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Learning during the Transition Period: How Identifying Executives as Designate CEOs Affects their Learning

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A thesis submitted in partial fulfillment of the requirements for the Doctor of Philosophy degree in Business

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LEARNING DURING THE TRANSITION PERIOD: HOW IDENTIFYING
EXECUTIVES AS DESIGNATE CEOS AFFECTS THEIR LEARNING

(Thesis format: Monograph)

by

Rida Mitri <u>Elias</u>

Graduate Program in Business Administration

A thesis submitted in partial fulfilment
of the requirements for the degree of
Doctor of Philosophy

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ABSTRACT

CEO succession is an important event in the life of an organization. It is unavoidable. Around 80% of succession events are relay successions, where a CEO successor is identified a few years before the actual succession event takes place. The success of relay succession compared to horse race and outside successions has been credited to the learning an heir apparent acquires during the transition period. However, to my knowledge, none of the CEO succession research examines the learning process of heirs apparent. Studies exploring leaders' or executives' learning have not investigated whether their learning is any different due to their designation as heirs apparent or future CEOs.

This study attempts to fill this gap through empirical qualitative research by examining the change in executives' learning and sensemaking processes after their designation as heirs apparent. While executives have learned throughout their career, their designation as heirs apparent has a direct impact on their identity, social context, and interactions with their environment, the main properties used in the proposed theoretical framework. Using a combination of learning and sensemaking perspectives, this study builds premises proposing that the designation of executives as heirs apparent affects their learning processes by (1) eliciting a new identity for them, (2) triggering a potential for a future identity, (3) changing their social context, and (4) influencing their enacted environment.

The research question guiding this study is: *"how does the designation of executives as heirs apparent affect their learning and prepare them to become CEOs?"*. To empirically validate my model and answer this thesis research question, I use a

phenomenological approach. Qualitative data were collected through interviews with 22 CEOs who were promoted from within their organizations, outgoing and ex-CEOs, board members, and consultants, as well as secondary data.

My findings provide a rich basis for analysis and some indications to support the proposed model regarding the impact of designation on executives' learning during the transition period. This study suggests designation elicits a new identity for the executives and induces changes in their environment affecting how they interpret cues from the environment and adjust their behaviours and cognition accordingly. It also suggests executives, after designation, undergo a deep thinking process to establish the standards for their future identity as CEOs.

This thesis contributes to CEO succession literature in three ways. Firstly, the research describes the conjectured learning process executives experience after designation. Secondly, the thesis demonstrates the impact of the three types of enactment; namely act, interact, and double interact; on the learning outcomes. Thirdly, the findings also provide a basis to re-examine many of the prevailing descriptions, definitions, and assumptions in the existing literature with respect to relay succession and heirs apparent. This research helps generate important insights that may improve the CEO succession process in organizations.

Keywords: CEO succession, relay succession, heir apparent, learning, sensemaking, enactment, phenomenology

DEDICATION

To all the guardian angels who helped me through my life

ACKNOWLEDGEMENTS

I started my PhD journey believing there is a positive linear relationship between "I" and the "PhD degree". I realized very early on I was wrong. It is rather a cyclical relationship with quite a few ups and downs during the journey. I soon discovered afterwards, "I" alone cannot get me through all the cycles.

I have always considered myself the luckiest person on earth. For one reason or another, I was blessed to be surrounded by guardian angels who would slow the pace of the down turn in every cycle. They would help me reverse the downward spiral and push me to get up and continue. These angels are countless. I wish I could name each and every one of you but I would end up with an acknowledgement section as long as my dissertation, if not longer. Your inspiration, encouragement, and guidance are present in my research, whether I mention your name or not.

First, I would like to thank my supervisor, Dr. Rod White, for accepting to take me as his student, though I still do not understand why. I want you to know I will forever be grateful for your guidance and mentorship. I have learned a lot working with you, more than what I can say or show. You have challenged and stretched my thinking and intellectual abilities to levels I could not have imagined existed. You showed me critical thinking, a concept I had only heard about before, and I still have to learn a lot about. Thank you.

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This research would have not been possible without the most generous gift provided by all the CEOs, board directors, and field experts I met. I will forever be indebted to each and every one of you for taking time out of your very valuable daily activities to share your experiences with me. I will keep your names confidential as promised but I wanted you to know I extremely appreciate your superb sense of humour and your contribution to this work. I enjoyed every single minute of our discussions. I also want to thank all of your assistants for coordinating the scheduling activities.

What is school without school friends? I am fortunate to have had the honour to go to school with some of the smartest, geekiest, hardworking, and enjoyable group of people. I have spent the best time in class and in offices discussing research and life with

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and lives with you at the same house? Bassam carried me through my worst moments, at home and work, and celebrated with me my best moments. He is the one who most of the time saw the positive side of the events when I was only able to see the negative. I admired his ability to persevere under very difficult situations and fight against all odds to get what he wants. I learned from him how to accept the fall, then get up and keep going. I cannot find the words to say thank you for your help through this journey, but I can say I may have quit at several roadblocks had you not helped me out. I cannot promise our life will be happy times always, but I can say, with 95% confidence level ☺ we will manage to get through the challenges. Bassam I love you and thank you from the bottom of my heart.

I am sure I only thanked and acknowledged the contributions of a small number of people, the tip of the iceberg. I am sure there are many whose names are not in here but whose influence is reflected in this work. To all of you, thanks a million.

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CHAPTER 1. INTRODUCTION

First listed reason to sell

The remarkable success of Berkshire Hathaway is nearly wholly attributable to Warren Buffett and Charles Munger. Though Buffett has put in place a succession plan and has chosen a successor, the names of the to-be CEO remain under a veil. However, there remains an air of uncertainty regarding the performance of the company under a new CEO. In our view, it is unlikely that any new management of this conglomerate will be able to continue Buffett and Munger's long-term market out-performance. ("Berkshire Hathaway", Zacks Equity Research, August 22, 2013, available through Lexis Nexis)

First listed reason to buy

Prior to market open on 3 April TD announced its succession plan for President and CEO Ed Clark, a process that will play out in steps over the next 19 months and will culminate with current U.S. banking chief Bharat Masrani assuming the top spot at TD to begin November 2014. We believe that no bank we cover has been as closely linked with the strategic vision of its leader as has been the case with TD and CEO Clark, and as such the news of the elongated transfer provides answers to the important questions of "who?" and "when?" that have been an ongoing point of discussion for TD investors in the past few years. ("TD Bank Financial Group", Macquarie Equities Research, April 4, 2013, available through Thompson One)

1.1. Motivation for the Study

CEO succession is an inevitable event every organization has to face (Giambatista, Rowe, & Riaz, 2005; Grusky, 1960; Kesner & Sebora, 1994). A change in any senior managerial position affects a firm's political, financial, and social climate, as well as its morale (Friedman & Saul, 1991). Thus, the turnover in the firm's CEO position is believed to have a significant impact on the firm's performance (Alexander, Fennell, & Halpern, 1993; Helmich & Brown, 1972). The above statements regarding Berkshire Hathaway and TD Bank show the impact of CEO succession planning on analysts' valuation of companies. Both reports use succession as the primary reason for their recommendation to shareholders on whether to buy or sell the stock under consideration,

which explains why CEO succession is one of the critical responsibilities of boards of directors – second only to the financial performance of organizations (Biggs, 2004).

Given its importance, many researchers have studied the event of CEO succession. Most studies have investigated the succession event itself or the passing of the CEO title, emphasizing the impact of the characteristics of the incoming CEO or the different types of succession on post-CEO-succession organizational performance (Giambatista et al., 2005; Kesner & Sebora, 1994). However, the recent examples provided below from *The Wall Street Journal* and *The Globe and Mail* indicate the process of transferring the CEO title often starts with the identification of an heir apparent long before the actual succession event.

> *Helping assess that strategy is the company's new president and chief operating officer Keith Creel, a long-time protegé of Mr. Harrison from their days together at Illinois Central Railroad and then at Canadian National Railways Co. Mr. Harrison described Mr. Creel as his clear heir apparent (Dixon, 2013).*

> *… Bank of Nova Scotia became the first of the major banks to strongly signal its next CEO. Brian Porter, a 31-year veteran of Canada's third-largest bank, was named president of the bank on Wednesday, assuming that role from current chief executive officer Rick Waugh. Though Scotiabank executives did not elaborate on their reasons for the move, it is widely seen as setting the stage for Mr. Waugh's eventual departure after nearly 10 years at the helm (Robertson, 2012).*

> *The transition has already taken place at Toyota Motor Corp., where Akio Toyoda, 56 years old, a great-grandson of the company's founder, was elevated to CEO in 2009. It is expected to happen soon at Ford Motor Co., where Mark Fields, 51, was recently named chief operating officer, making him the heir-apparent to CEO Alan Mulally, who is 67 (Ramsey, 2012).*

While Vancil (1987) was among the first researchers to emphasize the importance of studying CEO succession, Cannella and Shen (2001) were among the first researchers to highlight the importance of acquiring a deeper understanding of heir apparent or relay succession. Relay succession refers to the process where a successor, usually referred to

as the heir apparent, is identified a significant period of time before the actual succession event (Rowe, 1996; Vancil, 1987). Relay succession is the most common and least disruptive form of succession in major corporations (Rowe, 1996; Vancil, 1987). It constitutes more than 80% of total CEO changes in publicly traded companies (Carey, Phelan, & Useem, 2009). Understanding the characteristics of effective relay succession is hence a critical factor in understanding CEO succession more generally. In a landmark study on CEO succession, Vancil (1987) suggested heirs apparent learn about the CEO role during their transition tenure. In a similar, more recent study, Zhang and Rajagopalan (2004) conjectured that heirs apparent outperform other types of successors because they have the time to learn before becoming CEOs. These authors used the overlap time between the incoming and outgoing CEOs as a proxy for learning, but they did not provide any evidence about the actual learnings or learning processes of the heirs apparent during the transition period. In the corporate world, human resource executives focus on naming the replacement or heirs apparent to the outgoing executives. They assume the incoming executives' learning and development will happen naturally and their interference is unnecessary (Hall, 1986). While most studies and management practice infer that learning happens, the most recent literature review on CEO succession by Giambatista et al. (2005) calls for more understanding between learning and CEO succession.

In summary, CEO succession affects the valuation of companies (Graffin, Carpenter, & Boivie, 2011; Shen & Cannella, 2003). Heir apparent or relay succession constitutes the majority (around 80%) of succession practices in large organizations. The majority of the research conducted on heirs apparent attributes the success of relay

succession to the learning heirs apparent acquire during the transition period (Vancil, 1987; Zhang & Rajagopalan, 2004), but little evidence has been provided to support this argument. Consistent with Hall's (1986) predictions, heir apparent research assumes learning happens during the transition period. The most recent literature review study on CEO succession has invited researchers to examine how the learning happens during transition periods (Giambatista et al., 2005). However, to my knowledge, how the designation of executives as heirs apparent affects their learning has not yet been studied.

In this dissertation, I explore the impact of the designation of executives as heirs apparent on their learning during the transition period to becoming CEO. I focus on the impact of designation on triggering a change in identity and in the social environment for the executive affecting their learning. This is important because research has shown the learning process is influenced by who the learners are (Jarvis, 2006) and by context (Weick, 1995). Additionally, I elaborate on the learning process designate CEOs experience and the impact of their enactment style with the incumbent CEOs on their learning outcomes during the transition period. I also present some of the barriers and enablers affecting their learning process. The main research question for this study is hence: "***how does the designation of executives as heirs apparent affect their learning and prepare them to become CEOs?***".

The key concepts used in this dissertation are:

Designation: refers to the event when the executives themselves realized they were appointed to be the next CEO.

Heirs apparent: refers to any officer who was a senior manager at the organization before assuming the CEO role. This terminology has been replaced with CEO-Ds after the fieldwork for reasons explained later.

Learning: describes a long-term change in the individual's behaviour, cognition, and identity.

Identity: though individuals have multiple identities, the executives' identity used in this dissertation refers to the meanings and behaviours executives attach to their professional role as future CEO.

Social context: represents the perceived or actual influence of relevant actors in the executives' professional environment.

Enactment: denotes the interaction, mainly between the designated CEOs and incumbent CEOs. It includes three different forms of interaction: Act, interact, and double interact.

1.2. Theoretical Lenses

While many things may occur during a relay succession process, this thesis focuses on understanding the learning heirs apparent undergo during their transition period. This is a focal point because the aforementioned learning is a common explanation for the relative advantage of relay successions in terms of post-succession organizational performance. Many studies have been conducted on how managers and leaders learn. The thesis studies how the designation as an heir apparent affects executives' learning and CEO preparation. The aforementioned focus enhances our knowledge of relay succession processes in particular and CEO succession in general

(Cannella & Shen, 2001; Giambatista et al., 2005). It also assists boards of directors as well as incumbent and incoming CEOs to improve CEO succession practices.

The thesis' research question is "*how the designation of executives as heirs apparent affects their learning and prepares them to become CEOs*". This question aims to understand how the designation as heirs apparent affects, if at all, the behaviour, cognition, and identity of the designated executives during the transition period. To address this question, I develop premises which support a model describing the impact of the designation as future CEO on the executives' identity and social context. I also illustrate the influence of different executives' enactment styles of their environment; namely act, interact, and double interact; on the change in their behaviour, cognition, and identity. I propose that the designation itself is important because it triggers a new identity for the executives, that of future CEOs, and produces a corresponding effect on their behaviour and mindset in order to affirm the new identity.

In addition to triggering an immediate identity, the heir apparent one, I expect the designation will result in executives undergoing a learning process and questioning their existing and perceived standards of the new role to create a new set of standards for their future identity, the CEO identity. The incumbent CEOs represent the most well-known exemplification to the designate CEOs of how CEOs act. I therefore propose that the styles and standards of the incumbent CEOs constitute the starting point for the designated CEOs' new standards.

The designation creates a new social environment for the executives. I propose the expectations of employees, board members, and stakeholders regarding the designated executives, change immediately upon designation as the future leaders of the

organization. Executives may feel the need to align their behaviours and their mindset to meet the new expectations of their social environment.

Finally, I suggest not all designate CEOs experience the same level of learning during the transition period as conjectured in prevailing research on the heirs apparent succession process. I propose different types of enactment result in different learning outcomes. Since the incumbent CEO is an important potential person for the designate CEO to learn from during the transition period, I build my arguments distinguishing among three types of interaction – act, interact, and double interact (defined later in chapter 3) (Weick, 1995, 2012); between the designate and the incumbent CEOs. I propose double interact is the form of interaction that leads to the creation of shared mental models between the CEOs, incumbent and designate, while act is the least likely to reduce ambiguity and create a shared mental model. Interact leads to learning outcomes in between the two extreme enactment forms.

I use sensemaking to explain meaning making from a social and action-oriented perspective. This research starts at the individual level, the designate CEOs, and transcends to the group level, the designate CEOs and members of their social context, especially the incumbent CEO, the board of directors, and other relevant stakeholders. Sensemaking helps to span these two levels to understanding the learning process of designate CEOs during the transition period. However, it falls short in its ability to explain how designate CEOs change or acquire new professional identities. To overcome this gap, I use learning theories to explain how the designate CEOs create identity standards for their future role. The combination of learning and sensemaking provides the opportunity to explore the research question of this study ("how the designation of

executives as heirs apparent affects their learning"). Combining learning and sensemaking also allows for the consideration of both the individual and social levels surrounding my area of interest.

1.3. Research Design

The prior research on heirs apparent and relay succession is limited despite the importance of this phenomenon for organizations (Cannella & Shen, 2001), and is primarily quantitative (Giambatista et al., 2005; Kesner & Sebora, 1994). Previous studies in this field rely heavily on large samples and archival data to understand the impact, mainly on organization performance, of measurable variables related to incoming and outgoing CEOs (c.f. Giambatista et al., 2005; Kesner & Sebora, 1994). These quantitative studies describe simplified relationships between variables (c.f. Antonacopoulou, 2001) that result in the process of "learning" being accepted as "obvious".

To understand the learning process of heirs apparent during the transition period, I conducted a phenomenological study and in doing so, I answered a call for more qualitative research by Giambatista et al. (2005) for the validation of quantitative studies' interpretations of CEO succession. In this research, I attempted to explore the inference regarding the learning of heirs apparent during the transition period (cf. Zhang & Rajagopalan, 2004). A phenomenological study is most appropriate for research exploring a specific experience of individuals, in this case, the learning of designate CEOs during the transition period.

This methodology enabled me to capture the relationships between designation and change in identity and social context reported by the respondents. The methodology

furthermore aided me in gaining an understanding of the learning process and outcomes under three different types of enactments. I used semi-structured structured interviews with 22 CEOs to understand their experience during the transition period. I also conducted interviews with outgoing CEOs, ex-CEOs, chairs of boards of directors, and board members to establish a more comprehensive understanding of the CEO succession event. I interviewed a consultant who specializes in helping organizations through CEO succession and a journalist who reports on CEO successions in organizations in order to have an external, independent view on the phenomenon. Given the public nature of my participants and their organizations, I found a wealth of public information on their succession event, which I used to validate some of the interviews. However, I used the secondary information with extreme caution because of the tendency of organizations to report a favourable image and change the representation of any possible misunderstandings inside the organization. While these articles were helpful to me to understand some of the complexities of the succession events, I was not in a position to use any of this information directly in my research because of the risk of disclosing my participants' identities.

I analyzed data from the semi-structured interviews using NVivo to identify shared elements in the experiences of the participants related to identity, social context, and forms of enactment. I performed several transformations in the participants' transcribed interviews in order to reach a thorough understanding of their experiences. I used this data to produce a structure representing the shared elements in the experience of all of the participants with respect to each of the premises constructed in the theoretical model.

Undoubtedly, my beliefs and experiences shaped this research (Creswell, 2013; Giorgi, 2009). To inform the readers about my biases, I have included a reflexivity statement to help readers interpret my findings while identifying my beliefs.

1.4. Thesis Organization

This thesis is organized in seven chapters. Chapter 1 provides an overview of the area of interest, the research questions, and a brief description of the theoretical model and methodology used. Chapter 2 presents a review of the relevant literatures on CEO succession – with an emphasis on relay succession, learning, and sensemaking in order to prepare the necessary background for the proposed theoretical model. Chapter 3 describes the theoretical model and the supporting premises that explain the impact of heir apparent designation on executives' identity and social context and the resulting change in behaviour and cognition. It also includes premises regarding how the different types of enactment between the incumbent and incoming CEOs impact the incoming CEOs' learning during the transition period. Chapter 4 explains the methodology used in this study, including the rationale for the use of a phenomenological approach, the data collection methods and the coding and analytical procedures. Chapter 5 presents the analysis and interpretation of my findings and their support or lack thereof to the premises and model. Chapter 6 offers a discussion of my findings given the special context of the research. Chapter 7 provides a summary of the academic contributions and practitioner implications of the findings, the limitations of this study, as well as the directions for future research.

CHAPTER 2. LITERATURE REVIEW

CEO succession events are unavoidable and disruptive for organizations. Rowe (1996) argued relay successions are the least disruptive, horse races are more disruptive, and CEO dismissals are the most disruptive. When an incumbent CEO is associated with the good performance of an organization, the high expectations of this CEO may lead stakeholders, especially shareholders, to believe the heir apparent may not achieve the same level of performance. Thus, the disruption may occur because the stakeholders question the capabilities of the incoming CEO.

Will the incoming CEO develop the necessary skills and knowledge to sustain the good performance of the organization? Relay succession researchers assume heirs apparent learn from outgoing CEOs but fail to explain how. To answer this question, I used two complementary lenses: sensemaking and learning. Sensemaking explains the impact of identity and social context on the executives' learning. Sensemaking also includes the social process through which executives interact with others to enact their environment and update their capabilities. Learning explains how humans grow and build a new set of standards for their changed professional identity. In this chapter, I review the relevant literature on CEO succession, namely relay succession, learning, and sensemaking and proceed to integrate these theories, as represented in Figure 2.1.

Figure 2.1: From the Heir Apparent to the CEO: The Theoretical Context
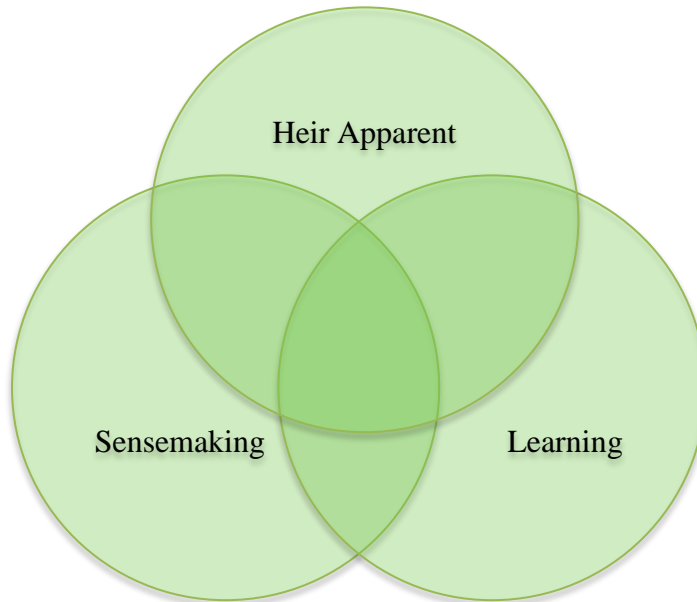
2.1. CEO Succession

What a firm becomes can be significantly influenced by how and to whom this [CEO's] power and authority are passed … This makes CEO succession a defining event for virtually every organization (Kesner & Sebora, 1994, p. 352. Brackets are added.).

