen and Cannella (2002)	– USA	300	228	1988–1994 Secondary data	Succession type interacts with post-succession senior executive turnover.
Shimizu and Hitt (2005)	– USA	70	–	1988–1998 Secondary data	Arrival of a new outside CEO increases the likelihood of divesting a previously acquired poorly performing unit.
Simons (1994)	10 industries USA	10	10	– Case study	Incoming CEOs use control systems as a lever for shaping and implementing their own strategic agendas.
Weisbach (1995)	– USA	200	227	1971–1982 Secondary data	At the time of management change there is an increase in probability of divesting an acquisition at a loss or one considered unprofitable by the press.
Wen (2009)	– USA	93	1053	1984–1999 Secondary data	Inside successors are more likely to break the status quo in the succession year.
Wiersema (1992)	Manufacturing USA	146	86	1973–1985 Secondary data	The nature of executive succession has substantial consequences for corporate strategy. Outside succession is associated with an increased likelihood of strategic change, while inside succession is associated with less change in corporate strategy.
Wiersema (1995)	Manufacturing USA	87	–	1977–1986 Secondary data	Executive succession events are linked to the extent and nature of corporate restructuring activity. Non-routine turnover is linked to subsequent corporate strategic direction.
Yokota and Mitsuhashi (2008)	Textile Japan	36	–	1980–2004 Secondary data	Executive succession does not trigger strategic change unless succession entails change in the values and interests of executives embedded in their demographic traits.
Zhang and Rajagopalan (2003)	Non-diversified USA	200	220	1993–1998 Secondary data	Strategic persistence is positively associated with intra-firm succession. Intra-industry succession is positively associated to the firm's conformity to industry tendencies.
Zuniga-Vicente et al. (2005)	Banking Spain	134	–	1983–1997 Secondary data	Succession firms are more likely to experience changes in strategic groups.

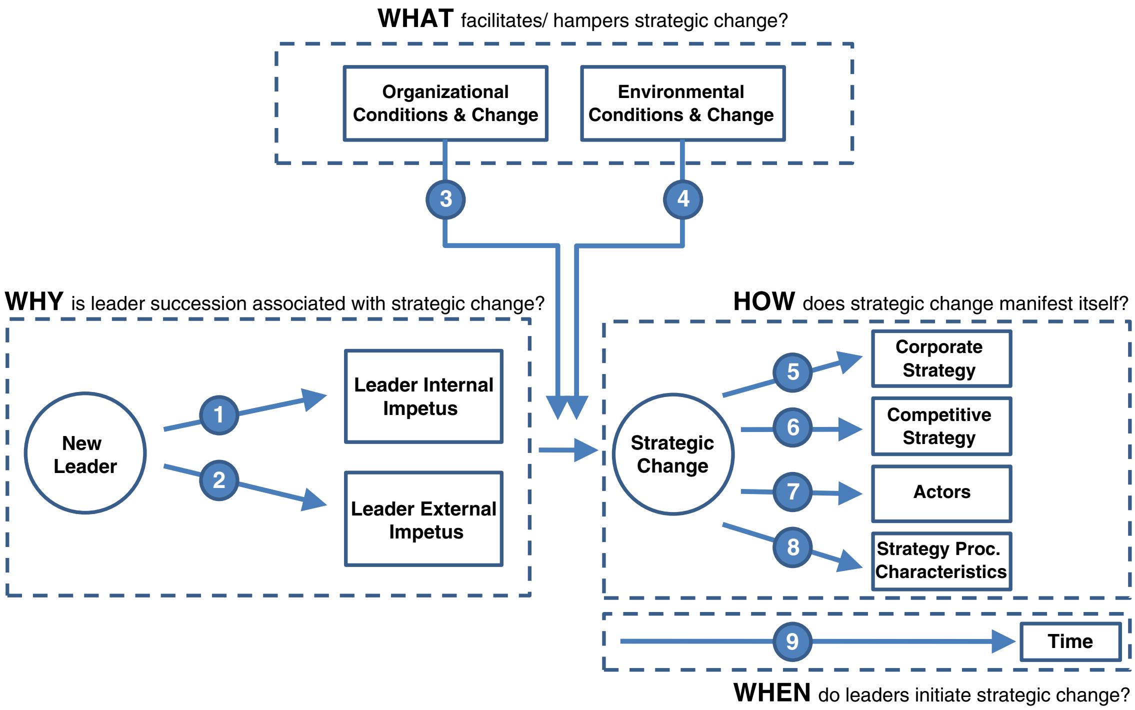

Fig. 1. Framework used to review the literature.

labeled *leader external impetus*, rests on the assumption that while it is the new leader who initiates strategic change, the impetus to do so originates from factors external to the new leader. Table 3 provides a summary of the WHY-question.

6.1. Stream 1: leader internal impetus

The overwhelming majority of studies contend that the reasons for post-succession strategic change reside within the new leader. Notwithstanding that different arguments have been developed within this perspective, it is striking that most of the LSSC-relationship research is grounded in cognitive psychology. In particular, the basic assumption of the respective research is that cognitive differences exist between incumbent and successor — differences that are ultimately responsible for different information-processing and decisions and, by that, post-succession strategic change (Barker & Duhaime, 1997; Boeker, 1997a, 1997b; Wiersema, 1992, 1995).

The root of the *cognition argument* is to be found in the concept of bounded rationality (Cyert & March, 1963). Given their limited capacity to deal with all information within their environment, leaders are said to superimpose what has been called a cognitive map on their environment (Walsh, 1995). This cognitive map serves as a mental template used to transform a complex information environment into a traceable one, giving it form and meaning. The fact that cognitive maps develop as a result of leaders' experiences and accumulation of knowledge, thus reflecting historical environments rather than current ones (Kiesler & Sproull, 1982), has been the cornerstone of the cognition argument: since it is reasonable to assume that incumbent and successor do not share the same experiences and knowledge they employ different cognitive maps. As Wiersema (1992: 77) has reasoned, these differences in cognitive perspectives affect all aspects of the strategic decision-making process such as attention allocation, issue identification, information search, alternative specification, and finally selection of the course of action.

Given the difficulties to directly assess leaders' cognitive maps, research has, by and large, relied on observable leader characteristics (Hambrick & Mason, 1984a). Most often research has put forth the insider–outsider distinction intended to capture differences in cognitive perspectives between incumbent and successor (Friedman & Saul, 1991; Helmich & Brown, 1972; Wen, 2009; Wiersema, 1992), arguing, for example, that inside successors bring only little variation to the position of the CEO, while outside successors are supposed to bring with them new perspectives that yield strategic change (Friedman & Saul, 1991; Wiersema, 1992).

While the insider–outsider distinction has been and continues to be one of the major concepts within leader succession research, its validity has increasingly been questioned (Zajac, 1990). It is unlikely that by artificially dichotomizing a very complex and multidimensional construct such as the cognitive map, the basic insider–outsider distinction is able to fully capture differences in the cognitive maps for incumbent and successor (Giambatista et al., 2005; Ndofor, Priem, Rathburn, & Dhir, 2009).

Notwithstanding methodological problems, the cognition argument has substantially advanced our understanding of the LSSC-relationship by uncovering the impact leaders' cognitive maps have on strategic change. However, it is also important to consider how studies building on the cognition argument have typically been conducted. By and large, these studies have

Table 2
Classification of the studies included in the review.

No.	Author(s)	WHY?		WHAT?		HOW?				WHEN?
		Stream 1: leader internal impetus	Stream 2: leader external impetus	Stream 3: organizational conditions and change	Stream 4: environmental conditions and change	Stream 5: corporate strategy	Stream 6: competitive strategy	Stream 7: actors	Stream 8: strategy process characteristics	Stream 9: time
1	Barker & Duhaime, 1997	X		X		X				
2	Barron et al., 2011		X			X				
3	Bigley & Wiersema, 2002	X				X				
4	Boeker, 1997b	X	X	X		X				
5	Boeker, 1997a	X		X		X				
6	Datta et al., 2003	X			X		X			
7	Denis & Denis, 1995					X				
8	Farrell & Whidbee, 2002	X						X		
9	Friedman & Saul, 1991	X		X				X		
10	Goodstein & Boeker, 1991		X	X		X				
11	Gordon et al., 2000	X	X				X			
12	Greiner & Bhambri, 1989	X	X						X	
13	Hayes et al., 2006							X		
14	Helmich & Brown, 1972	X						X		
15	Keck & Tushman, 1993			X				X		
16	Kesner & Dalton, 1994	X						X		
17	Kraatz & Moore, 2002	X			X	X				
18	Lant et al., 1992	X			X		X			
19	Li et al., 2008	X							X	
20	Lin & Liu, 2012	X	X	X		X				
21	Miller, 1993	X	X						X	
22	Ndofor et al., 2009	X					X			
23	Romanelli & Tushman, 1994	X	X				X			
24	Sakano & Lewin, 1999				X	X				
25	Shen & Cannella, 2002		X					X		
26	Shimizu & Hitt, 2005	X				X				
27	Simons, 1994			X					X	
28	Weisbach, 1995	X	X							
29	Wen, 2009	X				X		X		
30	Wiersema, 1992	X	X			X				
31	Wiersema, 1995	X				X				
32	Yokota & Mitsuhashi, 2008	X				X				
33	Zhang & Rajagopalan, 2003	X				X				
34	Zuniga-Vicente et al., 2005		X				X			

refrained from establishing a theoretical link between leaders' cognitive perspectives and the kind of strategic change following succession events. Put differently, it is not theoretically specified what kind of strategic change the succession events imply. Strategic change is defined only in the methods section.

A notable exception in this context is the study by Boeker (1997a), in which he explores the relationship between successors' prior exposure to product markets and subsequent product-market entry decisions by the leaders' new firms. He theoretically argues and empirically finds that leaders' prior exposure to product markets is significantly related to the leaders' new firms' entry in the respective product markets. Thus, in order to further substantiate the cognition argument within the LSSC-relationship research, we call scholars to conduct more future research in the vein of Boeker (1997a).