2.1.1. A General Overview

Strategy and organization scholars' interest in CEO succession research grew mainly because of the importance of the event to organizations. Succession is unavoidable, and even a smooth succession results in insecurity in organizations (Grusky, 1960). When the turnover in any managerial position affects a firm's political, financial, social climates, as well as its morale (Friedman & Saul, 1991), then the turnover in the firm's CEO position is believed to have a major impact on the firm's performance (Alexander et al., 1993; Helmich & Brown, 1972). Even in poorly

performing companies, changing the CEO may result in distancing the only individual, i.e. the incumbent CEO, who understands the problem(s) and who may be the only one able to suggest appropriate remedies (Morrow Jr., 2002; Zhang & Rajagopalan, 2004).

In addition to its importance to strategy and organization scholars, CEO succession is also important for managers and boards of directors. CEO succession constitutes a major concern for boards of directors, second only to corporate performance (Biggs, 2004). It is also important for other stakeholders and continues to be a hot topic in the popular media (Giambatista et al., 2005). Nominations of best and worst CEOs remain a perennial favourite for news media at the beginning of every year. Analysts identify companies lacking clear succession plans, speculate about who will succeed the current CEOs, and try to predict companies' post-succession performance. Berkshire Hathaway is currently one of the companies under scrutiny for its unclear succession plans to the outside world.

There have been two comprehensive reviews of prior research on leader succession to date. The first review, by Kesner and Sebora (1994), was conducted on leader succession research completed prior to the end of 1994. The second study, by Giambatista et al. (2005), covered the period from 1994 to 2004. Most of the research conducted on leader succession research is quantitative and addresses the antecedents and consequences of succession (Giambatista et al., 2005; Kesner & Sebora, 1994), with less emphasis on what happens during the transition period (Giambatista et al., 2005).

A question often addressed in the CEO succession literature is the origin of the incoming CEO (Giambatista et al., 2005). Who are the better performers, insiders or outsiders? Findings are equivocal. A few researchers argue that insiders outperform

outsiders most of the time (Zhang & Rajagopalan, 2004, 2006). Others find the results to be contextually based, where insiders outperform outsiders in well-performing organizations and outsiders outperform insiders in poorly performing organizations (Citrin & Ogden, 2010). Parker, Peters, and Turetsky (2002) found that companies in distress with externally recruited CEOs double their risk of going bankrupt as compared to companies where CEOs are internally promoted.

There are mainly two processes for insider CEO successions: a relay succession and a horse race succession (Vancil, 1987). The relay process occurs when an organization grooms one successor mostly known as the heir apparent for the CEO position. Horse race succession occurs when several executives are considered as possible candidates for the CEO position. Some companies may use a combination of these processes whereby they use the horse race to appoint the heir apparent who later becomes the CEO. General Electric employed this strategy during the transition between Reginald Jones and Jack Welch in 1981 and between Jack Welch and Jeffrey Immelt in 2001. Though both processes result in an insider at the top of the organization, they are different in terms of their benefits and risks and in the degree of instability or turbulence that they cause in the organization. A horse race usually leads to the exit of important talent from the organization. Candidates who lose the race often feel compelled to leave and are likely to find attractive jobs elsewhere (Lehmberg, Rowe, White, & Phillips, 2009).

Relay succession is considered the least disruptive form of all succession processes (Vancil, 1987), both internally and externally. Internally, employees' morale and confidence are maintained by the smooth transition of leadership (Zajac, 1990). Externally, companies with heirs apparent suffer fewer negative market reactions

(Davidson III, Nemec, & Worrell, 2001) and more positive shareholders reactions (Behn, Riley, & Yang, 2005; Shen & Cannella, 2003) to their CEO succession events than companies who select CEOs following a public horse race or hire outside CEOs.

This research focuses on understanding the heir apparent transition period for the following two reasons. First, despite the mixed findings on the consequences of CEO succession, relay succession is still the most common form of succession (Finkelstein & Hambrick, 1996) representing more than 75% of all succession procedures (Allgood & Farrell, 2003; Carey et al., 2009; Moriarty, 2009; Rowe, 1996; Zhang & Rajagopalan, 2004). Second, relay succession is assumed to be the least disruptive form of succession for post-succession organizational performance (Helfat & Bailey, 2005; Vancil, 1987).

2.1.2. *Heir Apparent Defined*

Relay succession involves identifying a CEO successor, whom Vancil (1987) referred to as the heir apparent, a few years before the actual succession event takes place. Vancil (1987) did not limit the title of heir apparent to the COO or president. Later studies, however, used the role of COO and/or president as a proxy to identify the heirs apparent in organizations. This occurred because the studies were based on archival datasets. Cannella and Shen (2001), among the first researchers to explore the position of heirs apparent (Giambatista et al., 2005), defined an heir apparent as "any officer who was the only person in a firm holding the title of president or of COO or both and who was at least five years younger than the incumbent CEO" (p. 259). Many researchers, interested in the concept of heirs apparent, adopted Cannella and Shen's definition of an heir apparent (Behn et al., 2005; Cannella & Shen, 2001; Shen & Cannella, 2003). Others

modified it to exclude the condition related to the age difference between the CEO and heir apparent (Boyer & Ortiz-Molina, 2008; Zhang & Rajagopalan, 2004, 2006).

Drawing on Vancil's (1987) description of an heir apparent and Cannella and Shen's (2001) definition and later related adjustments, this study adopts the following definition of an heir apparent: *any manager in the company who was a senior executive, including being the COO and/or president, before assuming the CEO role*. This definition is appropriate for this work because reliance on archival data is minimal. I conducted extensive checking on each executive chosen before data was collected. I was able to identify inside successors whether they were appointed COO and/or president or whether they had a different title before becoming the CEO.

2.1.3. *Learning of Heirs Apparent*

In a relay succession, the heir apparent is selected a few years before the actual succession event takes place (Vancil, 1987). This key feature of the relay succession process has led many researchers to conjecture that heirs apparent have the time to learn from incumbent CEOs. For example, using the upper echelons literature on executives' cognitive orientation, Bigley and Wiersema (2002) argued that the longer the tenure of an executive as the heir apparent, the more likely the incoming CEO will learn from the outgoing CEO, not only in terms of job-related skills but also the outgoing CEO's strategic orientation. Using a learning lens, Zhang and Rajagopalan (2006) assumed heirs apparent have enough time to learn the necessary job skills and outperform other types of successors once they become the sitting CEOs. Shen and Cannella (2003) assumed heirs apparent, given the status of incoming CEOs and the time, use the transition period to build relationships with key stakeholders of companies and enhance investors' post-

succession expectations. Harris and Helfat (1997) built on the key feature of relay succession to justify their argument that internal CEOs have more company-specific skills and knowledge than external CEOs. The following anecdotal stories told by retired CEOs, incumbent CEOs, and heirs apparent also provide insight into the dynamic between outgoing and incoming CEOs and support the assumptions made by CEO succession researchers:

> *I saw practically everything he did. I learned how to make decisions, for Kirk was excellent at making them fast and making most of them right. When you have his kind of experience and feel for a business, you can make very rapid decisions, particularly where you can forecast the result (Watson & Petre, 2000, p. 132).* Retired Thomas Watson Jr. recalls his experience during the transition period from being an heir apparent to becoming IBM's CEO.

> *I learned [from Jobs] that focus is key. You can only do so many things well, and you should cast aside everything else. I think he taught all of us that life is fragile, and we're not guaranteed anything tomorrow, so give it all you've got…. It was a gift. It was an art… I saw it daily (Tweney, 2012).* Tim Cook during his first year as Apple's CEO.

> *There's a lot I can learn from Jack. I think the transition is going to be natural. Both of us are always guided by doing what's best for the company (CNNfn, 2000).* Jeff Immelt when he was declared GE's heir apparent and Welch's successor.

However, while learning is assumed to be an essential component of the development of heirs apparent, little is known both theoretically and empirically about this phenomenon. Aside from a few anecdotal stories, previous research (cf. Bigley & Wiersema, 2002; Harris & Helfat, 1997; Shen & Cannella, 2003; Zhang & Rajagopalan, 2004) only conjectures that given the time overlap between incoming and outgoing CEOs, heirs apparent learn from incumbent CEOs. For example, Harris and Helfat (1997) and Shen and Cannella (2003) did not include any variables measuring learning. Bigley and Wiersema (2002) and Zhang and Rajagopalan (2004) argued for the learning of heirs

apparent based on their speculation that the tenure overlap allows the incoming CEOs to learn from the outgoing CEOs. They thus measured learning as the length of executives' tenure as heirs apparent. These studies account neither for the negative potential impact of learning nor for the possibility that incumbent CEOs may be unwilling to train heirs apparent and pass the baton.

Along with the advantages attached to learning from predecessors come the disadvantages. Some researchers believe the ability of heirs apparent to induce strategic change after they become CEOs is limited because they are trained by the previous CEOs (Bigley & Wiersema, 2002). Many CEOs are suspected of selecting successors who are similar to them and will carry on their vision for the company (Devries, 1988; Zajac & Westphal, 1996). The cognitive independence of some heirs apparent is hence believed to be compromised by the intense influence of and socialization by their predecessors (Charan, 2005; Fondas & Wiersema, 1997). To show the limited ability of heirs apparent to induce strategic change, Bigley and Wiersema (2002) used the literature on managerial cognitive orientation. They argued the longer the executives have been designated as heirs apparent, the more likely they acquire the same cognitive orientation as the incumbent CEOs, and the less likely they are to induce strategic change. To achieve this, they used heir apparent tenure (independent variable) as the proxy for the similarity between the incoming and outgoing CEOs' strategic orientation, and strategic refocusing (dependent variable) as their measure of strategic change. They measured strategic refocusing as the percentage variation in the organization's level of diversification for the three years following the succession event. However, their study did not control for the past strategic orientation of each company and hence their conclusion was based solely on

the ability of an heir apparent to induce strategic refocusing over and above the status quo of the organization. They also did not account for the quality of interaction between the heir apparent and the CEO; they simply assumed the interaction between the two executives led to similarities in their cognitive maps. Nevertheless, while heirs apparent have the opportunity to "learn the ropes" from outgoing CEOs, it is assumed they may run the risk of being restricted to learning the outgoing CEO's mindsets (Bigley & Wiersema, 2002).

Other streams of executive turnover research show CEOs are not always eager to educate heirs apparent and give up their positions even when they are performing poorly (Boeker, 1992; Fredrickson, Hambrick, & Baumrin, 1988; Sonnenfeld, 1988). Some CEOs do not like to pass the baton for fear of losing their source of power and realizing they are dispensable (Devries, 1988; Goh, 2002) and/or mortal (Levinson, 1974; Sonnenfeld, 1988). Steve Jobs, for example, was disappointed when Apple's share price increased under the management of Tim Cook during his medical leave: "*He (Steve Jobs) was coming to grips with the thought that he might not be indispensable to the company. Apple stock had fared well while he was away, going from $82 when he announced his leave in January 2009 to $140 when he returned at the end of May*" (Isaacson, 2011, p. 272). Whether the incumbent CEO chooses the heir apparent or not, it is believed some incumbent CEOs will want to hold onto the power and prestige of the position for as long as they can. Empirically, Cannella and Shen (2001) showed the more powerful the CEO is, the less likely the heir apparent will get the CEO position. Immelt, for example, was supposed to become the CEO of GE at the end of 2000 (CNNfn, 2000), yet Jack Welch held onto the position until the end of 2001. However, Cannella and Shen (2001)

measured only the CEO power and ignored the CEO's refusal to give up power. If the CEOs were willing to give up power, they are more likely to help the heir apparent during the transition period to assume the CEO role.

2.1.4. Summary

CEO succession events can be disruptive to organizations (Helfat & Bailey, 2005). There is a general agreement in the existing literature and practice-based research on leader succession that grooming an heir apparent contributes to a smoother CEO transition (Vancil, 1987) and positive post-succession performance (Zhang & Rajagopalan, 2004). Most researchers who study heirs apparent argue the main reason behind the preference for relay succession is the opportunity presented to the heir apparent to learn the skills required from the incumbent CEO. This thesis will explore the heir apparent learning process. Specifically, it will examine the impact of the designation of executives as heirs apparent on their learning processes and highlight the enabling and restricting conditions affecting the learning in an attempt to enhance the succession process. This thesis answers Giambatista et al.'s (2005) call to explore the link between learning and CEO succession.

2.2. Learning

Learning helps individuals acquire new behaviours, skills, and ideas. Learning to learn helps individuals to continue to develop and grow (Jarvis, 2006; Ormrod, 2012). Inherent in these statements is the following assumption: learning has a positive outcome. However, individuals may also learn undesirable behaviours or beliefs (Jarvis, 2006) leading to negative outcomes or miseducation (Dewey, 1938). This research aims at

understanding the learning process necessary for the development of human beings, which is worth studying both for theoretical enrichment and practical value. The direct scope of this research is not to qualify the outcome of learning as negative or positive, some reference will be made if and when feasible. The purpose of this research is to shed some light on the learning process in order to help companies and their boards develop a learning environment to reach their intended outcome.

Human beings do not live in a vacuum. They construct their own personal philosophies or mental models based on their interactions with the world. These mental models represent individuals' own perceptions of how the world operates (Craik, 1943) and guide their thought processes, decisions, and behaviours (Feynman, Leighton, & Hutchings, 1985), and hence represent their accumulated learning. New learning may occur when an individual experiences disjuncture (Jarvis, 2006) or dissonance caused by the occurrence of unexpected events or the non-occurrence of expected ones (Mandler, 1984). These unforeseen situations challenge the ability of an individual's existing mental models to explain what happened. While disjuncture or dissonance is necessary for new learning, its mere occurrence is an insufficient condition to lead to new learning. The following sections show that even in the presence of dissonance, the learner plays an important role in whether new learning occurs.

2.2.1. Learning Defined

Behaviourism is one of the first perspectives applied to learning. Behaviourists focus mainly on observable behaviours (i.e. objectively measured) to infer learning. They investigate the relationship between an external stimulus and the resulting behaviour. Two main examples of behavioural theories are classical conditioning and instrumental

conditioning (Ormrod, 2012). Pavlov (1927, 2010) was the pioneer of the classical conditioning impact on learning. This perspective explains the relationship between external stimuli and behaviours or responses. The instrumental conditioning perspective examines the effects of reinforcement in increasing or suppressing behaviour, known respectively as operant conditioning or punishment. Rather than looking at the stimuli–behaviour relationship, this perspective looks at the frequency of repeating or avoiding certain behaviours as a result of whether the behaviour is followed by reinforcement (Skinner, 1938) or punishment (Ormrod, 2012). Pure behavioural theorists assume repetitive stimuli or repetitive consequences will lead to the expected behaviour and ignore the cognitive models, maps, and abilities of the learners.

Cognitive theorists believe understanding learning cannot be reduced to the analysis of the exhibited behaviour. They argue the information resulting from the learner's interaction with the environment is an unobservable process and may or may not lead to observable behaviours. Purposive behaviourism or latent learning suggests a new perspective for the study of learning. Unlike instrumental conditioning, this perspective suggests reinforcement affects performance or the end result and not learning (Tolman & Honzik, 1930). While the behaviourists believe learning happens when it can be observed through new behaviours, Tolman and Honzik (1930) demonstrated learning may occur without the individual's behaviour necessarily reflecting the new behaviour. Reinforcement triggers the change in behaviour not the learning. The latent learning perspective links the occurrence of new behaviour, or the previously used variable to measure learning, to reinforcement not to learning. Hence, rather than relying solely on observable behaviour as a measure of learning, cognitive theorists explore unobservable

internal processes such as memory, attention, and cognitive schemas or mental models (Jarvis, 2010; Mazur, 1993, 1998; Ormrod, 2012).

Behaviourists argue that in order to identify if learning happened we need to see it in behaviour. Cognitive theorists contend learning may occur without behaviour necessarily reflecting the learning. Inkpen and Crossan (1995) combine these approaches and assert integrated learning occurs when changes in both behaviour and cognition take place. Figure 2.2 below illustrates the relationship between cognition and behaviour.

When neither cognition nor behavioural changes occur due to an experience/stimulus, then no learning occurs. When both change, then integrated learning, which is a form of sustained learning, occurs. When change occurs only in one area (for example, cognition) without respective change in the second area (for example, behaviour) then change is expected to be temporary and cannot lead to sustained learning; the ultimate result is no learning. An example of this is blocked learning. The authors argue temporary change in one or the other may lead to sustained learning only if it is followed by the respective change in the other element, such as in the case of anticipatory change and experimental learning.

Figure 2.2: The Relationship between Cognition and Behaviour
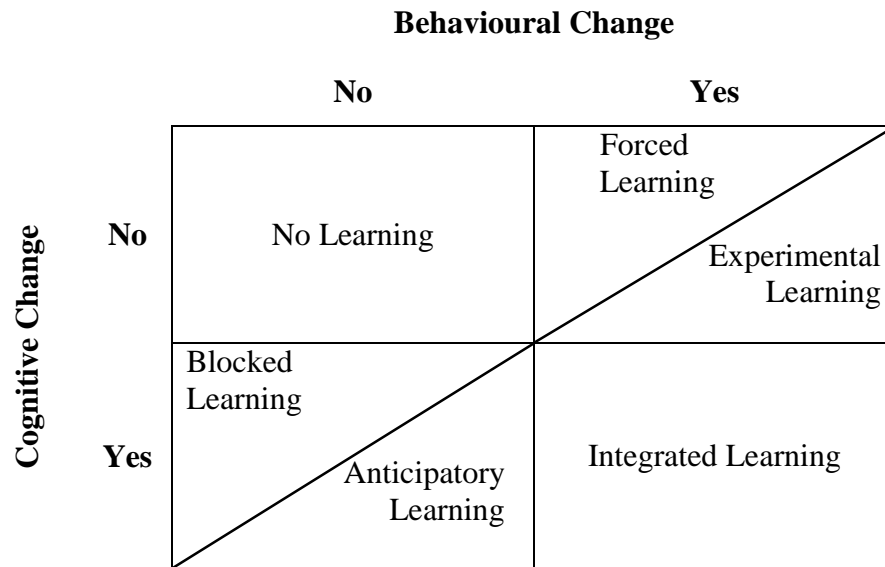
Source: Inkpen, A. C., and Crossan, M. M. 1995. Believing is seeing: Joint ventures and organization learning. *Journal of Management Studies*, 32(5): p. 599

The earliest research in the field links learning to behaviour while later studies link it to cognition, and the most recent views connect learning to a change in both behaviour and cognition (Inkpen & Crossan, 1995; Ormrod, 2012). However, these definitions apply to all living organisms, not only human beings (cf. Tolman & Honzik, 1930). The most recent developments in the learning perspective emphasize the human learner in order to provide a richer understanding of the learning process (Jarvis, 2006, 2010). By acknowledging the impact on and change in individual cognitive assets, cognitive theorists highlight the importance of the learner in the learning process. Within this perspective, the individual's internal processes largely shape the learning (Burke & Stets, 2009). Researchers in the field believe human learners bring to the learning situation their own experiences, meaning systems, and self. The 'self' referenced includes self-confidence, self-esteem, and self-perception (Jarvis, 2010).

Building on the role individuals' mental models play in understanding the world around them, Mezirow (1997) developed transformational learning theory, which explains how human beings learn to think like adults (Mezirow, 2012). The main focus of Mezirow's transformation theory is how individuals learn using their own purposes, values, emotions, and beliefs. Mezirow differentiated between four ways of learning, ranging from the expansion of current understanding to the total transformation of frames of reference (Sherlock & Nathan, 2008). Mezirow explained how the change in individuals' social status may lead the individuals to evolve a new set of standards and upgrade their frame of reference. Bandura (2001) explained how the social environment influences the human learning and hence helps in the development of their new set of standards. He argued human beings may imitate the observed and retained behaviour of other beings in their social context if they believe these individuals and/or their behaviours are important to their well-being.

My research emphasizes the criticality of the individual learner in the learning process and develops premises accounting for the changes which might influence the identity and internal processes of the heir apparent. The research builds on these concepts in order to provide an explanation for the learning executives receive upon their designation as heir apparent. The thesis contributes to the literature by providing a perspective to explain how designated heirs apparent build the standards for their future CEO identity. Building on cognitive, behavioural, and adult learning theories, this dissertation adopts a customized definition to reflect human learning and acknowledges the importance of the learner's mental models in linking the antecedents, process, and outcomes of learning as follows:

Learning is a continuous process where the learner experiences equivocality or disharmony in a situation, which he/she then processes in his/her own mind (i.e. existing mental models) or body (i.e. reproduces physically), resulting in a long-term change in the mental models, behaviour, or identity of the learner.

There are several important elements in this definition. At the beginning and end of the process there is the learner who is learning. In the context of this research the learner is the designate CEO. The learning process is a recurring one with the heir apparent at the end of one experience becomes the starting point to the next one. This definition assumes that learning is triggered only when the existing mental models of the heir apparent experiences disharmony or equivocality. Learning happens when the heir apparent tries to resolve the disharmony or equivocality and updates his/her existing mental models, behaviour, or identity accordingly. Thus, if the heir apparent merely confirms existing knowledge, learning is not assumed to have taken place.

2.2.2. Summary

The learning theoretical perspective provides us with a general framework to explain the learning heirs apparent experience during the transition period, which is assumed in CEO succession literature but unexplored. The adult learning perspective aids in accounting for the unique mental models of heirs apparent while explaining their learning processes and how they learn to act given the circumstances. Adult learning theories provide a framework which explains how heirs apparent build a set of standards for their future CEO identity. This perspective lacks an ability to explain how the designation of heir apparent affects the learning processes of executives within organizations. The designation of heir apparent is an action which may change the way

the executive learns in action (Argyris & Schön, 1992). To explore this aspect of the heir apparent learning process, the thesis examines sensemaking next.

2.3. Sensemaking

Sensemaking predominately describes how people construct meaning of their social world and the resulting consequences. The main focus of sensemaking is to provide an explanation for the behaviour of actors, practitioners, and individuals as they experience equivocality in their world (Smerek, 2011). Karl Weick coined the term "sensemaking" (Schwandt, 2005). Weick (1979, 1995) used sensemaking to understand how people think and act in social contexts. Sensemaking helps explain how executives make meaning of their designation as heirs apparent and the impact of this designation on their ongoing flow of experience. Weick (2008) described sensemaking as the process through which human beings deal with equivocality, look for meaning, accept plausible explanations, and "move on".

Sensemaking is the ability to build a plausible story to aid the individual in reducing equivocality from the environment. Sensemaking helps one rationalize one's actions in order to create meaning from an experience within the specific social context. The new meaning will then form a new environment and one's new experiences will then be explained within the understandings of the new environment. This explains Weick's inference that individuals enact their own environment, which in turn affects their actions. The environment of heirs apparent, however, is not merely their "creation". While heirs apparent contribute to the creation of their environment, they interact with others, thus their environment is a product of co-creation. Co-enactment results from the interaction

between heirs apparent and those of the other top management team members, including CEOs and boards of directors.

To some extent, heirs apparent are expected to conform to current CEOs' corporate visions (Saporito & Winum, 2012). The incumbent CEOs' and boards of directors' cognitive maps represent companies' governing dominant logic (Bettis & Prahalad, 1995) which heirs apparent are expected to preserve. The ability of heirs apparent to learn is dependent on the way they enact their environments. Some heirs apparent might interpret constraints as being their creation and might act to overcome them. Other heirs apparent might interpret them as objects present in their environment to which they need to react (Weick, Sutcliffe, & Obstfeld, 2005). The different ways heirs apparent enact their environment are a fundamental component of this research and are presented more fully in the next chapter.

2.3.1. *Sensemaking Defined*

Weick (2008) defined sensemaking as "the ongoing retrospective development of plausible images that rationalize what people are doing" to reduce equivocality. Sensemaking explains how individuals learn every day in a social context. According to Weick (2012), learning is a social, collective phenomenon between people - not a detached phenomenon inside of a single mind. Sensemaking aims to explain how people learn new behaviours and beliefs to reduce the equivocality resulting from disharmonies they face. The process of sensemaking starts with an enactment, followed by the selection of explanations, and finishes with the retention of the most plausible explanation for the situation. To help us better understand sensemaking, Weick (1995) described seven properties affecting how individuals select cues to understand an event and change their

understanding of the situation to fit a specific context. Below is a brief description of these properties.

Individual identity. Identity refers to "parts of a self composed of the meanings that persons attach to the multiple roles they typically play" (Stryker & Burke, 2000, p. 284). How individuals think and act is highly connected to who they are (Burke & Stets, 2009). Identities influence the cues we select from the environment in order to interpret our surroundings. Our interpretation of our environment accordingly influences the sensemaking process (Weick, 1995). Actual and perceived threats or enablers to one's sense of current and desired self provide a framework to understand one's sensemaking process.

Social context. Social context means the implied or even imagined physical and psychological influence of others on a person. An individual's meaning-making process is highly influenced by the social context in which it occurs. Although sensemaking is done by the individual, ignoring the impact of the social context creates blind spots in understanding the sensemaking process (Blumer, 1969). Face-to-face interactions with other members of the social context improve the efficiency and effectiveness of action and reduce the likelihood of contaminating the sensemaking process (Weick, 1993).

Retrospect. Retrospect means reflecting on past events. Our ability to make sense of the present is limited by our past experiences (Mezirow, 1991, 1997). Sensemaking of current events depends on the strength of our memory in terms of time period, quality, and quantity (Weick, 2012; Weick et al., 2005).

Salient cues. Individuals notice select information from the environment, called a 'cue' (Starbuck & Milliken, 1988). The cue becomes an input and influences the meaning one retains about a certain event in a specific situation (Weick, 1993, 1995).

Ongoing events. Individuals experience a continuous flow of events (Mintzberg, 1973; Weick, 1995). Making sense of any event does not start or end with the specific event. Individuals evolve their mindsets and thought processes continuously. Some interpretations become out-of-date based on new forms of evidence and lead to newly constructed interpretations and worlds.

Plausibility. Plausibility refers to a solution being socially acceptable within a certain context. Rather than looking for accuracy, individuals often search for an acceptable answer to an ambiguous situation and move on. Building on Simon's (1991) concept of bounded rationality, Kahneman (2003, p. 699) stated: "People are not accustomed to thinking hard and are often content to trust a plausible judgment that quickly comes to mind".

Enactment. Within the sensemaking perspective, environments are invented rather than discovered. One criticism of Weick's conceptualization of enacted environments is they are geared toward idealism, where the outside environment is created by what individuals think and do rather than by external factors. (Taylor & Van Every, 2000). Accordingly, in his recent work on sensemaking, Weick re-articulated enactment as the created environment within the conditions set by externalities (Weick, 2012; Weick et al., 2005).

These seven elements affect the way people create meaning from their environment which accordingly affects how and what they learn. Figure 2.3 below

presents the relationship between enactment, selection, and retention, as well as the impact of the seven properties on this sequence. Similar to learning, the process of sensemaking is triggered by a disharmony in the social context and on-going events. While attempting to restore order caused by the disharmony, people pick up cues shaped by their retrospective, accumulated past experience. Through selection, involved individuals reduce the number of plausible explanations, and usually retain the explanations best aligning with their identity standards. The retained explanations (1) become the input material for new enactment into the world, (2) are added to the individuals' accumulated experience, and (3) shape the selection of new plausible explanations. This feedback route into enactment is filtered through the identity of the individuals.

Figure 2.3: The Seven Properties of Sensemaking
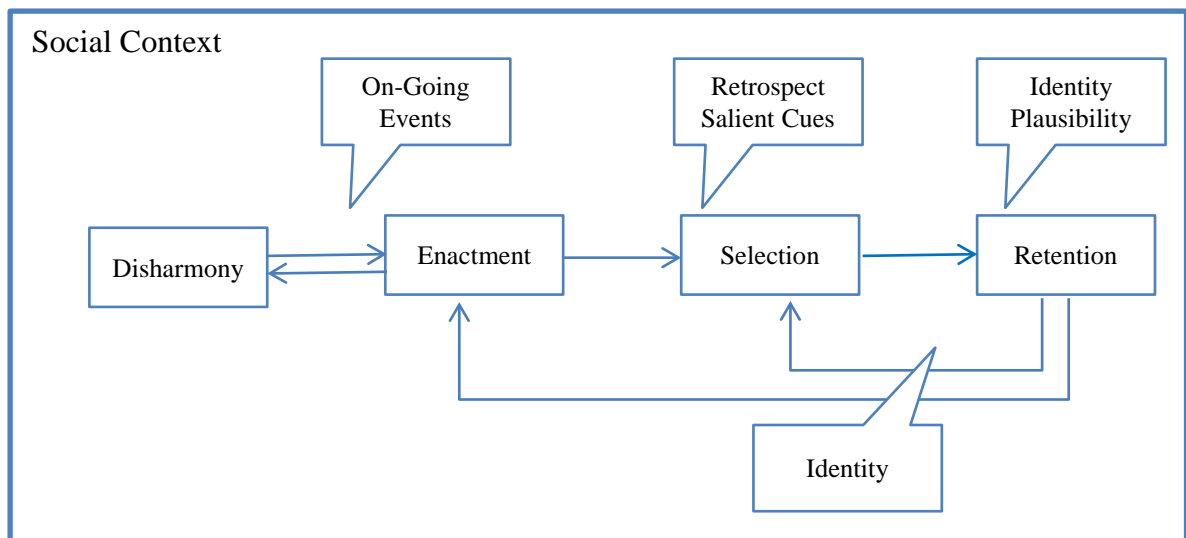
Source: Adapted from Weick, K. E., Sutcliffe, K. M. & Obstfeld, D. 2005. Organizing and the process of sensemaking. *Organization Science*, 16(4): p. 414.

The aim of this research is understanding "how the designation of executives as heirs apparent affects their learning during the transition period". The purpose is not simply to describe how heirs apparent learn; it is to describe how the designation as heirs apparent affects executives' learning. In a way, the designation itself creates a disharmony in the heirs' apparent world. To restore harmony in their world, I argue, in the next chapter, heirs apparent need to enact in a way preparing them to meet the challenges of this designation. I argue that the designation has a direct impact on their immediate and future identity and changes the major player in their social context. I also argue, while the designation impacts identity and social context, and hence is necessary for learning, it is not sufficient. The way the heirs apparent enact their environment is what affects their learning outcome during the transition period.

Table 2.1 below highlights the properties expected to change upon the designation of an executive as the heir apparent and the corresponding reason. Designation will have an immediate impact on the identity and social context of the heirs apparent. This impact will affect the heirs' apparent selection of salient cues and criteria for plausibility, as well as their ability to update their information base continuously. Heirs apparent will make sense of their situations retrospectively, using their accumulated experience; however, the designation itself is not assumed to impact this property. A detailed description of the impact of the change in these properties on the learning process and outcomes for the heir apparent is presented in the next chapter.

Table 2.1: The impact of the heir apparent designation on sensemaking properties

Property	Expected Impact of Designation	Reason
Identity	Change	The designation by itself creates two new identities for the executive: (1) an immediate one (the heir apparent identity) and (2) an expected one as the future CEO of the organization.
Social Context	Change	The designation of an executive as heir apparent draws the attention of new stakeholders such as the media, shareholders, and the board of directors, hence creating a different social context for the executive.
Enactment	Change	The change in social context introduces new players to an executive's environment once he/she is designated as heir apparent. This change affects how an heir apparent enacts their environment and hence their sensemaking and learning process.
Salient Cues	Indirect Change	The designation as heir apparent may lead an executive to notice cues that are (1) more in line with the standards of the new identity and expected one and (2) based on co-enacting with different social members in the newly created environment.
Plausibility	Indirect Change	Adopting a new identity and co-enacting with new members in the newly created environment may change the executive's assessment of what constitutes a plausible explanation. Selection criteria that were plausible from an "operationally oriented" perspective may not be so from a "strategically oriented" perspective.
Ongoing Events	Indirect Change	The new identity and new environment for co-enactment may render a few previous interpretations outdated and may provide new interpretations in line with the new social context.
Retrospect	No Change	While the retrospect property may affect an executive's meaning making during the transition period, the designation as heir apparent is not expected to significantly change the essence of this property.

2.3.2. Summary

The sensemaking perspective provides a lens allowing us to understand how executives make sense of their environment in order to reduce equivocality. It explains

how the seven properties affect people's thoughts and actions. This perspective helps us understand how the heir apparent designation affects executives' learning process. It also examines how the designation impacts six of seven properties, directly and indirectly, that executives use to make meaning of their new experience. The next chapter explains these mechanisms.

2.4. Integrating CEO Succession, Learning, and Sensemaking

Existing research identifies relay succession as the most common form of succession in large public organizations (Rowe, 1996; Vancil, 1987). Research on relay succession suggests heir apparent learning is key during the transition period (Vancil, 1987; Zhang & Rajagopalan, 2004), yet this area remains unstudied. Research on learning explains the process between stimuli from the environment and the learner's response – mainly change in behaviour or cognition. Adult learning theories help explain how learners evolve new standards in their frame of references and/or adopt new standards based on changes in their social status. Hence they help explain how individuals change or evolve their identities. While these theories help illuminate some aspects of the learning of heirs apparent, they are insufficient to explain the whole process. They ignore the impact of important social factors on the learning process. Learning theories explain action as an outcome of a learning experience but do not use action as an input by itself in the learning process. Sensemaking explains the thought process of the heirs apparent within the specific social context or during transition and the impact of their identity on the thought process. However, sensemaking is limited in explaining the change or evolution in the identity of the heir apparent. My research attempts to integrate learning and sensemaking perspectives in order to offer an explanation of the impact of the

designation of heirs apparent on executives' learning processes. Specifically, my research

examines changes in executives' learning processes with respect to changes in behaviour,

cognition, and identity. I explain my theoretical framework in the following chapter.

CHAPTER 3. THEORETICAL FRAMEWORK

The previous chapter presented seven properties which may influence how people formulate their initial sense of a situation and the potential for *developing* that sense (Weick, 1995) and *guiding* the learning process in any situation. While these properties apply to all sensemaking activities during the transition period, the following theoretical framework explains how the designation of executives as heirs apparent directly changes their (1) *identity*, (2) *social context*, and (3) *co-enactment*. The expected change in these three properties upon the executives' designation renders them the major building blocks of the theoretical framework. The change in these properties affects the executives' retention – selection – enactment process. It affects the cues they pick up on, their interpretations (on-going events), and selection criteria (plausibility), and impacts their sensemaking and learning process during the transition period. The change in these properties affects how heirs apparent make meaning of a situation, process an event with their existing mental models, and affect the outcome of their learning, i.e. a long-term change in the cognition, behaviour and being, or identity of heirs apparent. While the designation has a potential to directly affect identity, social context, and enactment, the change in these properties is expected to impact (1) cues, (2) plausibility, and (3) on-going events features as I explain in the next sections.

3.1. Identity

"Sensemaking unfolds from some standpoint, some frame of reference, some identity" (Weick, 2012, p.57). The learners start with who they are – their own identities as individuals and/or members in organizations (Gioia, Patvardhan, Hamilton, & Corley, 2013). Human beings see, understand, and interpret a situation they are experiencing

according to who they believe themselves to be at the time (Mezirow, 1991, 1997). An identity is part of the mental model of an individual (Ring & Van de Ven, 1994; Weick, 1979). Mental models represent individuals' perceptions of how the world operates (Craik, 1943) and their place within it, guiding their thought processes, decisions, and behaviours (Feynman et al., 1985).

Each individual has multiple identities such as a gender identity, family-related identity (e.g. father, mother, son), and professional/role identity such as COO, heir apparent, or CEO. My research focuses on the impact of the heir apparent designation on executives' professional or role identity. Therefore, unless otherwise specified, executives' identity in this research refers exclusively to role identity. Through experience, individuals build standards for each identity or a set of meanings which defines what it is like to have a certain identity (Burke & Stets, 2009). Burke (2006) and Burke and Stets (2009) found that human beings' identity standards changed when there was a major change in their social status such as marriage or parenthood. These researchers also inferred that a significant promotion, such as becoming a store manager, might also trigger the change of identity standards for the concerned individual/employee. Identity standards reflect executives' understanding of the different components of the role they are occupying, such as their understanding of the degree of power, decision-making ability, or autonomy within a certain role. These standards may change as their role changes.

Individuals continuously attempt to verify/validate their identities. They behave in a manner allowing them to establish harmony between the perceived stimuli or cues from the environment and their identity standards. Individuals use sensemaking to align

perceived input from the environment with established identity standards (Burke & Stets, 2009; Gioia et al., 2013). The designation of heir apparent presents the potential for the executive to develop a new identity – one of a future CEO (Bennett & Miles, 2006a). The designation also alters how the designated heir apparent interprets novel situations as well as situations which he/she has dealt with based upon his/her previous identity. The announcement of the designation provides the executive with a sense of affirmed identity vis-à-vis others and requires the executive to build new standards or a set of meanings aligning with the new identity. As much as our identity lies within us and in who we think we are, it also lies in the hands of others and who they think we are and how they relate to us. The public perception component of identities can strengthen or weaken our identity (Weick et al., 2005). Ralph Ellison, a renowned US writer, said, "By and large, the critics and readers gave me an affirmed sense of my identity as a writer. You might know this within yourself, but to have it affirmed by others is of utmost importance" (Chester & Howard, 1955).

When someone is given power, he/she acts more powerful (Overbeck, Tiedens, & Brion, 2006). Social support involves expressing confidence in a person's ability to handle specific situations (Cohen & Wills, 1985; Taylor, Sherman, Kim, Jarcho, Takagi, & Dunagan, 2004). McDonald and Westphal (2011) found CEOs with greater social support are more likely to engage in significant leadership behaviours and with increased frequency, thus increasing their effectiveness as corporate executives. Designating an executive as the heir apparent is an expression of confidence by the board of directors and the incumbent CEO in the ability of the designated executive to run the company in the future. The executive may consider the designation a form of social support. The new

identity will require the creation of a new set of meanings to include in the identity standards or mental models of the heir apparent (Burke, 2006). Following the designation as heir apparent, the executive identity verification process necessitates the alignment of the executive's behaviour and thought processes with the new set of identity standards related to the prospective role of CEO. For example, the executive may believe the heir apparent status provides more autonomy and power in affecting decision making regarding the organization's strategic vision than their previous role. The executive may also believe the degree of power will increase once he/she is promoted to the role of CEO. Hence, my following premise:

> P_1: *The designation of an executive as an heir apparent (1) evolves a new identity along with a new set of identity standards for this executive, (2) affects the way he/she interprets the cues in a situation, and (3) shapes his/her cognitive schemas and behaviour so they align with the new identity standards.*

Sensemaking helps us describe the impact of a new identity – the heir apparent – on the change in behaviour or cognition of the heir apparent to deal with equivocality. It fails, however, to explain how the heir apparent builds the new set of identity standards which constitute the future identity, or the CEO identity. This limitation of sensemaking (Gioia & Mehra, 1996) can be overcome by introducing a learning mechanism. Schwandt (2005) suggested managers need to combine learning and sensemaking to advance their professional career. The identity standards for the newly assigned role of heir apparent consider both the expectations of the members of the social context tied to the position as well as the meanings of the role the individual internalizes (Burke, 2006). Burke and Stets (2009) argue individuals mainly use social learning (Bandura, 1977) and direct socialization to build standards for a newly triggered identity.

Along with the designation as an heir apparent comes the prospect for a new role: CEO. Individuals usually learn from others, whom they think are similar to them in some meaningful ways (Braaksma, Rijlaarsdam, & van den Bergh, 2002; Zimmerman, 2004). They also model behaviours they believe have pertinent value to their situation (Bandura, 2001; Burke & Stets, 2009; Rosenthal & Bandura, 1978). I propose the incumbent CEO as the point of reference available to the heirs apparent to build standards for the future identity. In order to understand the standards of the new identity, I expect the heir apparent to closely emulate/imitate the behaviour and thought processes of the incumbent CEO.

Prior literature highlights major differences between the CEO and other executive positions. These differences include, but are not limited to, the external focus of the CEO's job, overarching strategic matters, operational concerns of the firm, and the more internal focus of other executives' jobs (Bennett & Miles, 2006a; Ciampa, 2005; Hambrick & Cannella, 2004; Krause, Semadeni, & Cannella, 2013; Vancil, 1987). If the heir apparent is incapable of evolving the previous identity into the new one, then little new learning will occur without corresponding change in cognition, behaviour, or identity taking place (Jarvis, 2006). The heir apparent will likely continue to apply the operational identity standards (e.g. those of the COO) to the expected CEO identity. Other stakeholders will have different expectations from the heir apparent based on their expectations of what the CEO's behaviour should look like (Ciampa, 2005). Transformational learning involves a change in the frames of reference of the human being creating a different set of identity standards and ultimately a changed being (Hargrove, 2008). However, to achieve this level of learning, an heir apparent may need

to reach more than a change in behaviour or cognition. This may lead him/her to challenge their assumptions of the experience, question the foundations of their mental models, and change their internal perspectives (Mezirow, 1991) or identity standards. They also need to align these standards with existing ones which are fundamental to the other identities of the heir apparent. The existing standards include ethical and moral behaviour standards (Burke, 2006). If heirs apparent fail to align their new identity standards with existing ethical or moral behaviour standards, they may face confusion and be forced to deal with equivocality (Weick, 1995). For example, if the heirs apparent observe the incumbent CEOs being autocratic in decision-making processes, it is likely the heirs apparent will fail as CEOs if they emulate the autocratic behaviours when they themselves believe in participative decision making. Therefore, I proceed on the following premise:

> *P₂: The designation of an executive as heir apparent activates a potential identity and leads the heir apparent to reflect on the assumptions on which his/her mental models are built vs. those of the representative of the future identity or the incumbent CEO. The heir apparent hence builds his/her own role identity standards, rather than simply adjusting current behaviour or cognition to resolve equivocality.*

3.2. Social Context

The presence of other people – whether actual, implicit, or presumed – affects the meaning individuals make of a certain situation (Weick, 1995). The designation of executives as heirs apparent changes their social context and position within the established social context. These changes may be accompanied by a physical relocation which often brings the heir apparent into closer and/or more frequent contact with the incumbent CEO. An example of this situation is illustrated below with respect to the appointment of TD Canada Trust bank's heir apparent.

Masrani will move back to Canada to become TD's chief operating officer starting July 1 and then become CEO when Clark retires (Friend & Paddon, 2013).

Before executives are designated as heirs apparent the CEO monitors their performance (Bennett & Miles, 2006b; Ciampa, 2005; Citrin, 2005; Citrin & Ogden, 2010). However, once executives are designated as heirs apparent, their performance becomes the centre of attention of the shareholders, board of directors, the media, other executives at the organization, and may extend to other stakeholders of the organization (Bennett & Miles, 2006a; Ciampa, 2005). The presence of these people, whether physical, implied, or perceived, influences the thought process of the heir apparent (Allport, 1985).