Closely related is the *cognitive commitment argument*. According to this reasoning, leaders are not uniformly open-minded about strategic change (Hambrick, Geletkanycz, & Fredrickson, 1993). In particular, research has argued that incumbents may be cognitively committed to prior courses of action (Barker & Duhaime, 1997; Datta, Rajagopalan, & Zhang, 2003), fostering organizational inertia and inhibiting continuous adaptation to the environment (Ndofor et al., 2009). Progressive institutionalization and amplified cognitive biases are the reasons that leaders become increasingly averse to strategic change. As Staw (1981) has argued, the commitment to prior courses of action originates from leaders' need to justify previous decisions and explains why leaders are more committed when they were actually responsible for the initial decision that leads to a certain course of action.

The succession event is considered an important vehicle for overcoming organizational inertia (Miller, 1993). As new leaders are not responsible for the prior course of action they have lower levels of psychological investments into these strategies (Lant, Milliken, & Batra, 1992; Romanelli & Tushman, 1994; Wiersema, 1992, 1995) and are thus likely to initiate strategic change in order to realign the firm with its environment.

The cognitive commitment argument is based on two implicit assumptions. First, the argument presumes that commitment to prior courses of action leads to organization — environment maladaptations. However, in stable environments leaders' commitment to prior courses of action is unlikely to lead to a significant mismatch (Henderson, Miller, & Hambrick, 2006). Second, the argument assumes the validity of CEO life cycle theory (Hambrick & Fukutomi, 1991). But, given that life cycle studies are still not prominent (Giambatista, 2004), generalizability of CEO life cycle theory has to be treated with care.

Table 3
Overview of the WHY-question.

Stream	Argument	According to this argument…	Evaluation of the WHY-steam	Future research agenda
1. Leader internal impetus	Cognition	… cognitive differences exist between incumbent and successor, which ultimately lead to different information-processing and decisions. These differences will be reflected in strategic change.	Though a number of theoretical arguments have been put forth to explain the WHY of the LSSC-relationship, most of these arguments are in rather early stage of development. One exception is the cognition argument that has clearly been the dominant argument in the literature under review. While the virtue of the cognition argument is its advanced theoretical development, this has also been a major obstacle for the development of the field. It is imperative for the field to extensively invest in theory building, developing extant rudiments as well as uncovering new theoretical explanations for the LSSC relationship.	*Moving beyond cognitive psychology* The human mind is more than mere cognition. Thus, scholars should include affection and conation into future studies, acknowledging that individual's emotions will significantly affect strategic decision making. *Extending the cognition argument* Other factors than conventional demographics are likely to influence leaders' information processing. Thus, future studies should, for example, focus on the decision situation, leaders' perceptions of power relationships, or personality traits. *Incorporating leadership styles into the LSSC-relationship* To date the effect of leadership styles on the LSSC-relationship has not been explored. However, by affecting the behavior of followers, leadership styles are likely to possess strong explanatory power for the LSSC-relationship *Questioning CEO life cycle theory* Studies have long taken for granted that leaders pass through a life cycle. However, there are theoretical arguments that contradict the inherent assumptions of CEO life cycle theory. Thus, future research should question and move beyond life cycle theory and be open minded to novel arguments. *Considering institutional isomorphism and imitation* Leaders may be subject to herding behavior, feeling the pressure to act in accordance to their peers. Future research may want to investigate how institutional isomorphism and imitation may explain the LSSC relationship
	Cognitive commitment	… leaders are not uniformly open-minded about strategic change. Progressive institutionalization and amplified cognitive biases cause incumbents to be committed to prior courses of actions, while successors are willing to change strategy.		
	Matching	… different leaders have different skill sets. After succession leaders' skills and assets are matched, which is likely to lead to strategic change.		
2. Leader external impetus	Mandate	… the new leader may be given instructions or missions by the board of directors to change strategy. Change may happen even if based on his cognition the new leader would not have done so.		
	Expectancy	… the new leader perceives that strategic change is expected, even without an explicit formulation of these expectations.		
	Environmental pressure	… changes in the firm's environment may affect leader's perceptions concerning the need for strategic change.		
	Power relationships	… succession events lead to change in power relationships. These changes provide the external impetus for the successor to initiate subsequent strategic change.		

The cognition argument and the cognitive commitment argument account for the overwhelming majority of studies arguing that the reason for post-succession strategic change is to be found within the leader. Only sporadically, alternative arguments have been put forth. One notable argument is the *matching argument* by Weisbach (1995). Taking an agency perspective he argues that the optimal set of assets to be owned by the firm will vary across leaders as different leaders have different sets of skills. Since leaders and assets are 'matched', it is evident that a succession event is likely to lead to change in assets and, as such, to strategic change.

6.2. Stream 2: leader external impetus

Research pertaining to the leader external impetus perspective contends that strategic change following a succession event may be the result of external factors that drive the new leader to take actions. These factors stem from factors surrounding the new leader and are directly linked to the succession event. Thus, while both the leader internal and external perspectives are based on the assumption that the leader takes action, they diverge with regard to the origin of the driving factors.

The most frequently mentioned external driver is the new leader's *mandate* to implement change. It is argued that when taking the position of the CEO, the new leader may be given a certain instruction or mission by the board of directors to change strategy (Barron, Chulkov, & Waddell, 2011; Boeker, 1997b; Shen & Cannella, 2002). This may happen either because the predecessor was unable or unwilling to implement certain changes, the succession follows a change of ownership and the new owners follow a different strategy, or the succession is just the consequence of poor performance and a change in strategy is seen as the first step of a turnaround (Greiner & Bhambri, 1989). Whatever reason underlies the mandate, it is assumed that as new leaders enter the job of the CEO with a clear-cut mandate to change strategies, they do so even if they would not have done so from a cognitive perspective.

The mandate argument is noteworthy as it sheds a significantly different light on the role of the CEO. While it is common to conceptualize the CEO as being the company's preeminent executive leader responsible for its strategy, the mandate argument strictly speaking reduces the CEO to a person employed in performing an obligation. In other words, the new leader is merely a means to an end employed by the board of directors to achieve strategic change (Hambrick, 2007).

Somewhat similar to the mandate argument is the *expectancy* argument. While the mandate argument is based on a clearly formulated assignment that the board of directors gives the new leader, the expectancy argument focuses on the new leader's perception. It is argued that new leaders often start their jobs in an atmosphere, where they feel that they are expected to initiate strategic change, even though this expectation was never explicated (Romanelli & Tushman, 1994). The perceived expectation to initiate strategic change, however, is likely to drive new leaders, for example, to divest poor performing units, reverse decisions of their predecessors, or undertake high-profile investments. In doing so, new leaders aim at fulfilling what they perceive powerful stakeholders expect them to do.

In a similar way, it has been argued that industry factors may represent a form of leader external impetus as they may affect leaders' perceived need to change strategy. Accordingly, *environmental pressure* originating from changes in the technical environment as well as external dependence relationships have been argued to affect leaders' perceptions concerning the need of strategic change (Gordon, Stewart, Sweo, & Luker, 2000; Kraatz & Moore, 2002; Lant et al., 1992).

It has also been reasoned that the CEO succession process unfreezes organizational norms and as such provides a unique opportunity for existing *power relationships* to be altered (Goodstein & Boeker, 1991; Kesner & Dalton, 1994). It is these changes in existing power relationships and structures that are argued to provide the external impetus for the new leader to initiate strategic change (Shen & Cannella, 2002; Zuniga-Vicente, de la Fuente-Sabate, & Suarez-Gonzalez, 2005). Albeit the power argument seems plausible it is important to note that alteration in existing power relationships is but a necessary condition for strategic change to occur. The sufficient condition, however, that has to be met is that new leaders bring with them new strategic perspectives (Goodstein & Boeker, 1991). Thus, the power argument is inextricably coupled with the cognition argument.

The power argument sheds light on an important implicit assumption of studies building solely on the cognition argument. Although new leaders may well bring with them new strategic perspectives, their ability to implement these changes largely depends upon their power (Kraatz & Moore, 2002). Hence, the simultaneous presence of different strategic perspectives and adequate power is necessary in order for strategic change to occur (Bigley & Wiersema, 2002). Yet, the vast majority of work using the alteration in cognition arguments as key drivers for strategic change has ignored this fact. Rather, it has implicitly built on the disputable assumption that the new leader is equipped with a power base strong enough to initiate strategic change to the degree that new leaders employ a different cognitive perspective than their predecessors.

6.3. Evaluation of findings

Overall our assessment of the theoretical foundation of the field is mixed. On the one hand we find it encouraging for the field that the LSSC-relationship is approached through diverse theoretical arguments. This is likely to substantially advance our knowledge in the field. On the other hand, however, it is conspicuous that the theoretical development is not always well advanced. Except for the cognition argument, which represents the most widely used rationale in our sample, most theoretical arguments are in a rather early stage of development. Among others, this assessment is supported by the fact that arguments such as *mandate*, *expectancy*, *environmental pressure* or *power relationships* are hardly used as a stand-alone explanation. Rather, these arguments are often alleged as an additional argument at the very end of an elaborated discussion of the cognition argument.

In our view, however, the virtue of the cognition argument, that is, its advanced theoretical development, has also been an obstacle for the development of the field. Grounded in the Carnegie School (Cyert & March, 1963) and upper-echelons perspective (Hambrick & Mason, 1984a) the cognition argument is by now widely accepted throughout the strategy and organization literatures. As a result numerous studies have been devoted to always the same old story: differences in demographic characteristics result in different cognitive maps, perceptions, interpretations, and decisions that ultimately drive strategic change. This, in turn, has hampered the development of new and innovative research questions. Yet the contradicting findings and still existing knowledge gaps in the LSSC-relationship suggest that the cognition argument – and in particular the predominance of studies based on demographic characteristics – does not sufficiently provide an explanation for the LSSC-relationship, but that other factors that so far were neglected may be the way to go for future research.

One exceptional study that has extended the theoretical reasoning is the study by Ndofor et al. (2009). Though based on the cognition argument the authors do not rely on demographic characteristics. Arguing that it is not certain that differences in demographic characteristics between incumbent and successor may necessarily lead to cognitive differences, the authors introduce the concept of cognitive communities that are made up of a common set of socially-shared beliefs. In doing so, their study provides an innovative and more textured examination of incumbents' and successors' cognitive differences than is common in most of the literature on the LSSC-relationship.

In sum, succession research in general has often been criticized in the past for being atheoretical (Giambatista et al., 2005). While this criticism may be too harsh for the LSSC-literature, we believe that it is imperative for the field to extensively invest in theory building. By theory building we refer to both further developing extant rudiments as well as uncovering new theoretical explanations for the relationship at hand. In doing so, the field will benefit in various ways. First, and most importantly, sound theories provide the ground for interesting and non-intuitive research questions. Being able to draw on multiple, even competing theories is likely to enable researchers to engage in particularly interesting studies, addressing research question that go far beyond what is considered today helping to more fully understand the LSSC-phenomenon. Second, to date the field's theoretical base may best be described as being fragmented. Moreover, while the cognition argument is the predominant theory in the field, it was not originally developed to explain the LSSC-relationship. Rather, it was borrowed unchanged from another field of research. Thus, investing in theory building may eventually yield a theory, genuinely developed to explain the causal mechanisms underlying the LSSC-phenomenon. This, in turn, is likely to increase the field's legitimacy and invalidate criticism of being atheoretical. Third, while other research streams such as the one on CEO pay and incentives have recognized that CEOs may take actions that are in their own best interests rather than stockholders' interests, we have seen no study relying on personal interests as one potential explanation for the LSSC-relationship. Nonetheless, anecdotal evidence suggests that new leaders' urge to increase short term results and manage the impression of CEO excellence are strong motivators for new leaders to initiate strategic change. For example, in their meta-analytic review of the empirical literature on the determinants of CEO pay Tosi, Werner, Katz, and Gomez-Mejia (2000) found that firm size account for more than 40% of the variance in total CEO pay. From this finding, however, it follows that it is likely that strategic change following a succession event that leads to an increase in size may also be explained by the CEO's agenda to increase his or her compensation. For the remainder of this section we provide suggestions for future research to guide the field beyond trusted reasoning.

6.4. Suggestions for future research on the WHY-question

6.4.1. Moving beyond cognitive psychology

To date, research has mostly relied on the cognition argument to explain leaders' impact on strategic change. However, while using cognitive psychology to explain leaders' behavior has proven to be extremely useful in the past, it is only half the story: the human mind is more than mere cognition.

For over two centuries the study of human mind has been divided into three broad categories: cognition, affection, and conation (Hilgard, 1980). Over the past five decades, however, the study of human mind has become overly engaged with the cognitive aspect at the expense of affection and conation. As a consequence, research exploring leaders' behavior has almost exclusively focused on cognitive psychological issues, in particular representations and computations (Stubbart, 1989). Only recently research has recognized that affection and conation are important complements in explaining leaders' behavior.

Research has shown that affection, that is, feelings and moods individuals experience has a direct effect on many aspects of cognition and, by that, on behavior. Among others, feeling and emotions were found to influence cognition through their impact on attention allocation, perception, alertness, creativity, use of heuristics, and memory (Baron, 2008; Forgas & George, 2001; Maitlis & Ozcelik, 2004) and have been argued to be central to charismatic and transformational leadership (Johnson, 2009). For example, positive affection may act as an energizer and increase leaders' perceptual field and their capacity to notice a wide range of issues, whereas negative affection may reduce leaders' perceptual field and decrease their capacity to notice issues (Baron, 2008).

Cognitive and affective processes are inextricably linked in the way leaders perceive and respond to stimuli. However, feelings and emotions affect not only leaders' cognition, but also followers' perception of leaders, followers' performance and followers' affect through emotional/mood contagion (George, 1995; Johnson, 2008). Johnson (2009), for example, found that leaders expressing positive mood were attributed greater levels of charismatic leadership than leaders expressing negative mood and that leaders expressing positive mood elicit better performance and more positive mood from followers. Thus, it is evident that affect provides substantial explanatory power in explaining the impact of leaders on strategic change. Therefore, we argue for a reintegration of cognition and affection in future studies in the field and based on the preceding reasoning propose

Proposition 1. *Affection moderates the impact of cognitive factors previously shown to affect the LSSC-relationship. In particular positive affection is likely to enhance and negative affection is likely to reduce the extent of strategic change following a leader succession through (a) its effect on new leaders' cognition and opportunity perception and (b) its effect on followers.*

While cognition and affection help to explain a great deal of the underlying causal mechanisms linking leaders to strategic change, it is conation that addresses the motivational dimension underlying the relationship at hand. Conation refers to the volitional dimension of leaders' behavior and, by that, is an important concept in explaining behavioral idiosyncrasies of different leaders (Bird, 1988). According to the cognitive perspective, leaders' demographic characteristics determine behavior after taking office. Thus, this perspective provides a mechanist, machine-like concept of the individual where demographics represent some kind of program according to which the individual acts. The cognitive perspective conceptualizes leaders as individuals with no will — as individuals executing predefined programs. The conative perspective, in contrast, contends that whether or not an action is taken depends upon leaders' intentions, that is, their personal *desire* and *belief* about the respective action. Desire represents the motivational dimension and describes a certain state of affairs or end to be achieved. Belief is the counterpart of desire. It encompasses all that an individual holds to be true, with knowledge being an important subset. Thereby, it represents the means with which desires, or ends, are achieved.

Since humans differ in their desire and their beliefs it is evident that strategic change following a succession event may also differ — even though leaders may exhibit similar demographic characteristics. It is the intention that directs leaders' thinking toward a desired end and that can be used to explain differences between similar leaders and their respective strategic choices or, in the sense elaborated before, the strategic change initiated after taking office. As Pastin (1985: 300) stated: “Two managers may share views of how things stand. One may decide the situation is hopeless, while the other launches a plan for market dominance. The difference is in the intentions.” Put differently, in the conative perspective the individual's will occupies center stage.

Conation is likely not only to directly influence the relationship between leaders and strategic change, but also – as in the case of affect – through its effect on followers. For example, sharing intentions with followers may create ‘we-feelings’ and as such may help reduce or even avoid intra-organizational conflict and friction. Thus, shared intentions are likely to positively affect followers' willingness to support their leader and also positively affect followers' individual performance.

Thus, unexplained variance in strategic change following a succession event may capture important unobserved and to date under-researched effects of conation. Therefore, future research should consider conation as an important complementary explanatory factor in addressing leaders' impact on strategic change. Based on the previous reasoning we suggest the following proposition

Proposition 2. *New leaders' intentions will be related to post-succession strategic change. In particular, the scope of leaders' contextual desire-belief complexes will be positively related to the extent of post-succession strategic change as (a) intentions constitute the precursor of leaders' strategic choices and (b) as shared intentions may positively affect followers' willingness to support post-succession strategic change.*

6.4.2. Extending the cognition argument beyond conventional demographic characteristics

Besides the conventional demographic characteristics important other factors are likely to influence leaders' information processing, such as social relations or organizational politics which, by and large, have been neglected (Watson, 2003). Central to the discussion of information processing are three forms of knowledge structures (Ammeter, Douglas, Gardner, Hochwarter, & Ferris, 2002): first, the *situated self-identification*, which reflects how leaders perceive themselves and how they are perceived by others in specific situations (Schlenker, 1985). This affects leaders' behavior by influencing the interactive goals they aim for and the tactics they choose to use for influencing their targets in order to reach their goals (Gardner & Avolio, 1998). Second, the mental models of power that leaders perceive for themselves to have and the power leaders believe for others to hold, that is, *identity and reputational power mental models* (Fiol, O'Connor, & Aguinis, 2001). These determine the political behavior and the leadership approach new CEOs choose to apply for achieving their goals. Third, the *memory of events, objects, roles, sentiments*, and the outcomes of political events (Gioia & Poole, 1984), which determine the behavior of leaders in political situations based on their experiences.

The latter form of knowledge structures is closely related to the cognition argument presented above. The former two forms of knowledge structures, however, provide the opportunity to account for leaders' internal evaluation processes. Considering internal evaluation processes introduces conscious information processing into the decision-making situation, with a focus on the decision-situation rather than the content of the decision.

Prior studies have included power arguments. However, using objective demographic characteristics as an indicator of power, their discussion centered on the *alleged* rather than on the *perceived* power of new leaders. This difference, however, is important. The formal and informal power leaders possess determines their influence on the enforcement of strategic change. However, it is the perceived degree of power that is likely to substantially affect leaders' decision to initiate or omit strategic change.[7] Put

[7] We acknowledge that power does not equal influence and that the boundaries between the two remain unclear (Bass, 1990). Yet, for matter of simplicity we assume for the moment power to result in influence.

differently, the leaders' perception of an appropriate amount of power is the necessary condition for strategic change to be initiated in the first place. Thus, perceived power is likely to hold more explanatory power than objectively assessed, that is, alleged power. After all, as Pfeffer and Leblebici (1973: 273) have reasoned “the perceptions of the chief executive are important in understanding why organizations are structured as they are.” Thus, we propose

Proposition 3. *New leaders' perceived power will be related to post-succession strategic change. In particular, leaders' perceived amount of power will be positively related to the extent of post-succession strategic change.*

Ever since Hambrick and Mason (1984b) suggested that given the difficulty of obtaining data on actual psychological characteristics, demographic characteristics can serve as substitutes for individuals' cognitive bases, researches have been using these characteristics as proxies for cognition. However, the evidence for a relationship between individuals' cognitive bases and demographic characteristics is equivocal at best (Markoczy, 1997). Accordingly, researches have called for more direct measures of individuals' cognitive bases (Hambrick, 2007; Markoczy, 1997). The CEO psychology literature (for example, Chatterjee & Hambrick, 2007; Resick, Weingarden, Whitman, & Hiller, 2009) has yielded several personality traits such as core-self evaluation or narcissism that may prove important in increasing our understanding of the LSSC-relationship. Though there is empirical support for the contention that these personality traits may affect the LSSC-relationship (Hayward & Hambrick, 1997; Miller & Toulouse, 1986) it seems even more promising to use comprehensive and valid psychological frameworks to investigate the relationship between new leaders' personality traits and strategic change following a succession event.