Maitlis and Sonenshein (2010) suggested "for a learning experience to be successful and complete it needs to have commitment, capacity, and positive expectations" (p. 553). One can argue commitment and capacity may primarily reside at the individual level of the heir apparent; however, positive expectations of members of the new social context need to be satisfied. Heirs apparent will attempt to align their behaviours and cognition in a manner which will gain the endorsement of the newly created social context. If heirs apparent do not think or act according to the expectations of the new players in the social context, they may risk losing the CEO position (Hall, 1986). The change in the social context affects the cues which an heir apparent selects. Which cues are selected therefore affects what the heir apparent believes he/she needs to change in his/her cognition, behaviour, and identity standards in order to meet the expectations set by the new social context. Hence, I proceed on the following premise:

> *P₃: The designation of an executive as an heir apparent changes his/her social context, and leads the heir apparent to heed and behave in ways that meet the endorsement or perceived expectations of the members of the newly created social context.*

3.3. Co-Enactment

Weick (2012) argued human beings make sense of and shape their world through enacting. Specifically, we shape our world through meanings we attribute to situations which help us build our mental models (Johnson-Laird, 1989). The meaning an individual attributes to any situation is partly constructed by the actions the individual takes in a specific situation (Weick et al., 2005). Actions do not need to be only responses to stimuli (i.e. S–R) or observable, measurable behaviours (Blumer, 1969). Actions may also include inquiring about a certain event or even making statements to see reactions and then adjusting one's cognition and behaviour in a way which lends itself to the anticipated reaction (Weick, 1995). In other words, how and what an heir apparent learns depends on how the heir apparent enacts his/her environment.

If actions help construct meaning, then understanding individuals' actions helps us understand the resulting change in their behaviours, cognitions, and/or identities, which constitute their learning processes. Weick (2012) argued it is difficult to observe the actions of a single person in a social setting. Rather, what we are more likely to observe are the actions resulting from the interdependence between the individual and his/her social environment. Therefore, to understand the impact of the heir apparent designation on an executive's learning, we need to consider the nature of interactions between heirs apparent and their environments rather than their actions alone. In describing this process, I aim to understand how the learning process itself affects the antecedents (stimuli) and outcomes (responses) of learning. In this way I am combining the learning process, which is rarely discussed in previous literature, with two sets of variables extensively discussed in the extant learning literature. My research aims to answer a call by Inkpen

and Crossan (1995) to enhance our understanding of the learning process alongside the outcomes.

According to Weick (1979), in a social environment such as an organization, there are acts, interacts, and double interacts. An act represents any form of behaviour by "Individual A". An interact represents the reaction of "Individual B" to the act of "Individual A". A double interact represents the response of "Individual A" to the reaction of "Individual B" to the act of "Individual A". The following are examples illustrating the three types of enactment in an heir apparent context. Acts refer to situations where the heirs apparent observed the incumbent CEOs undertaking a certain behaviour which they did not understand. Given the circumstances under which the behaviour took place, the heirs apparent believed they knew the reason behind the behaviour and adjusted, or not, their cognition and/or behaviour accordingly. Under interact form of enactment, having observed the behaviour, the heirs apparent would ask the incumbent CEOs about their thought processes which led to the behaviour. This interact brings the heirs apparent closer to the mental models of the incumbent CEOs, but the resulting learning remains the heirs apparent own understanding of the reasoning provided by the incumbent CEOs. If the heirs apparent challenged the reasoning provided by the incumbent CEOs and discussed their own understanding of the situation in a conversational form with other parties, the enactment type would be classified as double interact. The result of a double interact would more likely be the creation of shared mental models between the two parties. Therefore, among the different types of interaction, double interacts are the most likely to reduce ambiguity or equivocality and create a collective understanding in a specific situation (Weick, 1995, 2012; Weick &

Roberts, 1993). The nature of interaction individuals undertake affects how and what they learn from a situation because it explains how they change their behaviours, mental models, and identity standards.

The designation as heir apparent creates a new social environment for co-enactment for the executive. If, for example, we take the interaction between the heir apparent and the incumbent CEO, we can see how the actions taken by the heir apparent affect the learning outcome from this co-enactment. The co-enactment between the heir apparent and the incumbent CEO is considered to be important for three reasons. First, prior research has assumed the heir apparency period provides an heir apparent with time to work with and therefore learn from the incumbent CEO (Vancil, 1987; Zhang & Rajagopalan, 2004). Second, research on the second-in-command position emphasizes the importance of the quality of the relationship between the CEO and the heir apparent as a condition for a successful transition (Bennett & Miles, 2006a). Third, human beings learn from others who present a functional value related to their situations (Bandura, 2001; Rosenthal & Bandura, 1978). Since the incumbent CEO is the "observable" representative of the future identity of the heir apparent, the nature of the co-enactment between the two becomes important.

The heir apparent is not an official title. The heir apparent designation is a promise to promote the designated executive to the position of CEO assuming no unforeseen events. The agency of heirs apparent – in other words, the way heirs apparent enact their environment during the transition period – transforms the learning process, its antecedents, and outcomes. Below I explain how the different acts, interacts, and double interacts undertaken by the heir apparent result in different learning outcomes. These

possible actions range from mere observation (acts) to conversation (interacts) and co-enactment (double interacts) with the incumbent CEO.

During the transition period, heirs apparent may resolve equivocality in their environment by accepting the current conditions. Argyris and Schön (1992) described this process as single-loop learning or Model I. This model occurs when heirs apparent resolve equivocality by changing their behaviour or act in accordance with their, or the CEO's, understanding or theory about situations. Learning through Model I may be the result of two external factors. The first is perceived pressure from the environment, i.e. "this is how we do things around here". The second is consciously adopted (or discarded) behaviour imitating the incumbent CEO because either the board of directors is rewarding (or punishing) the behaviour or other staff members appreciate (or reject) the behaviour (Bandura, 1977).

Observational learning researchers suggest individuals learn other actors' skills and are capable of inferring their thought processes by observing them at work (Nicolle, Symmonds, & Dolan, 2011; Torriero, Oliveri, Koch, Caltagirone, & Petrosini, 2007). Hence, an heir's apparent observations of the incumbent CEO at work and/or imitation of an observed behaviour may allow the heir apparent to infer the CEO's mental models. The heir apparent may then adjust his/her cognitive schemas and future behaviours accordingly.

When heirs apparent resolve equivocality by observing and/or emulating CEOs' behaviours, they make judgments about CEOs' mental processes (Gallese, Keysers, & Rizzolatti, 2004). Heirs apparent thus resolve equivocality using their own mental models, and infer what they perceive to be the mental processes of the outgoing CEOs.

The resultant learning may or may not accurately represent the outgoing CEOs' mental models. Heirs apparent may decide to use double-loop learning to resolve equivocality by questioning their existing theories or mental models or interacting and testing their theories-in-use (Argyris & Schön, 1992). To accomplish this, heirs apparent may resort to conversations as a useful mechanism to bring divergent viewpoints closer amongst executives (Isaacs, 1999). Heirs apparent may seek the opportunity to create physical, temporal, and emotional space for conversation (Baker, Jensen, & Kolb, 2002), and secure outgoing CEOs' commitment to this space. In doing so, heirs apparent enhance the learning experience they receive from observing outgoing CEOs and close the gap between the inferred and actual mental models of CEOs.

The two different actions described above (i.e. act and interact) enact different environments leading to different learning outcomes. By simply acting, heirs apparent infer CEOs' mental models. By interacting, heirs apparent better understand CEOs' mental models and test their own theories-in-use with CEOs. However, if the heir apparent is reluctant about questioning what is being enacted or reluctant about double interacting, the collective sense made of the situation will be less robust and the learning of all involved decreases. For enhanced learning, all actors involved need to discuss their understanding of the situation. If building integrated mental models with the CEO is the desired outcome, then observation and conversation alone, while necessary, are insufficient (Jeong & Chi, 2007). Acting is directed by one's own mental models built from accumulated knowledge through experience (Johnson-Laird, 1989). Double interacting presents the opportunity for the heirs apparent to learn and to create shared mental models with the outgoing CEO.

To create shared mental models, the heir apparent needs to co-enact or engage in double interaction with the outgoing CEO (Weick, 1995). When an heir apparent and a CEO engage in making sense of their joint experiences, they benefit from agreement in three areas. These areas are: (1) the concepts representing their common experience, (2) how these concepts are related, and (3) how these concepts affect them and how they can affect the concepts (Weick, 2001, p. 313). Conversation or interacting is mainly about thinking and leads to a shared understanding of previous experiences. The process of double interacting, on the other hand, is broader than thinking and talking. It includes action and leads to the creation of a new collective understanding of the joint experience: its requirements, drivers, limitations, resultant outcome, and proposed actions (Weick, 1995).

Without double interaction, executives will act based on their understanding of the situation and this may result in incoherent action plans. An example of an incoherent action plan is the case of the firefighters in the Mann Gulch disaster (Weick, 1993), where each firefighter acted based on his/her understanding of the situation and enacted different environments accordingly, which led to the death of many firefighters. By engaging in double interact, heirs apparent and outgoing CEOs are more likely to create shared mental models (Mathieu, Goodwin, Heffner, Salas, & Cannon-Bowers, 2000; Weick et al., 2005) which guide future actions. Engaging with the CEO through the process of enactment (analyzing raw data from a certain experience), selection (reducing equivocality between different alternatives), and retention (storing the agreed-upon enacted environment) allows the heir apparent to understand the mental representations of the CEO. It further

allows the heir apparent to create "CEO-compatible mental models" that are different from the existing mental models of the heir apparent and outgoing CEO.

In summary, different actions lead to different enacted environments and different learning outcomes for the heir apparent. I proceed on the following premise and related sub-premises:

> P_4: *The designation of executives as heirs apparent creates a new environment for* **enactment**; *however, it is the subsequent actions taken by the heirs apparent, and the incumbent CEOs, that affect their learning outcomes.*
>
> P_{4a}: *Heirs apparent who* **double interact** *with incumbent CEOs are more likely to have the opportunity to induce change in their mental models, behaviours, and identity standards to prepare for the CEO position.*
>
> P_{4b}: *Heirs apparent who are limited to* **act** *and/or* **interact** *with the incumbent CEOs are more likely to miss the opportunities to induce change in their mental models, behaviours, and identity standards to prepare for the CEO position.*

Some researchers argue heirs apparent are influenced by their predecessors, feel committed socially and psychologically to the ongoing visions and strategies set by incumbent CEOs, and find it difficult to change the prevailing courses of action post-succession (Fondas & Wiersema, 1997; Shen & Cannella, 2002). These researchers therefore hypothesize that CEOs selected following a relay succession are less likely to induce strategic change compared to their counterparts selected following a horse race or outside succession process. The work in this thesis focuses on heir apparent succession, and hence I do not compare the ability of heirs apparent to induce strategic change to that of other types of successors. I build on the concept of enacted environment, to challenge the premises these researchers used to argue heirs apparent are less likely to induce strategic change than outside CEOs or CEOs selected following a horse race.

To achieve this objective, I propose differences in the level of commitment heirs apparent have to the ongoing visions and strategies set by incumbent CEOs and the impact of this on their ability to undertake plausible action after assuming the CEO position. I develop two competing premises describing the link between the types of enactment during the transition period, the commitment of the heir apparent to the ongoing vision of the organization, and their ability to take plausible action upon assuming the role of CEO.

Galinsky and his colleagues (2008) showed individuals who are primed for power are more likely to produce creative ideas and express attitudes which do not conform to the opinions of others. Higher positions provide executives with more power, yet Battilana (2011) found higher positions alone are not enough to trigger change. In her study, Battilana (2011) found management executives with lower status, e.g. non-doctors as opposed to doctors, are less likely to take actions diverging from the existing organizational status quo than management executives with higher status, e.g. doctors. Consequently, while the designation of executives as heirs apparent primes them for power, it does not necessarily equip them with the tools needed, behaviourally and cognitively, to take action that changes the existing status quo. Amongst heirs apparent, those who double interact with incumbents are more likely to have the opportunity to create the mental models, behaviours, and identity standards necessary to prepare them for the CEO position than those who merely act/interact with incumbent CEOs. Hence, heirs apparent who double interact with the incumbent CEO will have both the power and the mental models and will therefore be more likely to take sense-ible action diverging from the status quo than heirs apparent who solely act/interact.

The double interact with incumbent CEOs is expected to equip the heirs apparent with mental models needed to take action to change the course of the current status quo, but does not guarantee they will take those actions. Hurst, Rush, and White (1989) referred to this dilemma as the tension of renewal, or the ability of management teams to respect the core of the organization while continuously updating it. They argued a necessary component to achieve organizational renewal is the availability of teams equipped with "prospecting and preserving abilities" (p. 97). They defined management teams prospecting and preserving abilities based on the classification by Miles and Snow (2003) of the strategic orientation of companies. Hurst et al. (1989) described prospecting abilities as the willingness to introduce radical innovations and experiment with ideas outside the existing scope of the business. They described preserving abilities as the tendency to protect the on-going strategy of the organization and even avoiding incremental changes.

Similarly, I argue heirs apparent who engage in double interact with incumbent CEOs have more potential than other heirs apparent to build "prospecting and preserving abilities". Outside CEOs may be good at detecting the opportunities and threats facing organizations, thus may possess more prospecting abilities. However, they may not be as aware of the organization's internal strengths and weaknesses, hence may lack preserving abilities. Heirs apparent who act/interact with the incumbent CEO may not have had the chance to build neither prospecting nor preserving abilities and hence may prefer to protect the status quo. Heirs apparent who double interact with the incumbent CEO are more likely to have the opportunity to create the evolved mental models, behaviours, and identity standards necessary to prepare for the CEO position. They are more capable of

detecting opportunities and threats while still being aware of the organization's strengths and weaknesses. These CEOs build the confidence to experiment with new ideas while being mindful of the importance to protect the core strategy of the organization. Bishop et al. (2004) described people with experiential openness and curiosity orientation while being mindful of their surroundings as having complex cognitive representations. The ability of heirs apparent to differentiate, see new opportunities, and integrate, using the organization's strengths, helps them build cognitive complexity (van Seggelen-Damen, 2013).

Engaging in double interacts with incumbent CEOs facilitates the social construction of mental models required for the job (Weick, 1993). Incumbent CEOs serve as a reliable source of ideas and open up other perspectives for heirs apparent. Double interact therefore leads to the nurturing of effective heirs apparent equipped with distinct mental models which are different from their prior mental models and CEOs' mental models. The heirs apparent with double interact exposure are more likely to be ready to craft new solutions rather than rely on responses prescribed for past scenarios (Dorner, 1996).

While I am not comparing the ability of heirs apparent to induce strategic change to other types of successors, I posit there is a difference within the heir apparent group. Those who act/interact with incumbent CEOs may miss the opportunity to build either preserving or prospecting abilities and therefore have trepidations, emotional and psychological, towards changing the ongoing strategy of the organization. Those who double interact with incumbent CEOs have the potential to build preserving and

prospecting abilities, preserving their strengths and prospecting their opportunities. I proceed with the following premise.

> *P$_{5a}$: Heirs apparent who double interact, unlike heirs apparent who act/interact, with incumbent CEOs, have more opportunity to build mental models with both preserving and prospecting abilities enabling them to take plausible action upon assuming the CEO position.*

On the other hand, it is equally plausible to argue heirs apparent who are limited to act/interact with the incumbent CEOs are more likely to take action which might change the status quo upon assuming the CEO title than heirs apparent who double interact with incumbent CEOs. I have argued earlier that CEOs who are limited to act/interact with the incumbent CEOs may have lacked the opportunity to build shared mental models with these incumbent CEOs. Given their new identity as future CEOs, these heirs apparent will interpret strategy discussions differently and will construct their own ideas and opinions about the strategic direction of the organization. Without the opportunity to double interact with incumbent CEOs, heirs apparent miss the chance to understand the incumbent CEOs' reasons for adopting the current strategies. While these heirs apparent might have been involved in the operating side of the ongoing strategy of the organization, they were not necessarily actively involved in the corresponding strategic decisions. Their emotional or psychological commitment to the ongoing strategy of their organization might be limited as they may not have had the opportunity to discuss the context behind the strategy.

The involvement of heirs apparent who act/interact with incumbent CEOs may be limited to the operations side of the strategy. They may have low emotional or psychological commitment to the ongoing strategy of the organization. Therefore, heirs

apparent who act/interact with incumbent CEOs might build more prospecting abilities. They may be more willing to take actions to change the current status quo of the organization than heirs apparent who double interact with incumbent CEOs. Consequently I proceed with the following competing premise:

> P_{5b}: *Heirs apparent who act/interact, unlike heirs apparent who double interact, with incumbent CEOs, feel less committed to the ongoing strategy of the organization and are more likely to build prospecting abilities and to take action to change the status quo of the organization upon assuming the CEO position.*

The two above competing premises argue for equally plausible outcomes. In both premises, I am arguing against the existing implicit assumption in CEO succession literature regarding the cognitive capture between heirs apparent and incumbent CEOs. Cognitive capture refers to the immersion of heirs apparent in the world of CEOs leading heirs apparent to see the world through the CEOs' eyes and think like them (Hayes, 2012). In P_{5a}, I argue heirs apparent who double interact with incumbent CEOs have the opportunity to build prospecting and preserving abilities leading to cognitive complexity. They are expected to induce change leading to organizational renewal upon assuming the CEO role. In P_{5b}, I argue heirs apparent who act/interact with incumbent CEOs do not experience any sort of cognitive capture from the incumbent CEOs, they build prospecting abilities. They are expected to take innovative action and induce radical strategic change. The outcome in both cases may be good for the organization. I will leave the answer to whether heirs apparent and boards should prefer double interacting to acting/interacting for the results from the fieldwork.

Figure 3.1 represents the theoretical framework described in this chapter. This figure shows the direct impact of designation on the heirs' apparent identity, social

context and enactment, which then affects the learning outcomes of the executives at the time of designation. It also reflects the indirect impact of designation on salient cues, ongoing events, and plausibility, which then impact the executives' learning outcomes at the time of designation. The impact of designation on sensemaking properties, whether direct or indirect, does not affect the executives' learning just at the time of designation. Rather the executives' learning outcomes will continuously be updated through the transition, reflected in the period ad_{1-n}, and until the executives assume the CEO role.

Figure 3.1: The Impact of the Heir Apparent Designation on the Executive's Learning Process
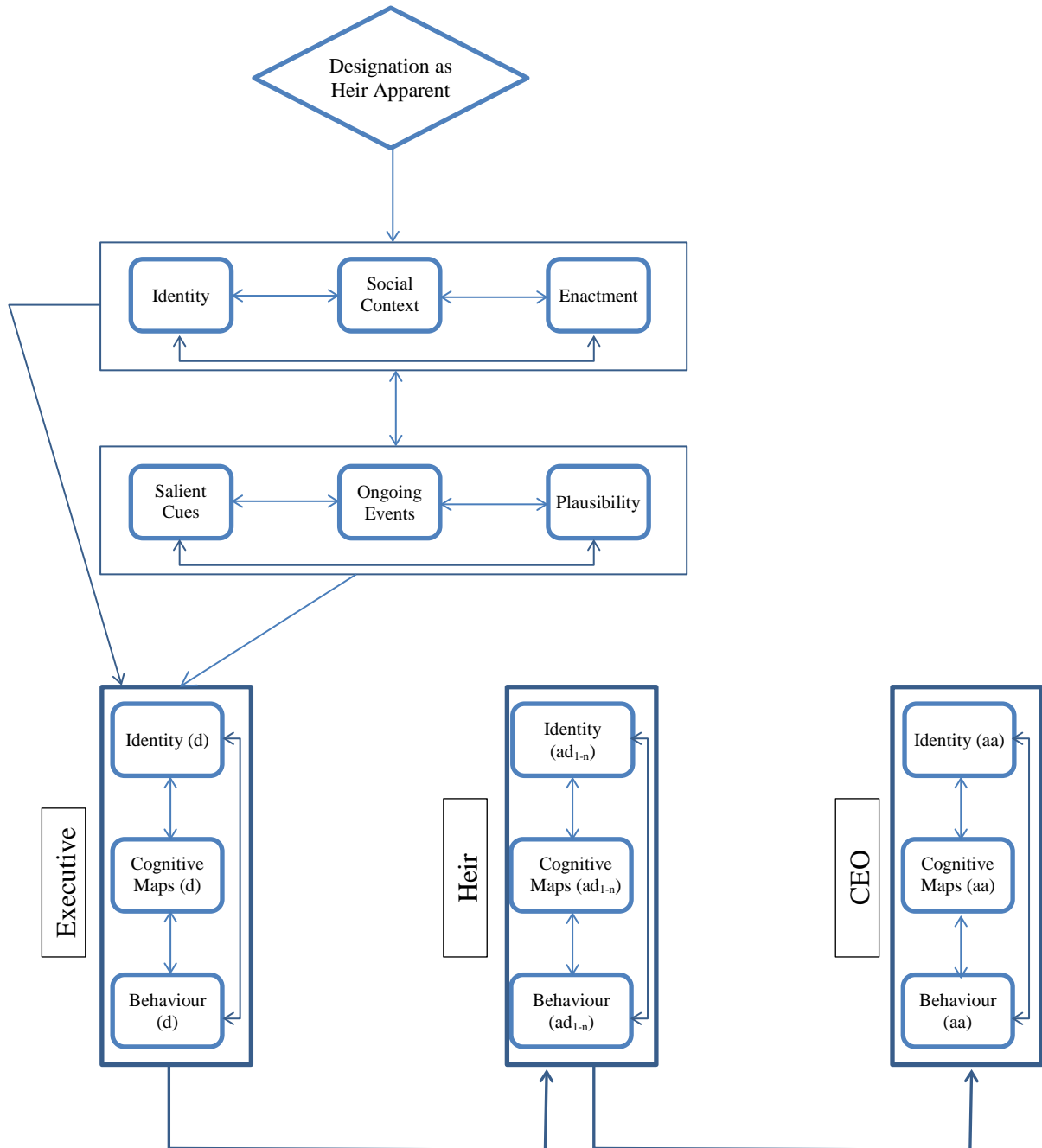
PS. (d) means at the time of designation

(ad$_{1-n}$) means from the designation to the promotion to the CEO position. This is an iterative state and keeps on evolving, so it does not represent a static state between designation (time 1) and getting the CEO position (time n+1)

(aa) means after appointment to the position of CEO

CHAPTER 4. RESEARCH METHODS

4.1. Research Strategy

To explore heir apparent learning during the transition period, I used an interview-based approach to understand the implicit structure of this learning experience (Sanders, 1982). I used a qualitative approach – phenomenology – as the research method to help accomplish the objective of this study. The study's research question is "how the designation of executives as heirs apparent affects their learning and prepares them to become CEOs". The study aims at exploring and explaining the heirs' apparent learning process during the transition period and hence has two components better served by a qualitative approach (Yin, 2009, 2011).