One such framework is the five-factor model consisting of extraversion, agreeableness, conscientiousness, emotional stability and openness to experience (McCrae & Costa, 1987). Extraversion represents an individual's tendency to be sociable, assertive, active, and experience positive affects such as energy, zeal, and excitement (Boudreau, Boswell, Judge, & Bretz, 2001). Extraverted leaders have no difficulties engaging in social interactions, getting to know new people, and introducing people to each other. Extraverted leaders are articulate, expressive, and dramatic and are able to persuade, influence, and organize others (Judge & Bono, 2000). Agreeableness is the tendency to show personal warmth, a preference for cooperation over competition, and trust and acceptance of others (Peterson, Martorana, Smith, & Owens, 2003). Agreeable leaders pay special attention to neglected groups in their firm, treat each subordinate as an individual, express appreciation for a job well done, and focus on employee empowerment. Conscientiousness reflects the degree to which individuals show dependability, responsibility, perseverance, achievement orientation, and concern with following established rules (Peterson et al., 2003). Typically, highly conscientious leaders are intolerant for ambiguity. They strive for structure and derive satisfaction from having control over their environment and tend to be task-focused rather than interpersonally or relationship-focused. Emotional stability reflects individuals' capacity for emotional adjustment and self-confidence (Nadkarni & Herrmann, 2010). Emotionally stable leaders are capable of adjusting their emotional states to varied situational demands. In particular, such leaders remain calm, even tempered, and relaxed in stressful situations (Bono & Judge, 2004). Accordingly, emotional stability has a positive effect on leaders' ability to adapt to unpredictable and changing situations. Openness to experience reflects the degree to which individuals value intellectual matters, have broad interests, exhibit a preference for variety, are interested in unusual thought processes, and are often seen as thoughtful and creative (McCrae & Costa, 1987). Because of their multifaceted interests and their preference for variety, leaders with high openness to experience are likely to be receptive to a broad range of issues and options. Together these five factors shape new leaders' fields of vision, their selective perception, and their interpretation of perceived cues (Nadkarni & Herrmann, 2010). Thus, we propose

Proposition 4. *New leaders' personality traits will be related to post-succession strategic change. In particular, extraversion, agreeableness, emotional stability and openness to experience will be positively related to the extent of post-succession strategic change whereas conscientiousness will be negatively related to the extent of post-succession strategic change.*

6.4.3. Incorporating leadership styles into the LSSC-relationship

Studies in our sample have neglected the effect of leadership styles on strategic change. However, we believe that incorporating leadership styles into studies on the LSSC-relationship will significantly increase our understanding of the topic at hand. For example, charismatic leadership is said to radically change strategy and culture of firms. Theories of charismatic leadership emphasize emotions and values (Yukl, 1999). As such, the impact of this approach to leadership may be similar to the effect of affect as discussed above. The difference is, that while affect focuses on the leader and the influences on his decisions, leadership styles focus more on the effects leaders have on followers. Thus, leadership styles may contribute to the LSSC-relationship by uncovering how different leadership styles affect whether and/or to what degree leaders' visions, intentions, and plans are carried out by followers. Charismatic leaders affect their followers in such a way that they carry new leaders' decisions and help implement them (Conger & Kanungo, 1998; Shamir, House, & Arthur, 1993). As such, it can be understood as the process through which new leaders cause strategic decisions to be transformed into strategic change.

Similarly, transformational leadership determines leaders' behavior to affect followers (Bass, 1985, 1996). It is the process of motivating followers to perform tasks in a certain direction. Hence it is leaders' influence on subordinates to support the strategic directions decided upon and help implementing them. Transformational leadership involves behaviors such as inspiring, developing, supporting, empowering, among others (Yukl, 1999).

To date, research on the LSSC-relationship has neglected leadership style as an important explanatory factor. While the discussion on leader internal impetus has shown a variety of different factors that influence new leaders to initiate strategic change, it has been ignored how these changes are communicated and implemented throughout the firm. Yet, the findings of the leader internal impetus may only deliver an incomplete picture of the causes of strategic change without grasping how new leaders are able to achieve strategic change. Hence, in order to fully understand the effects succession events have on the strategic direction of firms it is indispensible to understand the process of change. Thus, we propose

Proposition 5. *New leaders' leadership styles will be related to post-succession strategic change. In particular, leadership styles that empower followers to support their new leader – such as charismatic leadership or transformational leadership – will be positively related to the extent of post-succession strategic change.*

6.4.4. Questioning CEO life cycle theory

The time a CEO has spent in office has been subject to many studies. Researchers exploring leader tenure have usually drawn on the idea of a CEO life cycle in which there are discernible phases of a leader's tenure (Giambatista, 2004; Hambrick & Fukutomi, 1991; Miller & Shamsie, 2001). These phases are characterized by distinct patterns of leader thought and behavior and, as an extension, by distinct patterns of strategic change.

Research in the CEO life cycle tradition has clustered around one major idea: long tenured leaders are less likely to initiate strategic change (Finkelstein, Hambrick, & Cannella, 2009). This argument is based on the assertion that inertia grows with tenure. The result of long-tenured leaders' resistance to initiate strategic change is a growing misalignment between their company and the external environment (Henderson et al., 2006). Accordingly, when a new leader takes office following a long-tenured CEO more strategic change is necessary in order to achieve a fit between the company and the external environment, and vice versa.

Life cycle theory draws on learning and inertia to argue the dynamics of a leader's tenure. Early in their tenures CEOs work at learning a strategy and the skills to implement it, thereby engaging in a great deal of experimentation. As years go by, CEOs have typically acquired a good deal of experience and knowledge about their businesses. Eventually, though, it is argued that after some time the positive effects of learning are superimposed by the negative effects of inertia (Henderson et al., 2006). Hence, it is argued that the longer the tenure of a leader in a company, the more rigid his or her cognitive structure becomes, and the less likely he or she is to promote strategic change. Long tenure is associated with rigidity and commitment to a chosen course of action (Miller & Shamsie, 2001; Staw, 1981).

Interestingly, CEO life cycle theory has received almost unreserved approval in the literature. Perhaps due to the conclusive and easy to follow reasoning, the life cycle theory has been taken for granted. This, however, is of serious consequences as researchers have precluded themselves to come up with alternative patterns of leader thought and behavior. But what we do not study may be of equal or even greater importance than what we do study. Hence, rather than aiming at studies that corroborate life cycle theory, researchers should be open minded and engage in the search of alternative patterns of leader thought and behavior over time.

From a theoretical view, for example, it may also be argued that a leader's tenure may be considered as an indicator of a leader's effectiveness in dealing with changing environmental conditions and necessary strategic change. The longer the leader's tenure, the more experience, knowledge, and discretion he or she has accumulated, which in turn enable the leader to effectively respond to future environmental changes by initiating strategic change. In this perspective, the development of a broader knowledge and skill base is a necessary condition for ensuring the long-term survival of the company and, by that, the ongoing tenure of the leader. Hence, long tenure may in fact be considered as evidence of a leader's ability to exploit accumulated experience in order to initiate appropriate strategic change rather than inhibiting the actions the leader ought to take. In fact, apart from research by Zuniga-Vicente et al. (2005) who found strong support for this reasoning, support is also provided by a recent survey of Spencer Stuart, a US-based executive search consulting firm. The survey reveals that 28 CEOs of companies in the Standard and Poor's 500 stock index have held office for more than 15 years, the average tenure in the sample being 6.6 years. Twenty-five of those 28 CEOs have ensured their company's total shareholder return to exceed the S&P index performance during their tenures. In other words, long tenure may in fact have no negative effect on company performance and a CEO's willingness to initiate strategic change. Quite the contrary, long tenure may in fact have positive consequences for company performance and the willingness and ability of a CEO to initiate appropriate strategic change. This discussion shows that while long tenure is often associated with less strategic change we also find empirical evidence for the contrary. Hence, given that the relationship between leader tenure and strategic change has a fundamental effect on the link between leader succession and strategic change, and this relationship is somewhat ambiguous, we summon future research to question and challenge the assumptions of the CEO life cycle theory as explanation for post-succession strategic change and provocatively propose

Proposition 6. *Long tenure may reflect leaders' ability and willingness to continuously initiate appropriate strategic change. As a result, new leaders following long tenured predecessors may find their firm better aligned to the environment than new leaders following shorter termed predecessors, reducing the need for post-succession strategic change.*

6.4.5. Considering institutional isomorphism and imitation[8]

Research has shown that companies imitate the actions, which have been taken by large numbers of other companies. They do so, because the legitimacy of any practice is enhanced with the number of companies adopting the respective practice (DiMaggio

[8] We gratefully thank an anonymous reviewer for bringing this important topic to our attention.

& Powell, 1983; Keister, 2002). The imitation may occur because the practice becomes taken for granted (March, 1981). However, the imitative behavior may also occur actively. Specifically, DiMaggio and Powell (1983: 152) have argued that companies model themselves after others, which they perceive to be more legitimate or successful, such as those that are more profitable. The imitation of a specific practice further increases, if managers perceive the practice to be responsible for the other company's profits. In this context Haveman (1993), for example, has shown that companies may imitate large and particularly successful companies by entering into similar markets.

One of the main forces that drive companies to imitate is uncertainty. When means–ends relations are ambiguous, leaders are likely to model their company on other companies, in particular, those perceived to be more legitimate and successful. Thereby the sources of uncertainty may be manifold including among others organizational and environmental conditions that cause ambiguity or simply leaders' lack of knowledge. Hence, whenever leaders face situations with ambiguous means–ends relations or unclear solutions, the initiated search process may yield imitation as a viable solution (DiMaggio & Powell, 1983). In other words, perceiving high degrees of uncertainty, leaders are likely to seek models upon which to build (Kimberly, 1980). Thus, in line with research on institutional isomorphism and imitation and the reasoning laid out above, the following proposition might be set forth

Proposition 7. *Strategic change following a leader succession will be greater (a) the more the focal company deviates from its leading peers and (b) the more the new leader perceives uncertainty originating from organizational and environmental conditions or lack of knowledge.*

7. WHAT? Uncovering contingency factors

Our review indicates that only about one third of the sample studies take into account that the LSSC-relationship is context-dependent, that is, that the LSSC-relationship may be moderated by certain factors. Thus, these studies acknowledge that conditions in the broader contexts in which succession events take place either facilitate or hamper subsequent strategic change. The literature we reviewed can broadly be classified into two streams: organizational conditions and change, and environmental conditions and change. Thereby, *organizational conditions and change* refer to company-specific factors. Conversely, e*nvironmental conditions and change* refer to factors that are external to the firm. It is important to note at this point that organizational and environmental conditions and change may have multiple roles. Performance, for example, may be an antecedent as well as a consequence of succession and even a moderator of the LSSC-relationship (Kesner & Sebora, 1994). Given the focus of the present review on the LSSC-relationship, the subsequent sections are concerned with the moderating role of organizational and environmental conditions and change, only. Table 4 provides a summary of the WHAT-question.