One of the primary motivations for this study is to fill the existing gap in our understanding of the CEO succession transition period and the learning which happens during this period (Giambatista et al., 2005). Previous studies on this topic relied heavily on large-sample archival data to understand the impact of proxy variables to measure the unobserved theoretical construct related to incoming and outgoing CEOs, mainly on organizational performance (c.f. Giambatista et al., 2005; Kesner & Sebora, 1994). These quantitative studies described simplified relationships between variables (c.f. Antonacopoulou, 2001) and resulted in the process of "learning," within the CEO succession literature, being accepted as "obvious". The choice of a phenomenological approach, based on interviews, comes in response to the call for more qualitative research by Giambatista et al. (2005). One aim of this method is to validate some of the interpretations of the quantitative studies on CEO succession phenomena and, more specifically, in our case, the inference regarding the learning of heirs apparent during the

transition period (cf. Zhang & Rajagopalan, 2004). Alternating between qualitative and quantitative approaches enhances our understanding of organizational research phenomena (Lee, 1991; Miller, 2005).

There is no single perfect approach for conducting a study. The choice of the appropriate qualitative approach depends on the idiosyncratic features of the study, what can and cannot be done in this context, as well as the researcher's worldview and previous experience (Creswell, 2013). Different approaches have different foci and are better suited for different types of research topics. The focus of *narrative research* is to capture and investigate the stories or experiences of the life of one individual or a small number of individuals (Clandinin, 2007). The focus of the *grounded theory approach* is to build theory from field-collected data or from the perspective of research participants (Corbin & Strauss, 2008). *Ethnography* emphasizes understanding and explaining the shared constituents of a specific group belonging to the same culture (Wolcott, 2010). The *case study approach* is more appropriate for research (1) investigating "how" and "why" questions, (2) where the researcher has little or no control over the events, and (3) studying contemporary events (Yin, 2009, 2012). The *phenomenological approach* is best suited for research seeking new knowledge of human experiences, behaviours, and relationships (Moustakas, 1994).

Choosing a specific approach enhances the rigor of the study by providing a structured guideline for conducting the research (Creswell, 2013). In the context of heirs apparent, this study aims at understanding their (1) learning experience, (2) social context, (3) behaviours, (4) meaning making of encounters, and (5) relationships with other parties involved during their transition period. These objectives fit more with a

phenomenological approach design than the other qualitative approaches available, as explained below.

Phenomenology seeks to understand human experiences and their meaning-making process within the complexity of their lifeworld (Giorgi, 2009), which coincides with the objectives of the perspectives used in building this thesis's theoretical framework. Both the learning and sensemaking perspectives used to build the theoretical framework of this research help us to understand how individuals change their cognition, behaviour, and identity based on their meaning-making process. Phenomenology also allows for a prior understanding of theoretical underpinnings to direct and limit data-collection efforts (Moustakas, 1994). This approach allows for the comparison of data collected to theory, either to validate or refute the theory, in order to enhance the internal soundness of the research. The process of analyzing data using a phenomenological approach is presented later in this chapter.

The fields of psychology and education frequently use the phenomenological approach to understand human experiences within the "person-environment fit" (Edwards, Cable, Williamson, Lambert, & Shipp, 2006). This approach also holds the potential to enhance our understanding of how executives operate within organizations (Conklin, 2007; Ehrich, 2005; Heil & Whittaker, 2007; Sanders, 1982). This is true especially in terms of executives' sensemaking and learning processes – concepts deeply rooted in social psychology and education. A phenomenological approach enhances this study's efforts to understand executives' learning experiences within their organizations, triggered by their designation as heirs apparent. This contributes to questioning, validating, complementing, and strengthening the current wealth of quantitative research

available on CEO succession while providing insight from people with relevant experience.

Since Sanders (1982) saw phenomenology as a "new star" in organizational research methodology, several management-related studies used this approach to explore their phenomena of interest. Gibson (2004) unraveled the important themes in the experience of mentoring relationships of female faculty. Conklin (2012) used the phenomenological approach to explore the experience of finding one's calling and its relevance in the organizational world. Chikudate (1999, 2000) explored the type of mechanisms blocking change in Japanese communities and the behaviours which lead to ethical problems in organizations. Catino and Patriotta (2013) used phenomenological interviews to understand how pilots and airline staff members assess errors and learn from them. Smerek (2011) used phenomenological interviews to describe the tension new presidents experience between "learning and being", using the sensemaking and sensegiving lenses. These studies, and many others, use phenomenology to understand strategy and management challenges as processes and practices where the human dimension is a strong element.

Qualitative and quantitative researches were historically associated with inductive and deductive reasoning approaches respectively. While these reasoning approaches may have different starting points, they both can lead to acquiring new knowledge (Hyde, 2000). Inductive reasoning, conducted usually by researchers subscribing to a relativist or interpretivist paradigm, aims at building theory from observations or data from the fieldwork. Deductive reasoning, undertaken usually by researchers subscribing to a positivist or post-positivist paradigm, aims at validating whether theories apply in certain

circumstances (Lincoln, Lynham, & Guba, 2011). However, recently qualitative researchers have been advocating the use of deductive qualitative research or in other words using qualitative research for theory testing in addition to theory building (Bitektine, 2008; Hyde, 2000; Yin, 2009, 2011).

Research on CEO succession has been dominated by quantitative methods (Giambatista et al., 2005; Kesner & Sebora, 1994) using deductive reasoning. The extensive use of quantitative research has led to situations where hypotheses are tested using only measurable proxies to represent the underlying variables, such as using the title of COO or president to identify heirs apparent, or heir apparent tenure to measure cognitive capture between the incoming and outgoing CEOs. This reductionist approach to theory testing required most researchers to assume some of the processes, such learning during the transition period, as acceptable or obvious in their theory building. The lack of adequate quantitative measures to understand the dynamics of learning processes during CEO transition period can be overcome through the use of theory testing using qualitative methods (Bitektine, 2008; Marshall & Rossman, 2011; Yin, 2011).

Case studies (Shane, 2000; Yin, 2009, 2012), pattern matching (Hyde, 2000), and descriptive phenomenology (Creswell, 2013; Giorgi, 2009; Giorgi, 2006) are examples of procedures used in theory testing using qualitative research. This research adopts the descriptive phenomenology method. It allows me to approach the research question with an a-priori lens formulated based on the assumptions adopted in the wealth of quantitative research conducted on CEO succession. The structured steps described to analyse the lived experience of designate CEOs with learning during the transition period allowed me to verify or refute the theoretical arguments used to build the premises.

I will use phenomenology in this research because it adds to our understanding of organizational research and fills the qualitative gap in CEO succession literature. This method allows for a validation, support, or refutation of current interpretations of the learning processes of heirs apparent during the transition period as presented in the findings chapter.

4.2. Research Design

Research design is what links the theoretical framework and the research questions to the empirical portion of the research or data collection and data analysis strategies (Yin, 2011). The research design "relates back to the question, is developed solely to illuminate the question, and provides a portrayal of the phenomenon" (Moustakas, 1994, p. 59). A thoughtful research design for qualitative research is flexible and requires change as the study progresses. However, providing a research design at the beginning of the study enhances the credibility of the research as well as its accuracy (Yin, 2011). Qualitative studies are not quickly produced essays following conversations with a few respondents. I spent a substantial amount of time designing the empirical work, collecting and extensively analyzing large volumes of data (Bogdan & Biklen, 2007). Sanders (1982) identified three essential components in phenomenological research design: (1) sample selection, (2) data collection, and (3) phenomenological data analysis.

4.2.1. Sample Selection

The most important criterion for building a "participant pool" is to locate potential participants who have experienced or lived the phenomenon (Moustakas, 1994;

Polkinghorne, 1989). For this study, potential participants were individuals who were heirs apparent before becoming CEOs. The purpose of this study was to understand the heir's apparent experience independent of age difference. I therefore adopted the definition of an heir apparent previously discussed in Chapter 2 – that is, any manager in a company who was a senior executive, including the COO and/or president, before becoming the CEO. This design allowed me to understand how the designation of executives as heirs apparent affected their learning journey from designation to assuming the CEO role. I continued recruiting participants until I reached sufficient variance in the degree of change in the suggested properties of sensemaking among participating heirs apparent and namely in the three hypothesized enactment forms. The design helped understand the impact of change in these properties on executives' learning outcomes. It also allowed me to document how closely each participant's experience conformed to the sensemaking process and to associate the degree of conformity with the degree of "success" of the heir apparent after assuming the CEO role. While this sampling strategy allows me to comment on the learning of heirs apparent, it does not allow me to explain the link between designation and actual company performance. The interviews I conducted were all in large successful organizations.

In order to build my participants' pool, I downloaded the names of all of the companies headquartered in Ontario, Quebec, and Alberta from the Lexis Nexis Corporate Affiliations database. Individual information on each company included (1) company name, (2) complete address, (3) phone and fax numbers, (4) website address and e-mail, (5) number of employees, (6) sales turnover, (7) industry, and (8) current CEO name and e-mail address. To identify whether the current CEO had an heir apparent

experience, additional information on whether the current CEO was a senior executive in the company before becoming the CEO was gathered from other databases, namely (1) Mergent Online – Executive Search, (2) Thomson ONE Banker – Director Search, and (3) the Lexis Nexis people directory and subdirectories such as Marquis Who's Who and the Dun and Bradstreet guide. The resulting names constituted my potential participants' pool.

Canada is an important country for research in this area because it is the ninth largest economy in the world based on its gross domestic product (GDP) (EconomyWatch, 2010). Following the 2008 crisis, the Canadian economy proved to be one of the strongest advanced economies worldwide. I selected the provinces of Ontario, Quebec, and Alberta for several reasons, most importantly their economic and financial importance in North America and worldwide. Together, these provinces constitute around 75% of the GDP of Canada, with Ontario contributing around 40%, Quebec 20%, and Alberta 15% (Statistics Canada, 2012). Ontario's GDP alone is higher than the GDPs of many major countries such as Belgium, Sweden, Switzerland and Ireland (Ontario Government, 2012). Furthermore, Ontario, Quebec, and Alberta host more than 80% of the companies headquartered in Canada.

Random sampling makes sense in the quantitative realm, where the researcher is interested in the generalizability of the research findings to a population (Denzin & Lincoln, 2011). Random sampling does not make sense in the qualitative realm or when adopting the phenomenological approach such as in the case of this research, where the purpose is to generalize back to theory (Merriam, 2002; Yin, 2011). Participants in a phenomenological study constitute the main data sources for the researcher. The

researcher carefully chooses participants based on their ability and willingness to describe and share their experiences with the researcher (Polkinghorne, 2005) and their accessibility to the researcher (Seidman, 2006). Qualitative research uses sampling strategies to provide a better understanding of the research questions at hand and to contribute to the existing knowledge of the phenomenon under study (Creswell, 2013). The theoretical sampling in this research included heirs apparent who were appointed CEOs from within organizations (to control for new learning related to industry or organization knowledge) and those who became CEOs not more than eight years ago. I limited the years of CEO experience to eight based on a study by Sherlock and Nathan (2008) which showed that CEOs can reliably remember their experience if it was within this range. CEOs were chosen from large organizations in different industries to control for the impact of company size on the quality and quantity of the learning that may take place during the transition.

Though very rare in large organizations, some of the organizations in the participants' pool were family run businesses. Family members were appointed heirs apparent and became the CEOs such as in the case of Linamar Corporation where Ms. Linda Hasenfratz succeeded her father, Mr. Frank Hasenfratz, as the CEO. These cases were excluded from my sample as they may constitute a confounding factor to my ability to generalize back to the theoretical framework.

Even large family businesses are different from other enterprises in many ways including family aspects, management, and succession practices (Filser, Kraus, & Märk, 2013; Lansberg, 1999; Pearson, Carr, & Shaw, 2008). Hence the designation of heirs apparent in the case of family businesses is a different process. Lambrecht and Lievens

(2008) found family businesses prefer to have boards of advisors rather than boards of directors since they do not necessarily want to be directed. This dynamic is different for large companies where the boards of directors are actively engaged in directing the organization and who have CEO succession as their second priority after financial performance.

While succession in family businesses remains an important topic (Filser et al., 2013; Strike, 2013), these businesses usually seek advice primarily on strategic issues, followed by organizational issues and CEO priorities, and last about succession (Strike, 2013; Ward & Handy, 1988). The leadership in family businesses is different from that in publicly held organizations for several reasons (Stewart & Hitt, 2012). First, while leaders enjoy long tenure and are entrenched in family businesses, they experience high turnover and are subject to market discipline in publicly held organizations (Oswald & Muse, 2009). Second, successors who are family members are trained on the job and hence accumulate different, more personalized, knowledge about the business while successors in large organizations are trained in educational institutions only before joining the organization (Jorissen, Laveren, Martens, & Reheul, 2005). Third, leaders in family businesses are drawn from a limited kinship pool, while successors in large organizations are drawn from a large pool (Pérez-González, 2006). Goldberg (1996) found that effective successors in family businesses are assured ascension to the top job very early in their life, even as early as high school age. Therefore, the designated family members and others in the company know they are likely the heirs apparent even before officially joining the organization. For the above reasons, I excluded heirs apparent who were

family members from the sample as their identity and social context may have existed prior to joining the organization.

Appendix A describes the sampling strategy based on learning needs. It highlights the possible origins of the heir apparent as being from within the organization, different organization but same industry, or coming from a different organization from a different industry. Heirs apparent recruited from different organizations and different industries may need to spend their transition period learning about the organization and industry specific characteristics. Those recruited from same industry but different organization may spend some of their transition period learning about the organization's specific characteristics. In order to focus on learning the requirements of the CEO role as much as possible, I only chose participants who were designated as heirs apparent and promoted from within their organization (the shaded area in the table).

Sample size is a similarly important issue (Creswell, 2013). The aim of phenomenology is to inform the research question and the phenomenon, rather than to generalize the findings to the population (Moustakas, 1994). Attaining large sample sizes alone is not the goal. In phenomenology, research sample size has been recommended to be between five and twenty-five (Polkinghorne, 1989). I was able to access and interview 22 participants. Two of my interviewees were female constituting 9% of my sample size. While the number is low, the number of female CEOs for large organizations is less than 5% in the top 1000 public companies in Canada (Eisenschmid, 2010). The female representation in the sample is therefore approximately representative of the national representation in Canadian public companies.

The sample size of 22 was high compared to the sample sizes in similar previous research, which range from 10 to 20 elite participants (Gabarro, 1987; Smerek, 2011; Welch, Marschan-Piekkari, Penttinen, & Tahvanainen, 2002). The large size of my sample provided me with theoretical saturation and enough variation based on the enactment argument (see Figure 4.1) (Creswell, 2013). The sample size also provided an acceptable representation from the three provinces (see Figure 4.2). Almost half of the respondents were from the finance and insurance or the oil and gas industries (see Figure 4.3). All the findings and discussions provided in chapters 5 and 6 respectively should be interpreted given the characteristics of this sample especially given that the respondents are currently CEOs of large organizations and 21 of the 22 respondents followed successful incumbent CEOs.

Figure 4.1: Sample Composition by Type of Enactment

- Act
- Interact
- Double Interact
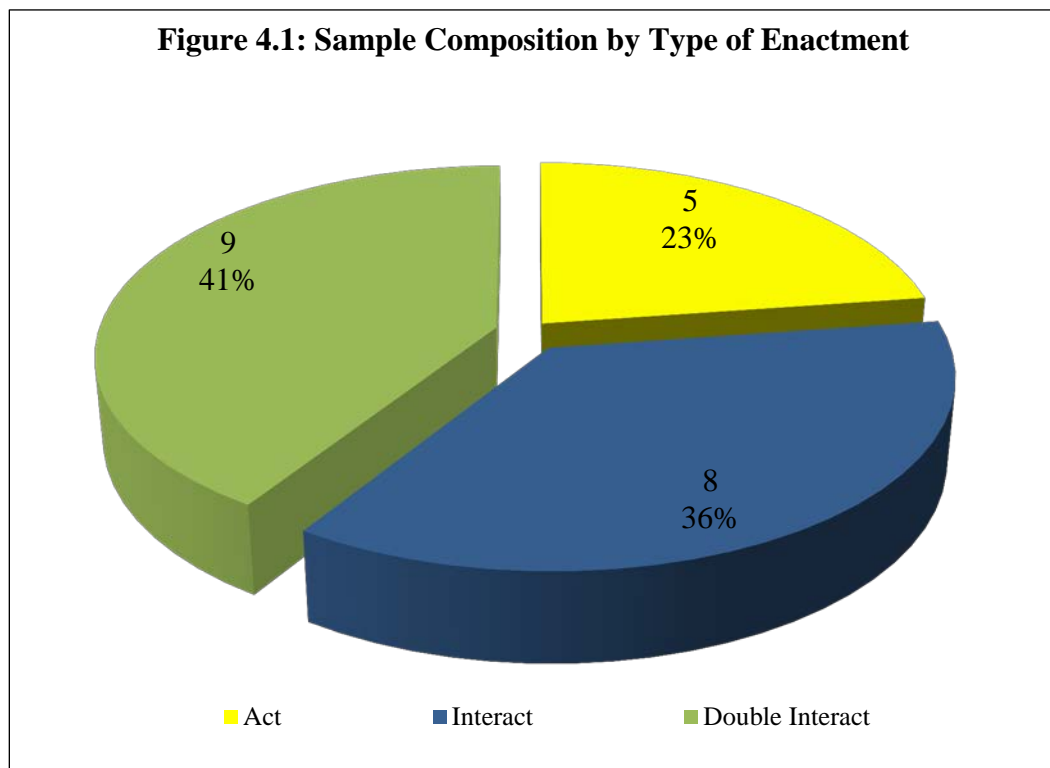
Figure 4.2: Sample Composition by Province

9
41%

9
41%

4
18%

■ Ontario   ■ Quebec   ■ Alberta
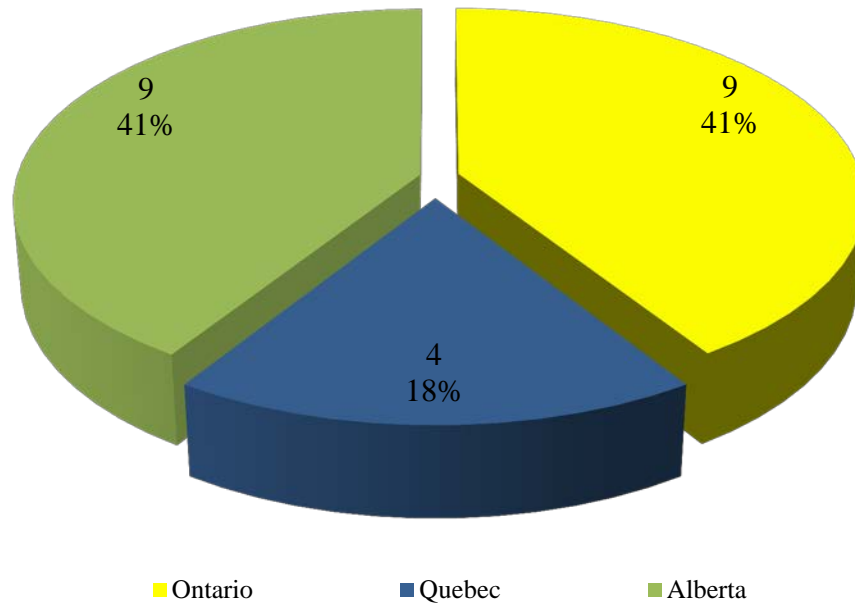
Figure 4.3: Sample Composition by Industry

Others
5
23%

Services
3
14%

Finance and
Insurance
6
27%

Agriculture
2
9%

Oil and Gas
4
18%

Transportation
2
9%
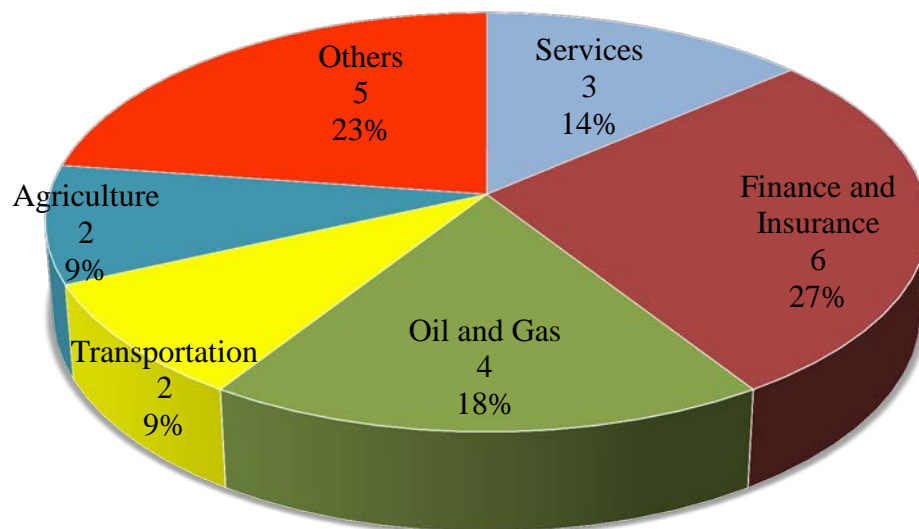
4.2.2. Data Collection

This study aimed at understanding how the designation of executives as heirs apparent affected their learning and prepared them to become CEOs. This process involved the meaning making heirs apparent experience during the learning process. Jarvis (2006), a renowned researcher in the adult learning field, argued interviews are the best available tool to collect data about the participants' learning process, as we need to understand this process from their perspective. Participants know this process better than the researcher, who is external to them. Observation would enable the researcher to see only the resulting behaviour rather than have access to the thought process. Without discussion, any attempt by the researcher to analyze the thought process behind the behaviour would reflect the projected thought process of the researcher rather than the participant (Gallagher, 2012).