7.1. Stream 3: organizational conditions and change

The most widely explored organizational factor to moderate post-succession strategic change is *pre-succession performance*. Given that when incumbents underperform the likelihood of a succession event increases, the leaders that follow most often find organizational situations that call for an improvement of performance. This, however, is likely to involve more substantial adaptations of their firms' strategy as compared to situations with good pre-succession performance (Boeker, 1997b; Lant et al., 1992). Wiersema (1995), for example, showed that non-routine successions, which are typically preceded by poor firm performance, entail more strategic change than routine successions. Facing the threat of bankruptcy new leaders are motivated to initiate more strategic change as compared to when firm performance is at an acceptable level (Barker & Duhaime, 1997; Friedman & Saul, 1991; Wiersema, 1995). This may either be because new leaders strive to show improvement quickly in order to legitimize themselves or because poor performance is an initiator for increased search for problems, solutions, and subsequent strategic change (Cyert & March, 1963).

Apart from firms' economic performance research has also acknowledged that individuals within the firm represent important organizational factors to be considered. Thus, given that the CEO is not alone in running the firm the *top management team* is argued to be an important organizational factor to either facilitate or hamper post-succession strategic change. In order for strategic change to be successfully executed the firm must unlearn, that is, break with old cognitive frames (De Holan & Phillips, 2004; Keck & Tushman, 1993; Simons, 1994). Yet, the success of unlearning depends on the TMT, its characteristics, and the new leaders' ability to create momentum for strategic change within the TMT (Boeker, 1997a; Simons, 1994).

In a similar vein, Goodstein and Boeker (1991) argue that new leaders' ability to change strategy is dependent upon changes in *governance structures*. In firms where governance structures have been stable over time, new leaders might find it difficult to implement ideas. In contrast, changes in boards of directors or changes in the ownership structure are likely to positively affect new leaders' ability to initiate strategic change as there are less inertial tendencies prevalent. Thus, changes in boards of directors and ownership structure are likely to foster new strategic perspectives, increasing new leaders' latitude to alter strategy.

Overall, research acknowledging organizational conditions and change as contingency factors within the LSSC-relationship has relied on firm performance and actors. While we believe that more studies incorporating firm performance and actors as contingency factors are needed to further our understanding of the LSSC-relationship, we also see value in taking into account further organizational factors. One such factor refers to firms' recent history of change. Research has shown that firms are capable of digesting only a certain amount of change per unit of time (Penrose, 1959). Thus, firms that experienced substantial strategic change immediately before the succession event may not be capable to perform any significant post-succession strategic change.

Table 4
Overview of the WHAT-question.

Stream	Moderator	This moderator…	Evaluating of the WHAT-stream	Future research agenda
3. Organizational conditions and change	Pre-succession performance	… is the most widely explored factor to moderate the LSSC-relationship. Presuccession performance is an indicator for the need of strategic change after the succession event.	Overall, only a limited number of studies have considered moderating factors. Moreover, even fewer studies engage in an in-depth theoretical discussion. Thus, research on the contingency factors may be described as being in its infancy. However, the results of these studies provide strong evidence that organizational and environmental conditions and change significantly moderate the LSSC-relationship. The LSSC-relationship is not as simple as some of the studies under review pretend it to be. Rather, the LSSC-relationship is the result of a complex interplay of a multitude of influencing factors. Therefore, future studies should place great emphasis on incorporating moderating factors.	*Considering executive job demands* Executive jobs vary in the difficulty they pose for their incumbents. However, the degree to which leaders perceive their jobs as difficult is likely to affect strategic decision making. *Integrating managerial discretion theory* Some studies have incorporated discretion on an industry level. However, discretion may also arise from firm factors, individuals' factors, or even from a macro level, that is, national level. *Taking an organizational path-dependency perspective* Bygones are rarely bygones, meaning that rather than being unlimited, new leaders' choices to initiate strategic change are likely to be historically conditioned. Hence, the degree to which a firm is subject to path-dependency moderate the LSSC-relationship. *Exploring the impact of cultural context* Culture has been shown to be an important factor in decision making. Thus, studies should move beyond U.S. firm samples and explore how national culture and cultural identity moderate the LSSC-relationship. *Incorporating the competitive context* Specific aspects of competitive strategy are likely to be important moderating factors. For example, foreign based competition or multimarket relationship is likely to affect post-succession strategic change.
	Top management team	… acknowledges that the CEO is not alone in running the firm. The ability to initiate strategic change is likely to be dependent upon characteristics of the TMT and the new leader's ability to create momentum.		
	Governance structures	… takes into account that governance structures may be a source of inertia inhibiting strategic change. Hence, changes in the governance structure, such as board of directors of ownership, that occur in a timely manner to the succession event may allow for change to be implemented.		
4. Environmental conditions and change	Managerial discretion	… different industrial environments may provide new leaders with different latitudes of action. Hence, the degree of strategic change initiated after a succession event is moderated by the new leader's ability to act, that is, his managerial discretion.		

Likewise, pre-succession strategic change may have led to an organization–environment fit that reduces the need for post-succession adaptations. We believe that incorporating additional organizational factors will yield additional insights that will help to better understand the LSSC-relationship.

7.2. Stream 4: environmental conditions and change

A small subset of studies have theorized and empirically shown that *managerial discretion* (Hambrick & Finkelstein, 1987) originating from firms' environments is an important contingency factor in the LSSC-relationship. The degree of managerial discretion available to successors first and foremost determines the potential range of strategic options that the CEO may act upon in order to initiate strategic change (Datta et al., 2003; Sakano & Lewin, 1999).

In general, studies have focused on firms' industries in order to assess the degree of new leaders' managerial discretion. These studies find that CEO successions lead to strategic change only when firms are active in high discretion industries (Datta et al., 2003; Lant et al., 1992). In a noteworthy study, Sakano and Lewin (1999) considered firms' institutional contexts as a source of managerial discretion and found that contrary to CEO succession in US firms, CEO succession in Japanese firms did not imply strategic change. Cross-holdings of equity, main bank relationships, and a nonexistent market for mergers and acquisitions that is characteristic for the Japanese institutional context reinforce long-term orientation, evolutionary adaptation, and strategic continuity. As a result, new leaders' latitude to initiate strategic change after taking office is limited.

Despite the consistent finding that the degree of managerial discretion available to successors is an important contingency factor, only a small number of studies have controlled for this effect or even directly tested an interaction effect. This is all the more surprising given that managerial discretion theory (Hambrick & Finkelstein, 1987) is prominent throughout the management and organization literatures and has shown to affect a wide variety of organizational phenomena (Boyd & Gove, 2006).

7.3. Evaluation of findings

Overall, research has provided strong evidence that environmental conditions and change significantly moderate the LSSC-relationship. However, given the small number of studies as well as that the samples' restriction to specific industries (Gordon et al., 2000; Lant et al., 1992) or even limitation to one specific industry (Kraatz & Moore, 2002), the generalizability of these findings to other industries may be limited. Consequently, we would encourage researchers to conduct more studies integrating environmental conditions and change as important contingency factors within the LSSC-relationship.

Moreover, notwithstanding that the number of studies incorporating moderating factors is limited, even fewer studies engage in an in-depth theoretical discussion concerning the impact of the respective factors (Datta et al., 2003; Kraatz & Moore, 2002). The remainder of studies covers the topic rather marginally and a thorough theoretical discussion cannot be found. Hence, similar to our assessment of the WHY-question, our assessment is also mixed for the WHAT-question. We applaud those studies that have incorporated organizational and environmental moderators, showing that these factors affect strategic change following a succession event. However, it is also true that research on the contingency factors within the LSSC-relationship is in its infancy.

We believe that studies incorporating contingency factors are crucial to understanding strategic change following a succession event. After all, the LSSC-relationship does not take place in isolation. Rather, numerous factors are likely to either facilitate or hamper strategic change following a succession event. As such, research taking a contextual approach by incorporating contingency factors is inevitable in terms of unraveling the complexity of the phenomenon. In our view, the LSSC-relationship is not as simple as some of the studies we reviewed pretend it to be. In fact, quite the contrary is true. The LSSC-relationship is a result of the complex interplay of several influencing factors. It is important therefore to not draw conclusions based solely on associations with arguments such as cognition, commitment, mandate, or power. Rather, researchers should conduct studies that allow observing how the basic LSSC-relationship interacts with organizational as well as environmental factors. For the remainder of this section we suggest possible avenues for future research.

7.4. Suggestions for future research on the WHAT-question

7.4.1. Considering executive job demands

Research on leaders' impact on strategic change has consistently disregarded that executive jobs vary in the difficulty they pose for their incumbents (Ganster, 2005; Hambrick, Finkelstein, & Mooney, 2005). In other words, research has assumed that leaders face constant job difficulties — independent of environmental and/or organizational conditions. However, it is evident that this is an overly simplistic assumption. Leaders may head firms operating in stable industries, having well-fortified competitive positions, and being financially well-cushioned. In contrast, other leaders may be responsible for firms operating in turbulent industries, facing hyper-competition, and being financially distressed. Thus, given that environmental and/or organizational conditions may vary along a variety of dimensions, it is reasonable to assume that job difficulties vary as well (Finkelstein et al., 2009).

While there are studies that accounted for the industry differences, for example, by directly exploring the effects in different industries, or by incorporating industry-level control variables (Gordon et al., 2000; Lant et al., 1992), the *perceived* job difficulty for new leaders has not been addressed by LSSC-research yet. Given leaders' bounded rationality (Cyert & March, 1963), it is reasonable to assume that the extent to which leaders perceive their work challenging is likely to affect strategic decision making and leadership behaviors. To the degree that perceived job demands increase, leaders will be able to process and comprehend an increasingly smaller proportion of the information related to a strategic situation. As such, increasing perceived job demands may lead to less rationality in leaders' strategic decision making. Thus, in order to economize on their scarce resources, leaders are likely to rely on shortcuts to arrive at their decisions (Hambrick et al., 2005), including drawing on what has worked for them before or imitating strategic actions of other firms (Haveman, 1993; Mizruchi & Fein, 1999). We believe that executive perceived job demands are a crucial, yet omitted variable in research on the LSSC-relationship, and urge scholars to consider perceived job demands in future studies.