Consistent with similar previous research I used semi-structured interviews as my primary data collection method for this study. One study examined how leaders learn (cf. Seijts & Gandz, 2013). The second one explored how partners in a joint venture learn from each other (cf. Inkpen & Crossan, 1995). The third one investigated how CEOs of non-profit organizations learn (cf. Sherlock & Nathan, 2008). The fourth one studied how outside college presidents use sensemaking and sensegiving processes (cf. Smerek, 2011). The fifth one researched how individuals make meaning of their own professional calling (cf. Conklin, 2012). According to Hopf (2004) *"(B)ecause of the possibility of enquiring openly about situational meanings or motives for action, or collecting everyday theories and self-interpretations in a differentiated and open way, and also because of the possibility of discursive understanding through interpretations, open or semi-*

standardized interviews provide important opportunities for an empirical application of action-theory ideas in sociology and psychology." (p. 203). Semi-structured interviews allowed me to conduct an open enquiry to understand participants meaning and motives for action and self-interpretations of their everyday theories.

Hence, semi-structured interviews were the most appropriate tool to understand the heirs apparent self-interpretations of their identity change, their perceived social context, and their motives for interacting with their new environment. Observation on the other hand, would have only allowed me to interpret their actions using my own theory of mind. Weick and Roberts (1993), for example, relied heavily on data collected from interviews when they attempted to describe (1) how the interaction of individuals with their environment and (2) how they made sense of the situation led to heedful interrelating. Data collection through interviews was also consistent with my theories. I argued that observation alone could lead the heir apparent to understand the mental models of the CEO using his or her theories of mind, while an interact would help the heir apparent to understand the mental models from the CEO's point of view. Similarly, I argue observation allows the researcher to infer the participants' mental models using his/her own mental models. Interactive interviews, on the other hand, bring the researcher closer to the participants' mental models, which is the focus of this research.

Adopting interviews as the main source of data raised two types of challenges: (1) access to elites, in this case the CEOs, and (2) access to adequate data. I discuss each of these challenges below.

4.2.2.1. Access to Elites

Access to elite members of society such as CEOs is difficult because they build barriers with the rest of the society (Hertz & Imber, 1993), but this issue may have been overstated (Ostrander, 1993). Researchers who have studied corporate elites have received acceptable response rates (Welch et al., 2002). For example, Simons (1994) received the acceptance of 10 top executives out of 12 asked to participate in his study. Thomas (1993) recommended two important factors for getting access to elites – being well prepared and having a sponsor.

Being prepared was highly recommended by scholars who researched elite-related questions (e.g. Ostrander, 1993; Thomas, 1993; Useem, 1995). One advantage of conducting elite research is that participants are usually highly visible and most of their demographic information is publicly available (Thomas, 1993). Preparedness reflects the seriousness of the researcher and radiates a positive image (Harvey, 2011). As such, in preparing myself, I collected as much information as possible about the executives prior to the meeting from different databases such as Lexis Nexis, Mergent Online, and Thomson ONE, as well as from various business news sources. I looked for published newspaper articles discussing the participants in any way during their transition period.

The information collected was not used to consciously build preconceived ideas about the participant's learning experience during the transition period, but rather to make the best out of the interview and not ask for details about events I could learn about in the press. I also allowed a great deal of flexibility in time and location to accommodate the participants' busy schedules in order to increase the response rate (Mikecz, 2012). The interviews with CEOs who were promoted from within their organization were conducted

over the period extending from October 2013 till May 2014 and distributed as presented in Figure 4.4. Most of the interviews (16/22) were conducted at the interviewee's office. The others (6/22) were conducted over the phone.

Figure 4.4: Interviews Distribution per Month
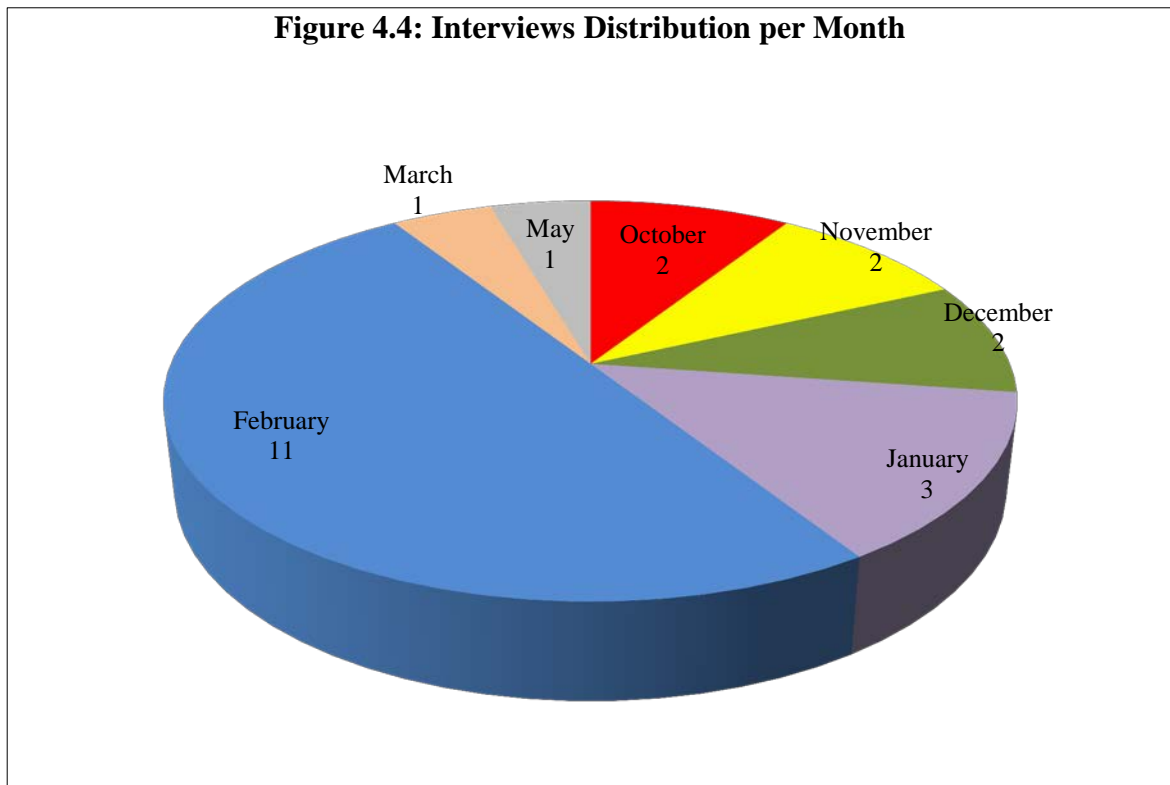
Based on the individualized research, I prepared a customized invitation letter for every potential candidate to solicit their participation. The invitation letter introduced the research topic to the participants without revealing the theoretical underpinnings of the research. Appendix D provides an example of the main content of the letter sent to participants. One week after sending the letter, in cases where I did not receive an answer from the potential respondents, I followed up with an e-mail informing them of the letter I sent and I attached it to the e-mail, and asked them if they would give me one hour of

their time. Some participants asked for more details before accepting and others asked to see a sample of the interview questions. I prepared the participants who accepted to do the interview by telling them the interview revolved around the time they served as heirs apparent and that I needed them to recall events or episodes which led them to change or affirm the way they think or do business. I asked them to take personal notes, including how these experiences changed them for the better or worse.

Some of the participants were approached directly; others were approached using the help of a sponsor. Securing the help of a sponsor had mixed recommendations. Some researchers believe that elites are more willing to meet and be more open during discussions if you share a connection (e.g. Ostrander, 1993; Thomas, 1993). Other researchers believe a sponsor can do more harm than good either because participants do not like your sponsor (McDowell, 1998) or because the sponsor may misrepresent your research objective (Seidman, 2006). A researcher on leaders' learning found no difference in the openness and acceptance to participate from elites according to whether they were approached directly or through a sponsor. To increase the likelihood of my chosen CEOs to participate in the study, I secured the assistance of the following people: the incumbent dean of Ivey Business School at the time of the research, my thesis supervisor, board members from the Canadian Foundation for Governance Research, and members from the institute of corporate directors who agreed to introduce me to some of the participants in my sampling frame.

My sponsors helped me reach out to 10 participants, six from Ontario, two from Quebec, and one from Alberta. However, previous research suggested that 12 participants were usually needed to reach theoretical saturation (Creswell, 2013). To reach my

initially proposed sample size of 12 to 15 participants, I sent letters of invitation to participants from Quebec (8 invitations) and Alberta (16 invitations). I did not search for more participants in Ontario given that I already had secured 9 participants from the province (6 with the help of a sponsor, 3 approached directly). After following up one week later through e-mail, I received eight positive answers from participants in Alberta and two from participants in Quebec. Figure 4.5 presents the distribution of participants per province based on whether they were approached through a sponsor or directly.

Figure 4.5: Type of Approach
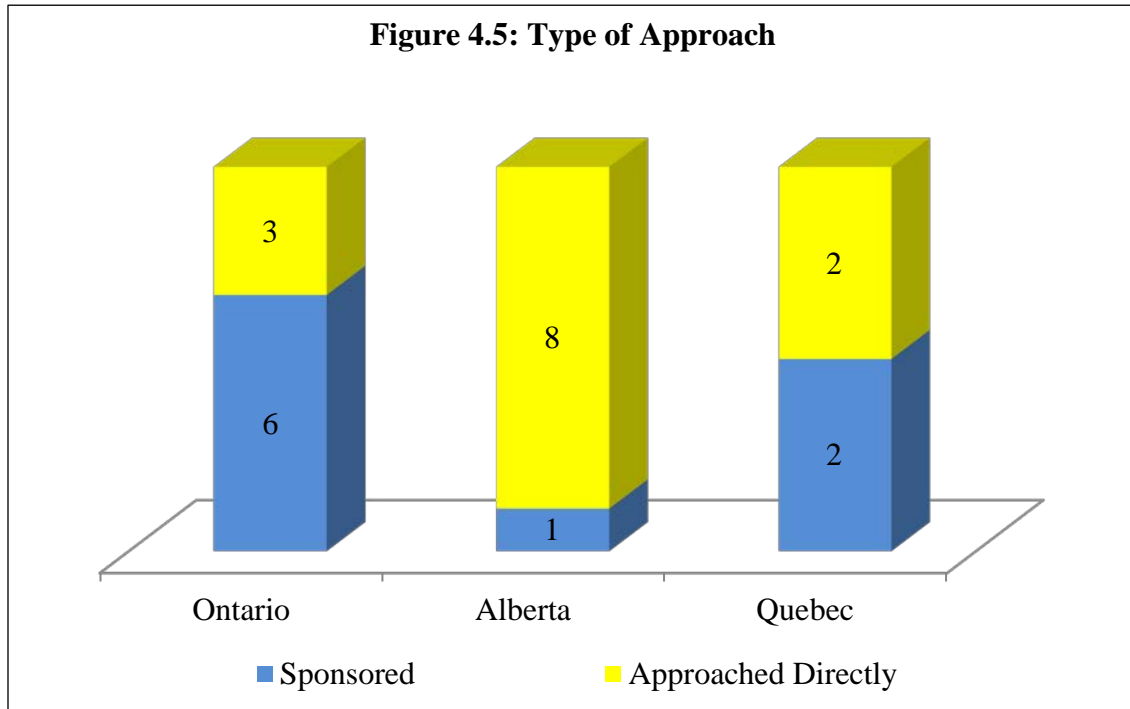
4.2.2.2. Data Collection

Scheduling an interview with corporate elites does not guarantee the quality of the data to be collected. After a review of the literature around the interviewing of elites,

Welch et al. (2002) identified two major issues that may affect the quality of the data collected: (1) the power of elite interviewees and (2) the openness of elite interviewees.

Previous research found CEOs were tempted to be in charge and accustomed to directing everyone else around them (Cochrane, 1998; Mikecz, 2012). They were trained in communicating and so they might, consciously or not, divert the course of the interview to serve their own agendas rather than to adhere to the main objective of the researcher (Ostrander, 1993; Thomas, 1993). To balance the power of the elite participant, I researched all publicly available information on the participants to be well prepared for the interviews. Further, I met with a journalist who reported on CEO succession events in large organizations in Canada to obtain insights on specific events that might have happened during the transition periods. I found that my participants were genuinely interested in the topic and were excited to openly discuss the subject.

Previous research also found that CEOs were used to representing their organizations to third parties such as the government and media (Bennett & Miles, 2006b), so they would be tempted to give more socially accepted answers in support of a positive image of their organizations (Mikecz, 2012). To work around this, Thomas (1993) suggested differentiating between the multiple personae of the participant – as an individual, as a company's CEO, and as the company's spokesperson – and addressing the questions accordingly. To avoid getting "journalistic answers", I formulated my questions in a way that addressed the participants as individuals seeking their personal insights and understanding of the situation.

It was not easy for CEOs at first to admit to struggling during the transition period, especially at the beginning of the interview. To encourage CEOs to speak openly,

at the beginning of the interview I explained to all participants the measures I was taking to ensure their confidentiality and informed them about the procedure I would undertake to disguise their and their institutions' identities in the write-up. I also attempted to build as much rapport as possible during the interview, and to let them express their feelings and thought processes about the transition period as accurately as possible. At any point during the interview where I noticed the respondent was speaking using the pronoun "we", I listened carefully and then rephrased the question using his name, for example, I would ask: "what did you, Ralph, do when this happened?" I did this in order to understand his/her actions and thought processes as opposed to discussing the company as a whole. My participants were generally open and honest about their experience and recounted stories to which neither the journalist nor the newspapers had access. All interviews were audio taped with the participants' permission. At the end of the interview, I asked each participant to sign a copy of the letters of information and consent (usually sent to them before the interview) presented in Appendix B and I provided them with a signed copy for their records.

The long-interview format is the most appropriate for a phenomenological approach (Moustakas, 1994). It encompasses an interactive process and is based on open-ended questions and answers or comments, yet retains structure. It is most appropriate for a phenomenological study, as it is more concerned with participants' shared meanings of experience (McCracken, 1988), rather than their affective status, which is the main concern of the in-depth interview (Seidman, 2006). The long interview is structured around areas for discussion in a way which creates a relaxed environment for the participant to feel comfortable in and then tackle the topic at hand to minimize wasted

time. Long interviews should last one to two hours (McCracken, 1988). An interview guide helps the researcher cover all the topics under study in a fairly sequential manner, in addition to establishing direction, and maintaining focus on the participant's stories rather than worry about the next step (King & Horrocks, 2010; Mikecz, 2012).

The aim of this research is to understand the transition experience of heirs apparent as it exists in their consciousness. Hence, the suggested interview guide (see Appendix C) was framed to detect their experience rather than attain context-free and individual-free information about transition periods in absolute terms (Polkinghorne, 1989). The questions were especially formulated to be theory-neutral and to concentrate on the experience rather than the learning the heir apparent had during this period. This allowed the support for the proposed theory to emerge from the data instead of from imposing a framework on the participants. I avoided questions asking "why" and "what happened". This line of questions generates answers based on the participants' own interpretations of their experience (Polkinghorne, 1989), while my aim was to be able to provoke memories of the experience itself as much as possible. When the participant did not provide details about the experience, I asked more clarifying questions, such as, "What do you mean by … exactly?" "What did you do when … ?" and "How did this affect you?" "Who" and "When" questions were also asked when appropriate (King & Horrocks, 2010). I opened and closed the interview with open-ended questions in order to build confidence and check for information completeness (Mikecz, 2012). I used the interview guide to ensure I touched on all of the necessary areas for discussion during the interview. The participants did not see the interview guide. When asked, I provided the participants with a sample of the general questions before the interview. They were

introduced to the subject of the interview in the invitation letter as presented in Appendix D.

Though interviews constituted my main data source, I collected data from various archival sources such as company websites and news articles related to the succession event published in different business magazines such as *The Toronto Star*, *The Globe and Mail*, and others. The purpose of collecting and analyzing data from other sources was to limit the potential bias associated with the use of an exclusive data source. It was also directed at strengthening the validation of theory through the "triangulation" of evidence (Eisenhardt, 1989; Eisenhardt & Graebner, 2007). The data collected from websites and news articles were used to verify some of the stories told during the interviews. I studied all the archival materials related to a specific organization before the interview which enabled me to ask more specific questions and delve deeper into the learning and sensemaking processes of the heir apparent. The data collected from archival sources provided me with insights on how the transition events were communicated to the outside world and a basis for comparison with the stories as remembered by the participants. I was able to use the general story from the archival sources in my findings but not quote any of them as I would risk exposing the identity of my participants or their organizations.

In addition to the 22 interviews I conducted with CEOs who went through the experience of designation and a transition period, I interviewed 3 outgoing CEOs, 3 ex-CEOs, 3 board chairs, 2 board members, and 2 senior executives. These interviews were also audiotaped with the permission of interviewees. The purpose of these interviews was twofold. First, I intended to understand the context of my phenomenon, or the succession

process, from the perspective of main players in the process rather than just the designated executives. Second, since the change in social context was a major construct in the theoretical model; I wanted to validate the designate CEOs' interpretation of the expectations from their social context with members of this social context. These interviews gave me insights into the board's and incumbent CEOs' role in the process and their contribution or lack of it to the learning process of the designate executives. They corroborated and contradicted some of the interpretations made by the designate CEOs about the expectations of their social context. I also interviewed one consultant who specializes in assisting organizations with the succession process, and one journalist who reports frequently on CEO succession events in Canada. The purpose of these interviews was gaining knowledge about the succession process in contexts external to the organizations I studied as well as validating my findings.

To check for the learning experiences of heirs apparent during the transition period, I tried to identify some executives designated as heirs apparent at the time of the fieldwork. The task of identifying current heirs apparent was more challenging than expected. These executives' designation might not have been announced in the media until a competition for the CEO role ended. Their transition period was shorter than I anticipated based on the existing literature. The transition period was between three to six months in most cases. Interviews with current heirs apparent would help provide a check-in point for the learning experience that CEOs remember as heirs apparent. Given the potential insights in terms of comparing the experience of heirs apparent currently undergoing their transition versus the meaning making of the experience of CEOs who already experienced the learning during the transition period this group was desirable to

include in the sample. I was able through a board member and with the approval of the incumbent CEO to interview one heir apparent who was expected to assume the position of CEO in less than a month from the interview date. There were many shared elements in the experience of the heir apparent with the experience of heir apparency as remembered by the participants.

4.2.3. Data Coding and Analysis

"The data must bear the weight of any interpretation, so the researcher must constantly confront his or her own opinions and prejudices with the data" (Conklin, 2007, p. 42). The phenomenological approach entails the postponement of all formerly embraced judgements until they can be defended based on the findings from the field (Creswell, 2013). The unit of analysis in phenomenological research is experience (Polkinghorne, 2005). Giorgi's technique is one of the most well-known and widely used techniques in analyzing phenomenological data (King & Horrocks, 2010; Sanders, 1982), and organizational studies currently use this method. . His technique is similar to the reductionist technique proposed by McCracken (1988) for analyzing data collected through the long interview with modifications to focus on the essence of experience of the participant.

In coding and analyzing the data I followed Giorgi's technique as proposed in Giorgi (2009). The technique comprises four steps:

- Step 1: Getting a sense of the whole

- Step 2: Identifying meaning units

- Step 3: Transforming the data

- Step 4: Describing the structure

The following subsections provide a description of how I applied these steps to the collected data.

4.2.3.1. Step 1: Getting a Sense of the Whole

Each interview was audiotaped and transcribed verbatim, mostly within 24 hours to 48 hours after the interview, in extreme cases the interviews were transcribed with 72 hours. A third party transcribed the interviews. When I received the transcript, I listened to the recordings and read the transcript to ensure the quality and accuracy of the transcription.