7.4.2. Integrating managerial discretion theory

The implications of managerial discretion theory for the LSSC-relationship are straightforward: if there is considerable discretion, the incoming leader will have considerable latitude in initiating strategic change and the strategic actions taken by the leader will be a reflection of that leader's personal characteristics (Hambrick, 2007). Conversely, if discretion is lacking, the incoming leader will be restricted in initiating strategic change, and the personal characteristics will be of no consequence. Hence, managerial discretion theory provides a convincing explanation for variations in findings. Despite its explanatory power, researchers looking at the relationship between CEO succession and strategic change have but for few exceptions (for example, Datta et al., 2003; Lin & Liu, 2012) almost entirely ignored managerial discretion theory. We believe that integrating discretion theory into research on the LSSC-relationship may yield new and valuable insights. For example, as corporate cultures differ from country to country, leaders working in one locale may have to contend with a different degree of constraint on their latitude of action than those working in another (Crossland & Hambrick, 2007). Future research might explore managerial discretion theory at a macro, that is, national level, combining research on cultural context and on discretion to explain the LSSC-relationship in different locales.

7.4.3. Taking an organizational path-dependency perspective

Research has shown that past strategic actions have an impact on future strategic actions (Booth, 2003; Sydow, Schreyogg, & Koch, 2009). Given that “bygones are rarely bygones” (Teece, Pisano, & Shuen, 1997: 522) and that history matters (Nooteboom, 1997), leaders are likely to be restricted in their choice of strategic actions. In other words, rather than being unlimited, new leaders' choices to initiate strategic change are likely to be historically conditioned. According to Sydow et al. (2009) coordination-, complementarity-, learning- and adaptive expectation effects lead to path-dependency, that is, a lock-in situation where the scope of options is restricted. Thus, taking a path-dependency perspective, it is reasonable to assume that as new leaders take office, the scope of strategic change they will be able to initiate is to a large degree determined by their predecessors as well as other historical events within and outside the firm (Booth, 2003; Teece et al., 1997). Path-dependency will most likely restrict the scope of potential actions new leaders are able to initiate. Hence, even though new leaders may be aware of potential strategic actions to take their ability to do so may be limited by timeworn routines and structural inertia (Sydow et al., 2009). Considering path-dependency and lock-in effects within the LSSC-relationship may contribute to the understanding of the scope and intensity of strategic changes after leadership successions.

7.4.4. Exploring the impact of cultural context

The strategic management literature has shown that cultural traits are an important contingency factor in strategic decision making (Kogut & Singh, 1988). For example, national culture influences responses to environmental uncertainty (Schneider & De Meyer, 1991), and the weight assigned to objective criteria by executives (Hitt, Dacin, Tyler, & Park, 1997), as well as competitive positioning (Song, Calantone, & di Benedetto, 2002), and foreign market entry (Chang & Rosenzweig, 1998). The time is ripe for research on the impact of culture on the LSSC-relationship. Future research might explore the impact of culture at the company level, and at that of the individual leader.

To date, research on CEO succession and strategic change at the company level has by and large been done using US-firm samples. There are notable exceptions. A study by Sakano and Lewin (1999), for example, uses a sample of Japanese firms and shows that the consequences of CEO succession may be different in different cultural contexts. We believe that there may be great value in exploring the effects of CEO succession on strategic change in different cultural settings, especially in terms of magnitude, speed, and content of strategic change.

Furthermore, to the best of our knowledge, there is virtually no research that addresses the influence that an incoming leader's cultural identity may have on the LSSC-relationship, and yet, with globalization the chances are that the cultural background of an incoming leader will differ from the cultural setting of the firm he or she heads. The CEO of Deutsche Bank is Swiss-born Josef Ackermann, that of Sony the Welsh-born American Howard Stringer, and the CEO of Renault/Nissan is Brazilian-born Carlos Goshn. Hence, future research could start by investigating on the cultural identity and its effect on strategic changes after leadership succession.

Finally, future research may also turn to the effect of broader social changes that occur over time within one system. Research in sociology has long acknowledged that changes are inherent in social systems (Eisenstadt, 1964). Firms, however, are inclined to create programs and routines that repeat their successes (Nelson & Winter, 1982). Hence, firms prefer stable social environments and top managers, in particular, CEOs are prone to misperceive events in the social environment and perceive more environmental stability than actually exists. This, however, will lead to resistance to change. However, as Starbuck (1983) has elaborated CEOs may block changes within their firm, but they have little influence on social changes outside their firm. Hence, to the degree that adaptation is inhibited, broader social changes may make the CEO appear out of step leading to his or her dismissal (Osborn, Jauch, Martin, & Glueck, 1981; Pfeffer & Salancik, 1978). Thus, future research may explore how strategic change following a succession event is moderated by broader social changes that occurred prior to the succession event, but which the incumbent leader did not acknowledge through appropriate organizational adaptation. In this context, future research may rely on structured content analyses of cases as proposed by Jauch, Osborn, and Martin (1980).

7.4.5. Incorporating the competitive context

We encourage researchers to explore specific aspects of competitive strategy such as multimarket competition (Stephan, Murmann, Boeker, & Goodstein, 2003), and foreign competition (Wiersema & Bowen, 2008). Stephan et al. (2003), for example, have shown that longer-tenured leaders are guided by their company's multimarket relationships, while leaders with less tenure do not seem to adopt a forbearance approach toward multimarket competitors. Wiersema and Bowen (2008) have explored the corporate-level reactions of companies that face an increase in foreign-based competition. Future researchers might extent this line of research and bring leader succession into theories of multimarket competition and foreign competition. We are not aware of any research to date that addresses whether leader succession has an impact on how a company might react to an increase in foreign-based competition at the competitive-strategy level. Chen, Su, and Tsai's (2007) Awareness-Motivation-Capability framework could prove to be a promising starting point.

8. HOW? Substantiating the notion of strategic change

Strategic change is a rather vague expression. Hence, answering the HOW-question is intended to substantiate the notion of strategic change. Technically spoken, the HOW-question explores how strategic change as a dependent variable has been operationalized.

Our review indicates that studies on the LSSC-relationship have taken a variety of perspectives to address how strategic change reifies within the firm. A thorough analysis of these different perspectives revealed that researchers have followed the classic distinction within the strategic management literature: the distinction between *strategy content* and *strategy process* (Schendel & Hofer, 1979). While strategy content focuses on the specifics of what was decided, strategy process addresses in what context and how such decisions are achieved, including the responsible actors (Fahey & Christensen, 1986; Huff & Reger, 1987).

In order to obtain a further refinement, we additionally classified the studies contained within each of the two broad categories of strategy content and strategy process. Studies within the strategy content category could further be classified according to the level-criterion. Studies are concerned either with how strategic change reifies at the *corporate level* or at the *competitive level* (Andrews, 1971; Porter, 1980). With regard to studies contained within the strategy process category, we follow Hutzschenreuter and Kleindienst (2006) and classified the studies as either being concerned with change in *actors* or change in *strategy process characteristics*. Table 5 provides a summary of the HOW-question.

8.1. Stream 5: change in corporate level strategy

Change in corporate level strategy, product scope change in particular, is the most researched consequence of leader succession in our sample (e.g. Boeker, 1997a; Kraatz & Moore, 2002; Sakano & Lewin, 1999; Yokota & Mitsuhashi, 2008). While some researchers looked at changes in the company's specialization ratio (Wiersema, 1992) others investigated on shifts in the company's core business (Wiersema, 1995), the diversification (Bigley & Wiersema, 2002; Boeker, 1997a, 1997b; Kraatz & Moore, 2002; Sakano & Lewin, 1999), or divestiture of businesses (Barron et al., 2011; Denis & Denis, 1995; Shimizu & Hitt, 2005; Weisbach, 1995).

The findings of these studies suggest that leader successions are usually associated with change in corporate strategy, in particular, with change in firms' product scope. At first glance, it seems plausible that succession events entail changes in corporate strategy. After all, new leaders mold their firms according to their cognitive maps, which, as we have argued above, are different than their predecessors'. However, taking a closer look on how change in corporate strategy is often operationalized gives rise to doubts concerning the unrestricted validity of these findings.

A considerable number of the studies operationalize change in product scope as change in segment sales data (for example, Bigley & Wiersema, 2002; Boeker, 1997b). Changes in segment sales data reflect shifts in the importance to a company of its various businesses. Their importance is also likely to reflect incoming leaders' attentional focus. While this operationalization is straightforward, it has to be treated with care. Changes in segment sales may be caused by leaders' decisions, but can also be the result of developments in firms' external environments, such as economic crises, technological breakthroughs, etc. Hence, the measure does not unequivocally reveal whether strategic change is driven by leaders' intended change in the relative importance of company businesses or by developments in the external environment that are beyond leaders' control.

Other studies use a count measure to operationalize product scope, basically evaluating whether products and/or services are added or abandoned in the course of a succession (Goodstein & Boeker, 1991; Wiersema, 1995). Whereas change in segment sales may be the result of external factors, changes in the number of products and services are less dependent on firms' external environments and therefore more likely to truly reflect incoming leaders' intended strategic change.

Finally, we would like to draw the attention to two studies that are noteworthy with regard to their methodological approach. Both Wiersema (1992) and Friedman and Saul (1991) stand out from the rest of the studies in that they compare pre-succession and post-succession levels of strategic change. In other words, both studies do not explore whether or not CEO succession leads to strategic change, but whether or not a change in who holds the top job is associated with more or less strategic change. At first this may seem to be a minor difference, but the comparison of pre-succession and post-succession levels of strategic change provides a more detailed picture of strategic change as a consequence of leader successions.

Table 5
Overview of the HOW-question.

Perspective	Stream	Form of change	Evaluation of the how-stream	Future research agenda
Strategy content	5. Change in corporate level strategy	*Single measures of product scope changes* - firm specialization ratio - shift in firm core business - diversification level - divestiture of businesses	Research has shown that leader successions entail a variety of strategic changes. Most research, however, has focused on corporate level changes, in particular, changes in firms' product portfolio. Data availability is likely to be the main driver behind the dominance of studies focusing on corporate level strategic change. Some operationalizations of strategic change seem problematic as the change in the respective variable may be driven by events that are not associated with the leader succession but, for example, changes in the firm's broader economic environment. Studies rely predominantly on secondary data. Interviews, surveys, and other rich sources of data have hardly been used in the studies under review.	*Distinguishing intended change from observable change* The studies under review focus on observable strategic change. However, as research has shown decisions taken by the leader may not be realized as intended, or actions may be taken without the intention of the leader. In order to further improve our understanding of the LSSC relationship, future research should establish a link between intended and observable strategic change. To do so, longitudinal and in-depth studies are necessary. *Attributing strategic change to the new leader* Strategic change takes time to materialize. Often, years pass between the internal decision to initiate change and the external visibility of the respective change. Accordingly, researchers may attribute strategic change to the new leader though it was initiated by the predecessor. While using time-lags may take into account this problem, too long timelags may go along with non-observation of strategic change initiated by the new leader. Since a potentially wrong attribution of strategic change to the new leader may bias the results, future research should place greater emphasis on this topic.
	6. Change in competitive level strategy	Change in a *composite measure* capturing a variety of factors that have been argued to be part of firms' competitive strategy		
Strategy process	7. Change in actors	Change in the composition of the TMT, distribution of responsibilities within the top ranks, and TMT turnover Distinction between forced and voluntary TMT turnover		
	8. Change in process characteristics	*Change in specific process characteristics* - centralization - power distribution - formal control systems - entrepreneurial orientation		

8.2. Stream 6: change in competitive level strategy

Six of the studies in our sample explored the effect of incoming leaders on change in competitive level strategy. As in the case of corporate strategy, change in competitive level strategy, often referred to as strategic orientation, was operationalized in different ways. Interestingly, however, unlike corporate strategy, competitive strategy tends to be operationalized based on composite measures. These composite measures capture a wide variety of factors that have been shown to be part of firms' competitive strategy (Finkelstein & Hambrick, 1990; Virany, Tushman, & Romanelli, 1992).

At first sight, the findings of the studies are largely consistent in indicating that leader succession is associated with change in competitive level strategy. For example, the results of Lant et al. (1992) and Gordon et al. (2000) are consistent with those of Romanelli and Tushman (1994) who find that a change in leader increases the probability of 'revolutionary transformation' which they defined as a change in firm strategy, structure, and power distribution. However, taking a closer look at the studies of Lant et al. (1992), Gordon et al. (2000), and Datta et al. (2003) the role of the industrial environment becomes obvious. Rather than indicating an unconditioned relationship between change in leader and change in competitive strategy, these studies suggest that the relationship may only hold for turbulent, high growth, and less capital intensive industries, that is, high discretion industries.

Two studies explore the movement between different strategic groups as a result of a succession event (Ndofor et al., 2009; Zuniga-Vicente et al., 2005). Both studies find that during succession strategic groups are likely to be switched (Zuniga-Vicente et al., 2005) and that this is especially true when pre-succession performance is low (Ndofor et al., 2009).

Studies on change in competitive level strategy are particularly noteworthy for drawing the attention to the influence of the industrial environment. Falling back upon one-product firms, these studies are able to show how and to what degree the industrial environment moderates the LSSC-relationship. This is a clear advantage over studies addressing change in corporate level strategy that generally rely on diversified firms making it considerably more challenging to explore the effect of the industrial environment. However, as in the case of corporate level strategy, operationalizations have to be treated with care. For example, the composite measure used by Datta et al. (2003) consists of six factors: (1) advertising intensity (advertising/sales), (2) research and development intensity (R&D/sales), (3) plant and equipment newness (net P&E/gross P&E), (4) non-productive overhead (SGA expenses/sales), inventory levels (inventories/sales), and (6) financial leverage (debt/equity). Though being an established measure in the literature, it is also true that four of the six factors may be caused by leaders' decisions, but can also be the result of developments in firms' external environments. Hence, as in the case of change in segment sales, this operationalization of strategic change may not be independent from developments the new leader cannot control.

8.3. Stream 7: change in actors

Many studies have shown that the composition of the TMT is linked to strategic decision making and, thus, to the content of company strategy (Geletkanycz & Black, 2001; Jensen & Zajac, 2004). Changing the composition of the TMT therefore is likely to lead to strategic change. The studies in this theme support this view and show that CEO succession is likely to lead to strategic change through change in the composition of the TMT. For instance, a number of studies have investigated whether CEO succession affects the composition of the TMT (Keck & Tushman, 1993) and the distribution of responsibilities within the top ranks (Helmich & Brown, 1972), including the board of directors, and if it does, to what extent. Other studies explored the relationship between a company's performance and executive turnover following a CEO succession (Friedman & Saul, 1991; Kesner & Dalton, 1994) or used the classic distinction between insider and outsider CEO succession and concluded that there is more turnover in the executive suite when an outsider takes on the top job because there are no lingering social ties and allegiances (Helmich & Brown, 1972; Kesner & Dalton, 1994).

The overall finding of these studies is that incoming leaders are likely to affect TMT turnover. However, while some studies argue new leaders may take actions to force out TMT members, some studies have taken a different perspective.

The event of a CEO succession is far reaching not only for the incumbent and the new leader, but also for other organizational members, as it may disrupt traditional patterns of accepted values and behavior, thereby creating a sense of instability and insecurity within organizational members (Friedman & Saul, 1991). Drawing on the ideas of the Barnard–Simon theory of organizational equilibrium according to which an organizational member will continue to participate in an organization only so long as the inducements offered are as great or greater than the contributions s/he is asked to make (March & Simon, 1958: 104), these studies have put forth the idea that a succession event may lead to *voluntary executive turnover* (Helmich & Brown, 1972; Kesner & Dalton, 1994).

This literature suggests different determinants of executives' propensity to withdraw from the company. First, the feeling of being passed over in the selection process may demoralize executives, prompting them to leave the company as the new leader takes office (Helmich & Brown, 1972). Second, Friedman and Saul (1991) have argued that executives may be particularly loyal to the incumbent CEOs and thus unable or unwilling to stay and work for their successors. Finally, Hayes, Oyer, and Schaefer (2006) reason that executives may be endowed with skills that are complemented by those of other executives, in particular the CEO, thus facilitating productive interactions. In case of a succession event this complementarity is expected to vanish, thereby leading executives to leave the company.

From a methodological point of view Friedman and Saul's (1991) approach is particularly noteworthy. Conversely to the overwhelming majority of studies, they use primary data which they gather by surveying human resources officers rather than relying on secondary sources such as annual reports, 10-K filings, or commercial databases. This approach to obtaining data can be better tailored to meet the needs of the researcher and may help in uncovering relationships not yet researched.

8.4. Stream 8: change in process characteristics

Research has shown that a firm's strategy depends on the configuration of its strategy processes (Hutzschenreuter & Kleindienst, 2006). Process characteristics such as centralization, formalization, comprehensiveness, and rationality are idiosyncratic to each company and are closely linked to the individuals responsible for strategy formulation and implementation, such as to their cognitive ability, tolerance for risk, or their propensity to act (Wally & Baum, 1994). Since a change in CEO means a priori that the personal characteristics of the individual in the top job will be different, an adaptation in strategy process characteristics is likely to be not only the result of political considerations, but also of personal preferences and habits.

Miller (1993) is among the best-known works on the organizational consequences of CEO succession. Same as Greiner and Bhambri (1989), Miller (1993) uses a political argument to explain why an incoming CEO may change process characteristics. By reducing centralization, increasing the power of executive team members (Greiner & Bhambri, 1989), and increasing information processing, incoming CEOs may be able to gain the support of established managers. Simons (1994) findings add to this discussion by showing that incoming CEOs use formal control systems as a lever for shaping and implementing their agenda. Management control systems help to overcome organizational inertia, communicate the substance of their strategy, set implementation timetables and targets, ensure the continued organizational attention through incentives, and focus organizational learning on resolving uncertainties associated with their strategy.

Being more specific with regard to the type of process under investigation Li, Guo, Liu, and Li (2008) focus on entrepreneurial orientation as a strategy process characteristic. Thus, while turnover may reduce organizational inertia, bring in new skills, and enhance a company's entrepreneurial orientation, too frequent turnovers may lead to risk aversion and organizational instability, ultimately hampering entrepreneurial orientation.

Although the impact of leaders on process characteristics is obvious, to date the topic has received limited attention. With only four of the studies in our sample addressing change in strategy process characteristics as a consequence of leader succession this research stream appears to be in its infancy. Nonetheless, the findings of those studies show that leader succession is likely to result in adaptation of strategy process characteristics. Thus, we urge researchers to pay more attention on how leaders affect firms' strategy processes.

8.5. Evaluation of findings

Our review reveals that leaders indeed have a multifaceted impact on firms' strategic change. However, we were surprised to find that the overwhelming majority of research has concentrated on corporate level changes, in particular, changes in firms' product portfolio. We believe that this predominance is the result of methodological rather than theoretical considerations.

Data on firms' product portfolio are readily available through commercial databases such as COMPUSTAT or can be relatively easily gathered using segment reporting in annual reports. In contrast, gathering data needed to explore strategic change, for example, in terms of change in strategy process characteristics is likely to be more difficult and time consuming. For example, the case study reported by Greiner and Bhambri (1989) is the result of the two authors being present during much of the strategic change taking place within the firm, participating both as consultants and researchers. We recognize that the data issue is not an easy problem to resolve and that not all researchers are able and/or willing to engage in complex and time-consuming data gathering. Nonetheless, we believe that future studies will increasingly have to come up with other forms of strategic change than change in product portfolio in order to provide a significant contribution to the literature.

The data gathering issue may also – at least to some degree – explain why we have seen a predominance of the cognition argument at the expense of alternative theoretical arguments such as power or mandate. While the cognition argument may be tested using public secondary archival data, other arguments clearly need to be supplemented by richer sources of internal dynamics, such as interviews or non-public archival data (Pettigrew, 1990). Consistently, we found only very low reliance on survey and interview methods (for exceptions see, for example, Friedman & Saul, 1991; Greiner & Bhambri, 1989), which we believe offer substantial potential for furthering our understanding on how strategic change manifests itself within the firm.

8.6. Suggestions for future research on the HOW-question

A broad array of dependent variables was employed in the literature. Nonetheless, there is certainly no lack of dependent variables deserving future research attention. However, we believe that identifying a set of variables is of incremental value to the field only. Hence, we subsequently bring to researchers' awareness some more fundamental issues that deserve attention in future research on the LSSC-relationship.