Since the aim of phenomenological research was to provide a holistic perspective on the experience of the participant (Giorgi, 2006), I read each transcript in its entirety multiple times. The first time was to understand the participants' experience and the main players in their social context. After the first reading but before the second reading I replaced the names of the participants and the major players in their experience with pseudonyms. In addition to my promise of confidentiality to the participants confidentiality, another purpose for replacing the names with pseudonyms early on in the process, as suggested by Bazeley and Jackson (2013), was to familiarize myself with pseudonyms and focus on the experience of the participants. In doing so, the real names of the participants faded away with time and I reduced the impact of conscious or unconscious interpretation of the experiences based on my impression of the organization or the person at the time of the interview. I kept a journal as a checklist for each participant before the interview and after the interview in order to keep my biases in

check as presented in Appendix E. I only referred to the related list when I had doubts about my own biases interfering in the interpretation of the data.

I adopted a strategy for choosing pseudonyms to avoid any conscious or unconscious choice of names for the different participants and the major players in their social context. Since most of my participants were born in the 1950s and 1960s, I used a website listing the most common names in North America during the two decades. I systematically replaced the names of my participants with the names listed on the website according to their sex. Where derivatives of previously listed names appeared, I excluded them and continued on the list. Also given the status of my interviewees, I avoided using juvenile names such as Bobby or Billy and used Bob and Bill instead. I also replaced all organization names with "the company" and eliminated any reference to the industry to which the organization belonged.

4.2.3.2. Step 2: Identifying Meaning Units

Meaning units are usually statements which mark a turning point in the meaning as perceived by the researcher taking the phenomenon under study into account (Giorgi, 2009). There are no strict instructions on how to identify meaning units (King & Horrocks, 2010). The importance of these units resides in their contribution to identifying general themes and shared elements in the experiences of the participants.

I completed the identification of meaning units described above as soon as possible following every interview. I then transferred the interviews to NVivo, computer software widely used for the analysis of qualitative data. This software allowed me to organize, analyze, and model qualitative data. I then created an initial list of meaning

units reflecting the constructs presented in the theoretical model proposed in chapter 3 including identity, social context, and enactment style. Enactment style included sub-meaning units reflecting the different styles of act, interact, and double interact. Meaning units were coded under "nodes". I started the analysis early on rather than waiting for the complete data collection phase to end, as recommended by Miles and Huberman (1994). In doing so, I was able to think about the existing data and create "nodes" or meaning units not solely based on my theoretical model, leading to the generation of additional interview questions in the following interviews to explore newly discovered concepts.

NVivo allowed for great flexibility in coding the data. I began coding by reading and re-reading each interview transcript and listening to the corresponding recording. I divided the interview texts sentence by sentence, and then re-read the sentences to identify where there was a shift in the meaning. For example, the participant might talk about the impact of the designation on his/her identity, and then in the same text shift to the changes he/she felt in the social context. The text referring to the impact on identity was coded under the node "identity" while the other text was coded under "social context". I was able to code texts from the interview into more than one meaning unit. I also was able to check and re-check my coding by looking at the whole interview in parallel with the coded text under each meaning unit and the overlap of the meaning units.

I created subcategories for the meaning units (Corbin & Strauss, 2008) proposed by the theoretical model. I also created additional nodes for the themes which emerged from the data and were not specified in the model. Once a node was added, I re-read the previously coded transcripts to see if there was any reference to the new node. This process of interplay between concepts and empirical data is a cognitive process allowing

for a "process of discovery rather than only a logic of validation" (Van Maanen, Sørensen, & Mitchell, 2007, p. 1146). I discovered many concepts during the data collection and data coding for this work, however, this thesis presents only some of my findings and I may use the others in future research. After completing the identification of meaning units for the interview, I proceeded to perform higher levels of data transformation.

4.2.3.3. Step 3: Transforming the Data

NVivo allowed for the clustering of the interview text from one respondent coded under a meaning unit or its subcategory to be presented in one place. This enabled me to read the entire participant's comments regarding the change in his/her identity irrespective of where the comments occurred in the interview. I followed Giorgi (2009)'s recommendation and added another column to the data entitled third person. In this column I included the text interview related to every meaning unit and its subcategories replacing the first person with the third person, for example I replaced "I" with "she or he". This process allowed me to focus on the participant and understand his/her experience rather than project my own experience onto the participant which could happen if I read their experiences with the pronoun "I" (Englander, 2012). Transforming the data to the third person also helped me achieve higher levels of abstraction (King & Horrocks, 2010).

During this step, I tried to answer the question "what does this mean?" for each meaning unit in the context of learning during the transition period (Giorgi, 2009). I summarized the texts under the same meaning unit several times until I believed I had

reached the highest possible level of transformation. The number of transformations needed was different for different meaning units and was different across participants.

4.2.3.4. Step 4: Describing the Structure

While the other steps were specific to each transcript or participant's experience, this step relates to the description of the event in more general terms, transcending the specifics of each experience (Giorgi, 2006). The aim of this step was to produce a unique structure to describe the participants' experience generally with respect to the concepts in the theoretical model.

In order to describe the participants' collective experience with respect to each of the constructs in the theoretical model, I clustered all relevant data from each participant relating to one construct or meaning unit. NVivo allowed me to aggregate the sub-meaning units and the overall meaning units for all the participants. Examining the participants' collective experience, such as the impact of designation on their identity, I was able to uncover all of the shared elements and produce a structure that described the experience in general terms. This structure was presented in the findings chapter for every concept. For the enactment construct, three structures emerged; one related to each type of enactment namely act, interact, and double interact. These structures were reported separately and similarities and differences across the structures were highlighted.

4.3. Reflexivity Statement

Unlike in the practice of quantitative research where the researcher is distant from the research subject, the researcher is the main instrument in qualitative research (Yin, 2011). Thus, in order to conduct a trustworthy and reliable phenomenological study, it is

recommended that the researcher be aware of his or her own potential biases and preconceived ideas and try as much as possible to set them aside while conducting data analysis (Moustakas, 1994). The purpose of this study is to understand the heir apparent experience from the perspective of the participants rather than imposing my own framework on their descriptions. In the following paragraphs, I first present my own beliefs that may have shaped the design of the study and then reflect on my previous experience as a management consultant and the skills I have gathered which may help in achieving the goal of this study.

The use of a post-positivist approach to phenomenology is not arbitrary. I tend to subscribe to the post-positivist belief system and I was educated in an environment which considered hard sciences such as mathematics, physics, chemistry, and biology superior to other fields. My experience in the educational system was that only one truth exists and that it is found in the external world. This has been reflected in my school, undergraduate, and MBA programs. Even during my PhD, my elective courses were advanced statistics which demonstrates my tendency towards this mindset. Many qualitative books I read suggest that some researchers choose qualitative research because they do not feel comfortable with statistics, but this is not the case for me. The choice of qualitative research in general and of the phenomenological approach in particular has been guided by the nature of my research questions rather than by an aversion to statistics. However, the application of the post-positivist worldview to the phenomenological approach has been influenced by my own belief system. This is reflected in the structure found in this proposal, which uses problem definition, formulations of research questions, literature

review, proposing a theoretical lens, and crafting a methodology section – a structure different from proposals done reflecting other worldviews.

My choice of a phenomenological approach to conduct my research was not random. Retrospectively, I believe I have used this approach in the past in my professional career as a management consultant. I first realized that individuals have different perspectives and that what applies in one context may not apply in another when I attended a sales seminar my organization presented to the salespeople of one of our corporate clients. Although I was amazed by the effectiveness of the techniques taught, I was surprised to discover the participants did not share my opinion. I took the opportunity to talk to individual participants over break time in order to understand their viewpoints. I discovered that many of the participants believed these techniques could not be applied in their context. After several discussions, I came to understand their perspectives and reported my findings to my supervisor. Since then, the company has adopted the practice of asking participants about their needs before preparing seminar materials.

Though my academic experience with qualitative research remains relatively limited, my professional experience as a management consultant helped me acquire several skills which assisted me in pursuing this research. Throughout my consulting career, I met with business owners, managers, and employees. I was mainly assigned to perform and write quick diagnostic reports for potential clients. Business owners or CEOs would approach our company, sometimes with a general concern about the performance of their organizations and other times with their own assessments of where the problems lay. They would ask our company to prepare a diagnosis and assess the situation in two to four weeks. My job was to attend at an organization, meet with relevant managers, try to

either support or reject the CEO's hypothesis, and report what I believed to be the problem. The ability to listen to participants, to have a fresh look at the data despite a suggested proposition (e.g. the CEO's own proposition of the problem), and to read between the lines are important skills in conducting qualitative research (Yin, 2011). Fortunately, these were skills I acquired during my consulting career.

During my 12 years as a management consultant, I dealt with many issues including planning CEO succession. However, I have not looked into the experience of an heir apparent. Hence, I do not have any conscious preconceived ideas about this process. I also believe that my move from Lebanon to Canada challenged many of my beliefs and taught me to look at things from different perspectives and accept new ideas and modes of operation. The context I worked in as a management consultant is quite different from the Canadian environment. This helped me to pay more attention to the experiences of the participants and challenge what they believe to be the norm.

By laying down my beliefs and previous experiences, I am not claiming to completely set aside my personal experiences and potential biases with the research topic, but rather am informing readers about them so that they can judge for themselves my level of involvement in the data analysis process (Creswell, 2013; Morgan & Smircich, 1980).

4.4. Establishing Trustworthiness

To ensure the good quality of the qualitative research, issues related to trustworthiness were addressed throughout the study from inception to completion (Yin, 2011). To enhance the trustworthiness of a research study, it is advisable to identify and

follow the analytic steps of a specific approach to qualitative research (Creswell, 2013, p. 53). This study followed the structure proposed by Giorgi (2009), a well-known researcher who developed a detailed description of the phenomenological approach. The steps taken to collect data were provided in detail. In addition, all gathered material was scanned and included in the NVivo database along with the interview transcriptions and field notes taken, in order to provide a reliable audit trail (Given, 2008). Steps taken to analyze data and move from participants' statements to higher levels of abstraction were described in as much detail as necessary.

The other issues of trustworthiness researchers face in phenomenological studies are whether the findings echo the truthful experiences of the participants (Creswell, 2013) and whether they constitute a solid ground on which policies can be generated (Polkinghorne, 1989). I used several tools to minimize the chances of attributing to the participants what I expected to find rather than what the participant is expressing (Gilbert, 1998; Jones, Kanhouse, Kelley, Nisbett, Valins, & Weiner, 1972; Jones & Nisbett, 1971; Jones, 1977). It is advised that the researcher bracket his/her biases in order to be able to minimize personal interference in reporting the findings or in this case the respondents' experience. To insure a proper bracketing of my biases to the best of my ability, I prepared a checklist of my biases toward this research, as provided in Appendix E. I kept this list and filled it out before and after every interview. I referred to it when I attempted to analyse the interview data. The aim of this list was to keep my biases in check and improve my ability to analyse the findings from the participants' perspective. I updated this list after every interview if and when necessary. In addition to the biases, I found that my worries played a major role before the interview and later during data analysis

(Barley, 1995). In order to be conscious of my state of mind before every interview, I recorded my worries, feelings and anticipated outcome as close as possible to before and after every interview. I listened to these recording after I coded the interviews to check for any possible influence on my coding.

I also used member checking to ensure the structural description relevant to the participants actually represented the participants' views of their own behaviours and experiences rather than my interpreted views. Each research participant was asked to carefully review the final draft of the structural description representing his/her experience and to suggest comments to add or delete in order to strengthen the description to better represent the experience (Moustakas, 1994). To improve the trustworthiness of my findings I used data from 22 participants to move from a single participant's experience to the description of the phenomenon itself. The recurring themes provided a more trusted basis for structure building than less recurring ones (Polkinghorne, 2005). Also, to improve the trustworthiness of the research, I collected data from other sources such as published material and interviews with board members, other senior executives in the organization, outgoing and ex-CEOs, consultants, heirs apparent, and journalists involved in the succession process whenever possible.

4.5. Ethical Considerations

Ethical issues should be tackled at several stages of the research process (Creswell, 2013). During the planning stage, I submitted an ethics proposal and secured the approval of the UWO non-medical research board before the start of the data collection. Appendix F presents the ethics approval notice I received from the board. Once the proposal was accepted, I began contacting the selected participants, informing

them about the research topic and necessary time commitment for the interview, setting the interview, and asking them to sign an informed consent form. I notified the participants their participation was voluntary, they could refuse to answer any specific question, and they could choose to stop at any point during the interview.

During the data collection stage, no manipulation of any sort of the participants' or the locations was made. I reminded participants of their right to refrain from answering any question or stop the interview at any time. I also notified them that the interview would be audiotaped and informed them of the confidentiality measures I would take to safeguard their identities. I also explained to participants how I would use the data. All participants were asked to sign a letter of information providing details about all confidentiality measures and a consent form of their permission to audiotape the interviews. I avoided leading questions throughout the interview.

I maintained all data during data analysis, reporting, and presentation with the utmost care and saved only in electronic password-secured formats. Pseudonyms were assigned to participants early in the process. The list containing the correspondence between the pseudo and actual names was password-secured, saved on my own laptop, and accessed only by myself. Multiple perspectives and contrary findings were genuinely reported. I was transparent in my coding and I provided detailed descriptions about the process used to move from the specific transcription to more abstract themes.

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CHAPTER 5. FINDINGS

The model developed in this dissertation hypothesizes that the designation of executives as heirs apparent for their organization has a direct effect on their identity, social context, and the way they enact their environment, thereby affecting their learning during the transition period. Previous research on CEO succession, namely relay succession, assumed heirs apparent learn during the transition period and outperform other types of successors regarding post succession organizational performance. In this research, I explore the learning process heirs apparent experience during their transition period and examine the enablers and barriers affecting their learning during the heir apparency period. This chapter provides an overview of the research findings. The data are presented to support, enhance, and/or question the premises constituting the theoretical model and to explain the various constructs and relationships with empirical examples (Lawrence, 1999).

This research adopted the phenomenological approach. The aim from the phenomenological approach was to understand the learning experience of executives from the time they were designated as heirs apparent until they have formally assumed the role of CEO. Following the common practice in the descriptive phenomenological method as suggested by Giorgi (2009), I present my findings below with respect to each of the five premises developed in the theoretical model. Unlike narrative studies that analysed the life of a single individual, the phenomenological studies attempted to describe the shared meaning of the individuals' experience. I therefore briefly describe the argument developed theoretically for each premise and then present shared elements in the participants' experience. To validate my argument, I chose the experience of some of the

participants and interpreted their experience to provide a clearer idea of the process I used to interpret the experiences of the respondents. I then presented, in a table form, examples from the experiences of other participants using their own words. At the end of every section, I identified and presented the shared elements in the experience of most of the participants.

The aim of this research is to understand the impact of the heir apparent designation on the learning experience of the participants. Hence, the heir apparent designation by itself becomes a critical element in interpreting the findings. The theoretical model developed an explanation of the impact of the heir apparent designation on the learning experience of the participants. The theoretical model was built based on the way heir apparent designation was presented and defined in the CEO succession literature, with some adjustments to fit the nature of this work. However, the fieldwork showed the participants experienced a different reality from the heir apparent designation compared to the literature descriptions. Hence, I start the findings chapter by presenting the heir apparent designation process as experienced by this set of participants. The aim is to clarify some of the assumptions presented in the literature review chapter and to understand the impact of the heir apparent designation on the participants' learning experience. This will provide a better understanding of the process from the perspective of how and when the participants felt they were designated which varies from what the literature had portrayed using the COO/president proxy as described later.

5.1. Heir Apparent Designation Process

As described in the CEO succession literature, relay succession involves identifying a CEO successor, whom Vancil (1987) referred to as the heir apparent, a few

years before the actual succession event takes place. Given that heir apparent is not an official title in any organization, researchers studying relay succession based on archival datasets identified heirs apparent as officers who were named COOs and/or presidents of their organization before receiving a promotion to the role of CEO (Cannella & Shen, 2001). Prior literature widely accepted Vancil (1987)'s classification of CEO succession practices as either, relay, horse race, or outside successions. Finkelstein, Hambrick, and Cannella (2009) expected the designation of heirs apparent following a horse race. However, they still accepted the prevailing assumption these heirs apparent were designated several years before the actual transition event. Data from the interviews showed the boundaries between the two inside succession practices, namely relay and horse race, were blurred. Most of the CEOs I interviewed were designated the CEO-to-be following a competition with other executives from inside the organization and in rare cases the competition also involved candidates from outside the organization.

All of the interviewees including: current and previous CEOs, board members, senior executives in the firm, and consultants agreed the CEO succession process and namely the selection of the CEO is the responsibility of the board of directors. The incumbent CEO was always involved in nominating and providing evaluations on possible candidates. The board of directors in some cases also sought help from executive search firms or consultants to nominate candidates. None of the CEOs I interviewed were designated the heir apparent and/or were designated years before the actual succession event. Executives were designated for a period ranging from three weeks to a maximum of one year before assuming the CEO position. Competition for the CEO role was the most common experience the participants shared. Only three of the 22 executives were

not part of a competition before being designated by the board as the CEO-to-be. One of them was asked if he wanted to be the CEO only a few months before he assumed the role. In the two other cases, the executives were appointed COOs and the incumbent CEO told them covertly they were the designated heirs apparent. The transition lasted longer than expected and the executives lost confidence in the process and needed a stronger affirmation for the job. One of these executives asked the board to take action to ensure his ascension or he would leave the organization. In one of the 19 cases, the executive was explicitly promised by the incumbent CEO to be the only possible successor for the position very early on. He found two years before the passing of the baton that the board of directors was considering another internal candidate for the position. The board would also conduct an evaluation at the end of the selection process to announce the next CEO.

While heir apparent is not an official title, the way it is identified in previous research on heir apparent or relay succession studies is when an executive is the only one appointed as the COO and/or president of the organization (Cannella & Shen, 2001; Giambatista et al., 2005). In anticipation that this definition had been adopted in the previous research due to the dominant quantitative nature of the research, I broadened the definition to include any executive who was in a senior position before assuming the CEO position. The fieldwork confirmed the appropriateness of the use of the adjusted definition rather than the one in the literature and required the addition of a necessary condition: the explicit designation by the board. The common story among all the respondents was that they knew they would be the next CEO when they were explicitly told so by the board. Some of the respondents were already COOs or presidents and the board still required them to compete to be designated the CEO-to-be. Those who were

COOs felt the title did not accurately reflect to the organization or the industry that they were the designated heirs apparent. They felt the title of president would have sent a better signal that they were the future leader of the organization. On the other hand, executives who had the title of president felt the title of COO would send a clearer signal to the industry they were the next CEO. The executives felt they were the "heirs apparent" upon the board's explicit announcement of their designation as the CEOs-to-be.

For example, Martin explained[1] how he felt about being secretly told he was the future leader:

> *I think he (incumbent CEO) sort of made a call; well he did make a call that he was going to elevate one person as a sort of a potential successor. I am not sure that is necessarily the best idea because he elevated somebody (referring to himself) but he only elevated them half way. I am not sure I would do that again. My gut feel is when you elevate somebody and you really want to be clear that they are the second in the command; you should be pretty clear on that. And Ron (incumbent CEO), he was clear with me but he was not very clear with the organization. The situation started to improve overtime but I think providing clarity would be helpful. The current CEO of our competitor had a clear path to the top job. He became instead of Chief Operating Officer, an EVP then even the president and so it was very clear he was going to be the guy. For us we never made that choice. We never went to that next level of Martin is the president and the president, in most people's nomenclature is: 'oh, there you go, you have been named'.*

Designate CEO Charles explained the doubt surrounding the secret processes with some humour:

> *I'll give you a little insight here, under the leadership of Thomas (the ex-CEO) they had a room, and for that room there were only three people who had a key, the CEO, the president, and the head of HR. And you go in that room and there's nothing but chalkboards with positions and who the likely people would be. And they were the only ones that had access and the joke was, it was always chalk, because that could be erased.*

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[1] All quotes used in this research are verbatim, as said by the participants. Very minimal editing was performed on these quotes.

From the meetings with the executives it became clear none of them had really experienced an "heir apparent" designation the way it was presented in the literature. Most of them were designated as heirs apparent few months before the transition event. Figure 5.1 shows the frequency distribution of the designation tenure per month for all 22 interviewed participants. The two who were given the title of COO, along with the promise of the CEO title, lost their confidence in the promise along the way and had to secure an overt designation a few months before the transition.