8.6.1. Distinguishing intended change from observable change

The studies we have reviewed and studies on the consequences of leader succession in general, have centered their discussion on the *observable* changes that materialize as a result of new leaders taking office. While the types of changes investigated vary a lot they all have in common that they are observable and that they actually took place.

However, crucial for the understanding of succession consequences and the degree of influence leaders have on these changes is to acknowledge that by doing so we do not capture the entire picture of the intent of the new leaders, but we overlook possible decisions they made, but which were not implemented for a variety of reasons. While new leaders taking office might have formulated certain strategic changes only a fraction of these might have been implemented or are apparent to the observer.

A considerable proportion of strategic decisions in organizations fail due to implementation rather than formulation reasons (Hickson, Miller, & Wilson, 2003). Likewise, research has also shown that strategies may be realized despite, or in the absence of, intentions (Mintzberg & Waters, 1985). Thus, in order to gain a better picture of the link between leader succession and strategic change, future research should try to capture the full range of strategic changes leaders decided upon, the later outcome of these changes, and most importantly the influencing factors that lead to a deviance between the formulated and the implemented strategies. In other words, future research may draw on Mintzberg and Waters (1985) notion of intended, deliberate, unrealized, emergent, and realized strategy, extending the investigation onto the implementation quality (Raes, Heijltjes, Glunk, & Roa, 2011) rather than focusing merely on the observable consequences.

Instead of point-wise measurements on changes future studies should apply longitudinal research designs that rescind from snapshots, but see strategic changes through from the formulation to the implementation. That way we will not only gain insights about the degree to which strategies are actually implemented in the way they are formulated, but also how much they change or are abandoned. While leaders' awareness of events and the informational foundation of their decisions are limited, during the implementation of strategic decisions new information might be gathered that calls for a reevaluation of the decisions (Mintzberg & Waters, 1985). This can start as early as the passing down of decisions from the leader to the middle management, that might have a much clearer picture of a current market situation and hence supports a reassessment of the decision by providing additional information to the leader. As a first step toward uncovering the implementation quality of post-succession strategic changes case-research imposes itself.

8.6.2. Attributing strategic change to the new leader

It has been customary in the field to attribute the entire strategic change that materializes after a succession event to the new leader. However, it is evident that due to the strategic nature of the changes under observation, there may be a substantial time-lag between the initiation and the materialization of strategic change. For example, more than two years after Jürgen Schrempp took office at Daimler in 1995 the automotive company visibly entered new product markets, extending its product portfolio from mid-range and large executive cars to compact cars. While the strategic change materialized only after Schrempp took office, the strategic change was initiated by his predecessor Edzard Reuter. In other words, it is likely that researchers would attribute this change in the firm's product portfolio to the successor, while indeed it was initiated by the predecessor.

Erroneous attribution may result from the fact that a considerable time lag exists between internal initiation and external visibility of strategic change. Additionally, erroneous attribution may also originate in measures of strategic change that are not independent from factors other than the new leader. As elaborated above, changes in segment sales data may be the result of strategic change intended by the leader. However, it may also be simply the result of changes in the firm's economic environment that result in a shift in the relative importance of the firm's segments.

Given that erroneous attribution is likely to result in biased results, we urge future research to place greater emphasis on measures to circumvent such problems. Some researchers have employed time lags between the succession event and the beginning of the observation period of strategic change. However, doing so raises the question of the appropriate length of the time lag. A too short time lag is likely to result in the erroneous attribution of strategic change to the new leader, while a too large time lag may result in the non-observation of strategic change initiated by the leader. Since there is no theoretically derived optimal length of the interval, researchers must pay attention to this inherent trade-off and discuss their results accordingly. Likewise, future research should aim at operationalizing strategic change in a way that is independent from developments outside the firm.

9. WHEN? Adopting a temporal lens on the LSSC-relationship (Stream 9)

According to Van de Ven and Poole (1995: 512) change is an empirical observation of a difference in form, quality, or state over time in an organization. Hence, the authors conclude that the construct of change comprises two distinct dimensions — a *content* dimension and a *time* dimension. Our review reveals that the studies within our sample have placed great emphasis on explaining the WHY, WHAT, and HOW of the LSSC-relationship. As such, these studies are concerned with one or more aspects of the content dimension of leaders' impact on strategic change.

However, none of the studies in our sample has emphasized the time dimension of the LSSC-relationship. This is all the more out of all reason given that a temporal lens provides a powerful way to view organizational phenomena such as strategic change (Ancona, Goodman, Lawrence, & Tushman, 2001). The temporal lens puts time and timing of strategic change front and center. As such, adopting a temporal lens is likely to enrich our theoretical understanding of leaders' impact on strategic change in the context of succession events. Prior studies have recognized that the proximal and environmental temporal contexts are important when investigating leadership outcomes (Bluedorn & Jaussi, 2008). Das (1987), for example, has shown that a leader's planning horizon is positively related with his time horizon. Hence, the findings would suggest, that depending on the individual time horizon of the new leader, strategic change may happen early or later in the new leaders tenure. Therefore, developing theory and testing ideas taking a temporal lens are likely to include notions of cycles, rhythms, paces, or (ir-)regularities (Ancona & Chong, 1996; Bluedorn & Jaussi, 2008; Vermeulen & Barkema, 2002). Thus, adopting a temporal lens on the LSSC-relationship will require asking new questions and thinking about time and method in more elaborate and precise ways (Mitchell & James, 2001).

Given the absence of the temporal lens in the theory section of the studies under review, we expected the topic to be at least an issue in the methodology section. Therefore, we reviewed the studies again, focusing on how the studies under review dealt with time in their methodology section. We found that, by and large, researchers place little emphasis on the choice of observation window for post succession strategic change, even though as Day and Lord (1988) have pointed out the choice of the observation window is likely to affect results. Within our sample, observation windows vary between one and five years. The fact, that in general no theoretical justification is given on the appropriateness of the used observation window, may give rise to the impression that observation windows are arbitrarily chosen. However, as strategic change may consist of single activities, repeated activities, or single activities that influence each other (Ancona, Okhuysen et al., 2001), the importance of the observation window and with that the significance of time increases (Giambatista et al., 2005).

Overall, we find that to date researchers have emphasized the content dimension at the expense of the time dimension. However, we believe that applying different lenses on a given phenomenon – such as the LSSC-relationship – highlights different aspects of that phenomenon, much like the fable of the blind men and the elephant by John Godfrey Saxe. Therefore, we strongly encourage researchers to adopt a temporal lens in future studies on leaders' impact on strategic change in succession contexts.

9.1. Suggestions for future research on the WHEN-question

9.1.1. Exploring the timing of strategic change

Some studies explore the impact of leaders over the course of their tenure (Giambatista, 2004; Henderson et al., 2006). These studies suggest that leaders pass through a life cycle. Throughout their life cycle, critical leader characteristics such as activity, information gathering, and commitment to a paradigm may change. Gabarro (1987, 2007) directly addresses the dynamics of *taking charge* using evidence of the timing of strategic change. Although his findings provide important initial insights on the timing of strategic change following leader succession, more research on the sequential and temporal implementation of strategic change is needed, as well as its determinants. Entrainment, polychronicity, pace/speed, and temporal depths (Bluedorn & Jaussi, 2008) are but a few interesting avenues that would provide valuable insights into the LSSC-relationship.

9.1.2. Choosing the observation window

Most authors place little emphasis on the choice of observation window, even though it is likely to have an impact on the results. For example, studies that explore corporate-level strategic change have frequently used change in segment sales as the dependent variable. Changes in segment sales data, however, may take several years to materialize, and this is likely to vary from industry to industry. Hence, using different observation windows is likely to yield different results (Day & Lord, 1988; Giambatista et al., 2005).

To belie impression of a randomly or opportunistic chosen observation window, future studies on the LSSC-relationship should provide a distinct rationale for the choice of window. Moreover, there is a need for research that directly addresses the influence of varying observation windows. Researchers might address whether the observation of a particular kind of strategic change requires a window of a particular length, or whether there is a theoretical rationale for an 'optimal' observation window. How can researchers deal with the fact that strategic initiatives that the outgoing leader has initiated can become effective well after a succession has taken place, in which case it is the decisions of the departing leader and not those of the new one that matter? Answering such questions is likely to increase the validity of results.

9.1.3. Acknowledging temporal personality

Time is commonly defined as a nonspatial continuum that is measured in terms of events which succeed one another from past through present to future (for example, Merriam-Webster Online Dictionary). Although this definition emphasizes the objective, physical component of time, research has shown that leaders, and indeed all individuals, may differ with regard to their temporal perception and personality. According to Ancona, Okhuysen et al. (2001) a temporal personality is "the characteristic way in which an actor perceives, interprets, uses, allocates, or otherwise interacts with time […]. In other words, it is the manner in which an actor understands and acts with respect to the temporal continuum." Accordingly, leaders' temporal personalities are likely to affect the time dimension of strategic change.

For example, temporal orientation, that is, what part of time (past versus present versus future) is important to leaders is likely to affect both timing and intensity of strategic change (Das, 1987). Leaders with a temporal orientation in the present may initiate substantial strategic change shortly after taking office, while leaders with a future orientation may generally take up time and spread strategic change over a longer time period. Thus, we believe that incorporating leaders' temporal personalities will enhance our understanding of the time and timing of strategic change. For example, researchers might want to investigate on the pace and rhythm of change as a function of the temporal perception of new leaders. This will add to our understanding of the regularity and timely manifestation of change inside companies.

10. Conclusion

We have reviewed literature on leaders' impact on strategic change in the context of CEO succession events. Overall, we find the field to be still in an immature phase. Moreover, we have seen that while various theoretical perspectives have been taken to explain the LSSC-relationship, the dominance of the cognition argument has hampered the field's theoretical development. Therefore, we call researchers to first and foremost invest in theory building explaining the causal mechanisms underlying the LSSC-relationship. Given that leaders' impact on strategic change is heavily influenced by contextual factors, we additionally encourage studies to take a contextual perspective. Together, new theoretical insights and contextually embedded studies are likely to provide a more holistic picture of the LSSC-relationship. Thus, we hope that the review provided in this article and the suggestions for future research will enable researchers to help keeping the field progressing.

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