Figure 5.1: CEO-D Designation Tenure Per Month
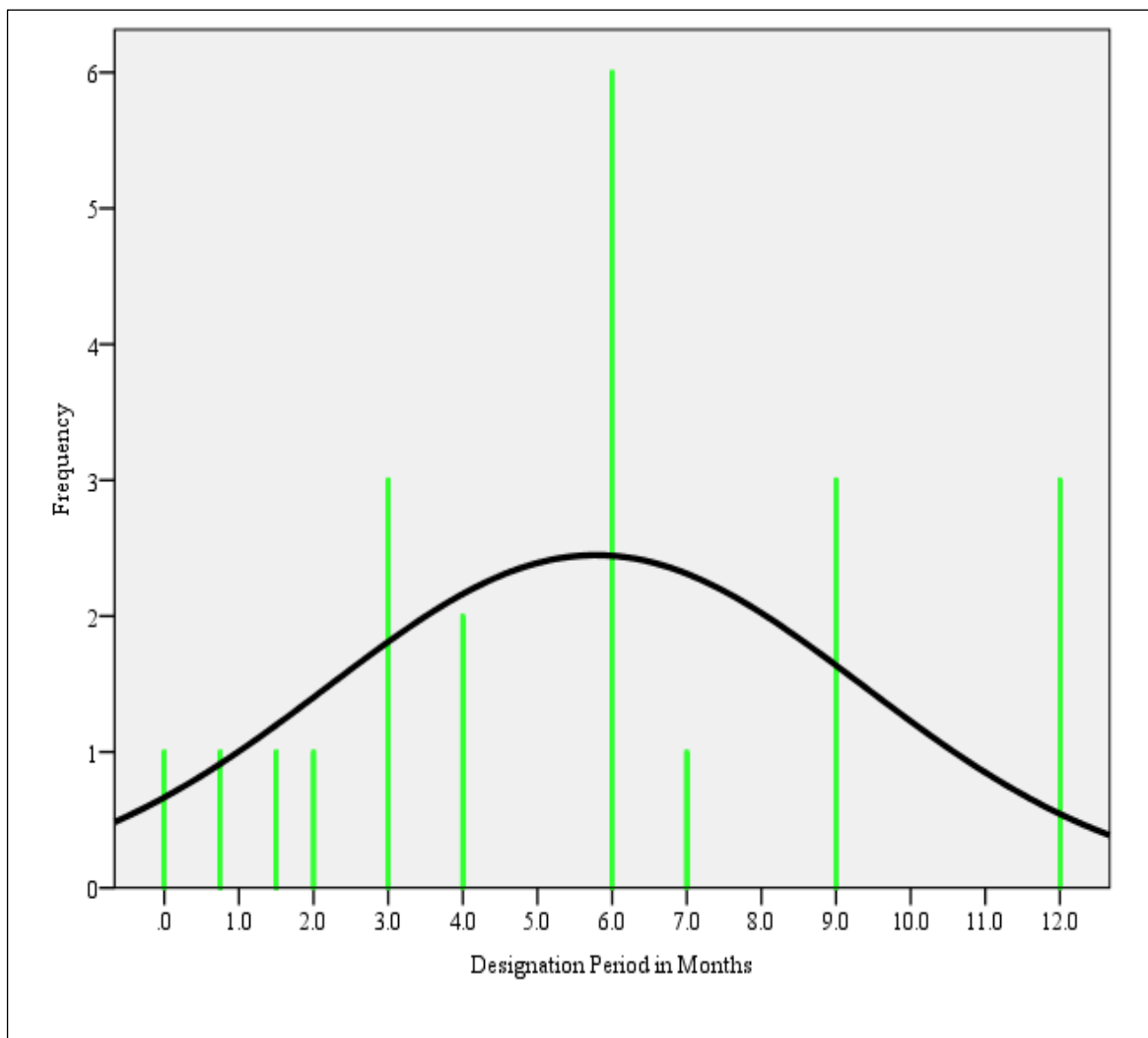
I believe referring to the respondents as heirs apparent does not accurately reflect their experience. Hence, from this point forward in the dissertation I will refer to the executives as designate CEOs or CEO-Ds from the time the board selected them and informed them they would be the next CEO. Incumbent CEOs would be referred to as CEO-Is thereafter. I will only use the terminology of "heir apparent" from here onward if referring to the existing CEO succession literature. I will also present the premises developed in the theoretical model at the beginning of each section using the CEO-D terminology instead of heir apparent. I have also broadened the definition of "heir apparent" I started with to identify my participants to become the CEO-D definition as such: *any manager in the company who was a senior executive, including being the COO and/or president, and officially designated by the board as the future leader of the organization, before assuming the CEO role.*

In addition to avoiding the heir apparent terminology, I will also avoid using the "horse race" terminology. Though most of the respondents went through a competition for the CEO title before being designated, I cannot refer to the competition as a horse race. The literature defines a horse race as a competition among senior executives in the organization for the CEO role (Giambatista et al., 2005; Rowe, 1996; Vancil, 1987). This competition is usually public and leads to the exit of the losing horses in the race from the organization (Lehmberg et al., 2009). However, in most of the succession events I studied the competition was not public and the other candidates stayed in the organization. Therefore, I will refer to the race for the CEO position as the competition and not as a

"horse race". I will only use the terminology of horse race when referring to the CEO succession literature.

Nineteen of the 22 respondents were designated after a competition for the title of CEO. The number of candidates competing for the CEO position was different between companies. In most cases there were three, in fewer cases two, and in one case the competition started with 12 candidates and ended up with three finalists before the board chose a candidate. None of candidates experienced adversarial relationships with the other candidates but they all felt the process was time consuming and psychologically demanding.

In some companies, the candidates were known to each other and to the staff members in the organization as described by CEO-D Philip:

> *The process was very open. There was me, there was the CFO, and there was the woman who was made head of operations so we didn't call it Chief Operating Officer for her but it was. So what happened the three were identified, two were identified before me. … We knew each other. We knew who we were competing against and I honestly say and I think if you ask the other two, they would say we never competed against each other. We just competed for the role and there was a huge difference-huge. And the only testimonial I can give you about the difference is they are still here today. So this wasn't a blood in the streets, violent competition. It was competing on your own merits in your portfolio but not against each other, just for the role.*

In other companies, the identity of the candidates was known only to the CEO-I and the board of directors as stated by CEO-D Frank:

> *They came to me; Scott (CEO-I) and the Chair of the board and said we would like you to participate in this process. I didn't know whether there were lots of candidates or a few candidates. I was told at the very beginning it will be an international, external search as well as internal but would I participate…. in the very last bit of period of time, like, you know, before the announcement, I knew that the process had gone almost all internal. But I would say if the process was 2, 2 and a half years, I knew that it had probably gone internal about 10 months remaining in the process so*

there was a good year, year and a quarter that I had no knowledge of whether internal/external what was happening. There were lots of potential candidates running around. So I didn't know. No idea. I didn't want to know either because what was going to happen was going to happen. And worrying about who were the other candidates was not going to be helpful to my psyche. It wasn't going to be helpful to me completing the process …

Most of the CEO-Ds said they underwent psychometric tests as part of their assessment through the succession process. When the number of candidates was limited to two or three, all candidates completed the whole process, however, when the number of candidates was six or more, the board retained three for the final selection. Some of these processes were short, lasting around six months from candidate nomination until the announcement of the next CEO; some were lengthy, lasting two to three years. The board asked all finalists to prepare a presentation explaining their strategic vision for the organization. The CEO-Is were supposedly neutral and acted as a support for all of the candidates in the competition. They did not give advice or participated in the decision making process unless the CEO-D sought their help; however, their evaluations of the candidates were taken seriously by the board. The candidates during this period concentrated on doing their job and completing their assignments as requested and to the best of their abilities, as well as equipping themselves with the tools they thought would improve their chances, as described by CEO-D Carl:

Kathy (CEO-I) made it very clear I was her choice but it wasn't her choice to make. Clearly, her recommendation would carry a lot of weight but it was never a given that it was me. So I didn't presume that the job is mine. I knew there were some hurdles and I also knew that there was a lot of time for me to make mistakes and maybe get myself out of the race. I really thought I have to up my game. I needed to be a lot better at certain things that I didn't do on a daily basis and that is why the MBA was so important to me to try to get a broader perspective on business in general.

CEO-D Carl emphasized that his aim was not to compete with the other candidate but rather to concentrate on equipping himself with all the necessary tools. Had he been officially designated, he stated he would have spent his time focusing on preparing himself to be ready for the CEO role rather than to be selected the CEO-D. He said:

> *Before I knew about the competition, I was certainly much more tuned to watching Kathy, understanding, listening to her on the investor calls and understanding how she took the questions and how she presented to the board. Watched a lot more keenly around putting myself in that role and then discussing things with her, just trying to tell myself: 'I may have to do this at some point so pay attention'. So it (the competition) changed that certainly for me, I had to postpone this sort of learning.*

Most of the executives felt the immediate change when they were designated the CEO elect. CEO-D Frank described this moment as follows:

> *When she (the chair of the board) told me, it was on a Friday. It was here in this room. I walked in. She was staring out the window almost philosophically off in another space and she turned to me and said: 'you know we were supposed to announce this later but the board has reached this decision already. And there is no sense waiting. So we are going to get it going'. So that put into gear, a rollout strategy that followed, everything started happening sooner. It was a bit of a blur. This was a train that was leaving the station. She told me on a Friday and she said we will get started next week Monday. So think about it over the weekend and sign the letter. You know (addressing me) there is an offer letter. And, I was probably floored is the right word, not in a negative way. It actually hit me that it had arrived and I was conscious that this was a new trajectory in my career and in my life that it just happened and I had to digest that over the weekend. And then I think it was the next week or the following week, the rollout started. The rolling out of who you tell and when you tell and the senior management teams and where and how and scripting of it, rolling out to the newspapers, informing the shareholders, the whole bit and I now am the one selected to be the next CEO. That is it. It was just a machine that had started rolling.*

CEO-D Frank immediately felt the end of an era and the start of a new situation, a change that impacted his career and life right away. He immediately started thinking of the new social context he had to deal with both internally (i.e., the senior management team) and externally (i.e., the shareholders) given his new identity: *"I now am the one …"*

Having presented a brief description on what the succession process was like for the participants and identified when and how they received the designation, I will hereafter present my findings with respect to each of the premises formulated in the theoretical model.

5.2. Premise One: Immediate Identity

> P_1: *The designation of an executive as the CEO-D evolves a new identity along with a new set of identity standards for this executive affects the way he/she interprets the cues in a situation and affects his/her cognitive schemas and behaviour so that they align with the new identity standards.*

In premise one of the theoretical model I argued the designation of an executive as the CEO-D triggers the creation of a new identity for the executive. I also argued the designation as CEO-D affirms the identity of the executive as the organization's next leader (Bennett & Miles, 2006a). The designation provides the executives social recognition from the board of directors, and in some cases the CEO-Is, for their new identity. I also argued the designated executives would work on aligning their future behaviours and processes with the new set of identity standards as perceived by the CEO-Ds.

The period before the appointment activated an identity search process by the executives, the identity as the CEO-D. However, the designation, with an offer for the CEO position, motivated the CEO-Ds to align their behaviours and thought processes with the new identity standards. This designation as CEO-Ds led the executives to reflect upon who they were as well as who the others perceived them to be. Nineteen of the 22 CEOs interviewed mentioned feeling honored to participate in the competition for the CEO position. However, with this honour came doubts as to whether the board saw them

as the future CEOs, whether they would become the CEO, and whether they would be able to bring value to the organization. Hence, the search for who they would be as CEOs started the moment they were asked to participate as a CEO candidate.

For example, CEO-D Cheryl expresses this as:

Like I wasn't convinced that they (the CEO-I and the board) saw me as a CEO, you know when you are a very strong number two; you are not necessarily seen as a great number one. And so I wasn't sure that even if I threw my name in the hat that I would get it. And I think both of them (the CEO-I and the chair of the board) made it very clear to me that they did see me not only as a number two but as a potentially very good number one. I knew I had to decide not after they offered it to me because they wouldn't offer it to me if I hadn't really sold them on me. You know there were 12 people on the hiring committee. So, I knew I had to make a strong impression and I think I knew before I went in that I was resolved and that I would get it, that I would put everything I had into it and then I would get it... I really wanted it and I thought there is nobody else who is better for it and then I really believed that. You know I have days where I don't believe it anymore. But that day I believed it.

CEO-D Cheryl needed affirmation from the CEO-I and the chair of the board that she had what it took to be the next CEO. She needed to see herself in the role and to change her mental models to the new potential identity first before expecting the hiring committee to give her the role. It was only when the board asked Cheryl to throw her name in "*the hat*" that Cheryl began considering her new identity leading her to believe she needed herself she wanted the position to be able to convince the board to give her the title. CEO-D Cheryl's experience with doubt and need for affirmation during the competition period was not the exception; it was more the rule. Appendix G provides representative examples of the executives describing their thought processes upon being asked to present their candidature for the CEO title.

In the 19 cases where there was a competition three of the executives participated twice. Meaning they participated in the competition one round earlier and lost that round.

All three of them knew that they would not get the job in the first round, due to age constraints, lack of enough exposure, and mainly because the winning candidate was better suited for the organization's needs at the time. During the first round, they felt honoured to have been even considered as candidates. All three of them, however, said they felt they were the best candidate for the second round and would have left the company if they did not get the job. CEO-D Henry said reflecting on his first time participating in competition: "*I mean I was honored at the time to have even been considered for the job. It gave me enough confidence to sort of hang out the next nine years with the existing CEO.*"

The request to participate in the competition for the CEO title activated not only the potential identity of the CEO-D, it also activated the potential identity of the "NOT CEO-D". After the feeling of "being honoured" to be asked to participate, the executives gave deep consideration as to who they would be if they were not selected as the CEO-D. The common question they asked themselves was whether they would stay at the organization or leave. The sample included only executives who got the title, but their thought processes and their espoused theories as to what they would have done were wide-ranging. Eight of my 22 respondents admitted they would have left had they lost the competition. Six of the eight were able to retain the other candidates when they were selected the CEO-D. Seven of my respondents said they had to manage their expectations during the competition because they actually liked the company and were not considering leaving if they did not get the job. One of the seven executives had to fire of one of two of the other candidates who ran against him in the competition. Another executive had to let go of the only other candidate in the competition after assuming the CEO role. Four said

they could not make up their minds during the competition and they did not know what they would have done had the board not chosen them. One of my respondents had never gone through any kind of competition; he was directly asked if he would like to be the CEO. The other two were covertly told they were the CEO-D a long time before, and only overtly announced few months before the actual transition, so they had no competitors for the job.

CEO-D Frank, one of the executives who decided to stay if not selected the next CEO, described his thoughts when he was considering presenting his candidature to the CEO role:

> *I always made the assumption that while I had a shot at it, if I didn't get it, which was part of the thinking, if you didn't get it, what was your response going to feel like and because I started out from the perspective that I want the best thing for the organization, I want the board to make the best choice they can and I had comfort that they would make the best choice. I knew ahead of time that if I was not the successful candidate, that would be okay because the board would have made the right choice and the consolation prize, being a Senior Vice President in investments and controlling several billions of dollars' worth of assets globally isn't such a bad spot to be either. And so I was very comfortable that if I didn't get it, I was not going to: A) have to storm out the door and leave the organization which is typically the model in the banks, B) that I was not going to be crushed because somehow I had an imperfection that the board saw that I didn't, that why was I not chosen as the next leader. My ego does not work like that.*

CEO-D Henry, one of the CEOs who decided to leave if not offered the job said:

> *If I wouldn't have been offered the CEO role here, I would have taken one elsewhere and I think that, you know, the company is fully conscious of that as much as I am. So it's, you know, both sides, the equation have to be as open as it can be.*

Participating in the competition for the CEO position drove the executives to think about who they would be if they were selected or not selected. The board's overt announcement of their designation activated the identity of the future leader of the

organization. For the executives, the board overtly announcing their designation meant having an offer letter and informing the internal and external stakeholders of the organization. The offer letter activated the executives' identity as the "future leader of the organization" and allowed them to start aligning their thought processes accordingly.

The appointment of the executives as COOs was interpreted differently than their appointment as the CEO-D. CEO-D Robert explained the difference:

> *It didn't change one bit the way I did what I did (his appointment as COO). I mean, I've always operated at full speed. I was not waiting for something or a signal to start going beyond expectations or trying to go beyond expectations or learn about different things, read about different things and read about leadership. I think it was more obvious to the outside world or my peers who were probably more sensitive to it than I was myself. Because I don't think it really changed anything. It definitely changed something when I heard that I would be the CEO in a few months.*

Twenty-one out of the 22 respondents acknowledged they could not start aligning their behaviours until the announcement was made public. To establish themselves as the future leader and start making changes such as preparing their own executive teams, they needed legitimacy. Table 5.1 provides support for the immediate impact of the designation on the executives' identity and the changes in mental models and behaviours the executives undertook in order to establish and affirm their new identity.

Table 5.1: Representative quotations illustrating the immediate impact of the designation on identity

CEO-D	Impact of the designation on the executive's identity	Alignment of behaviours and thought processes with the new identity standards
Allen	As soon as I knew I was appointed president and knew that the handover is going to happen within 6 months, I felt I needed to be ready.	I am going to start to manage the process as we go forward and I need to start putting my team in place.
Bill	I entered the competition because all	I had to ask Jeffrey (CEO-I) to leave the leadership

CEO-D	Impact of the designation on the executive's identity	Alignment of behaviours and thought processes with the new identity standards
	the other executives did, and then I got the job. I believe I was a safe choice, but I had a big challenge. Jeffrey (CEO-I) was an iconic CEO, I am not like that.	meeting. I had to bring the organization along that his leadership style is not mine and that the leadership team has to step-up. I had to make sure everybody understood that I am not replacing Jeffrey (CEO-I); I am replacing the CEO role.
Cheryl	I asked Janet (CEO-I) and the director of communications to stay after the meeting. Then I said, you are not going to believe this, I got the job! … and then I said what do I do? I was quite naïve. What do I do now?	I think when I had a broader mandate; I took on more of an organizational scope. So whereas I had always been a real advocate for my own department and for the work that we were doing, I felt like I was the voice of other stakeholders in the organization and I really had to drive their interests. I wanted to meet with the leaders in the industry, clients and suppliers, and establish myself as the new CEO. They were all welcoming. I don't think anyone will say no to the CEO of a large organization. I had to do my own hiring and firing and establish myself as the new leader of the organization.
Frank	It actually hit me that it had arrived and I was conscious that this was a new trajectory in my career and in my life that it just happened and I had to digest that over the weekend.	I moved to the executive floor, not that it meant to me, but it meant to the organization that I am on my way to be the CEO. I have met with the senior management team one on one, sometimes for hours. Some of them I already knew in my previous position, but I needed to meet with them as the CEO-Elect and understand their expectations and concerns. I also met with the board members one-on-one, they knew me, they have selected me after all, but I needed to know them.
Randall	I felt honoured and a little bit intimidated	There is pressure when the growth pattern and metrics we have been able to produce have always been very strong. No question there is definitely a legacy (the CEO-I's) that one needs to never forget. I am also confident that my prior department played a big part of how the company has grown and that I have been a big part of the growth and the strategy we have going forward. You are always going to look over your shoulder, but you have to be focused on the road ahead and make sure that you have the right people and strategy in place. I believe we do, so I am confident looking forward.
John	I was almost sure I will get it.	How do I - in a way you've got to be authentic to who you are but also adjust your behaviour to bring

CEO-D	Impact of the designation on the executive's identity	Alignment of behaviours and thought processes with the new identity standards
		people on - because I think as a leader one of your most important characteristics is how do you inspire other people, and if you can't inspire other people to follow, then you've got a problem.
		I mean I think it's a phenomenal job so I think the ability to interact with high quality people in the business community and also internally is phenomenal.
Margaret	I felt happy and I felt overwhelmed.	I was a woman in a man's world so it was a big thing in many ways but I just thought, okay, how are we going to do this?
Robert	I was VP of Finance, and all of a sudden I was there.	I think what's really critical is this sort of credibility you establish with the people that operate at your level. I think when you sense that there is credibility there, then you sense that you're being given a lot of opportunities. It's natural that this is how things happen if you want my opinion. If the team around feels like following you and you have a decent CEO-I and a decent board, I think people get that and it's natural. But, this process of sensing credibility and support and sensing that people see you as the upcoming leader is the purest signal.
		I then, ran a big portion of the integration process and so on. I think at that time, people saw a lot of confidence. Out of circumstances, it would not have happened like that had the CEO succession had not taken place. I think these guys trusted me and we did a fantastic deal and this was life-changing, certainly for me but for the organization as well.

The designated executives were in control of aligning their thought processes, however, their ability to align their behaviours was enabled or restricted by the behaviour and thought processes of the CEO-I. I met three outgoing CEOs and three ex-CEOs during the fieldwork. These CEOs had different understandings as to how the transition should happen. Those who were looking forward to their retirement were more willing to immediately withdraw and let the CEO-D take the reins of the organization starting the day of the announcement. They were available for consultation on issues related to setting

up the new executive team, the future strategy and vision of the organization, the budget, and providing background history as to why certain rules or systems existed. Their intention was to help the CEO-D build a better understanding rather than to drive the decision their own way. CEO-Ds during this period had the opportunity to discuss their strategic vision, build their executive team, and attend many meetings with outside stakeholders with support from the CEO-Is. The freedom to act along with the debates to understand why things were done in a certain way enabled the CEO-Ds to adjust their thought processes and behaviours and prepare to assume the job. The CEO status and hence identity transition in these cases happened along the way. The CEO-D gradually acquired the CEO status as time got closer to the set transition date.

Other CEO-Is believed they need to remain the effective CEOs until the last day of their tenure as the CEO-D needed time to settle in. These CEOs had a planning session with the designated executive and mapped the different responsibilities each one of them should handle. They also put together the time-line for each responsibility to be handed over from the incumbent to the CEO-D. The CEO-Ds appreciated the opportunity to meet members of their new social context and understand their perceptions and expectations. The invitation to participate in major strategic meetings enabled them to understand the decision as well as the decision making process improving their ability to make strategic decision upon assuming the CEO role. The CEO identity transition in this scenario happened all at once. While the CEO-D learned along the way, he/she acquired the CEO status on the set transition date.

There were some extreme cases (5 out of 22) where the CEO-Is were unwilling to leave and did not want to relinquish power to the CEO-Ds. These CEO-Is refused to

recognize the legitimacy of the successor even after the board's announcement. This fact did not go unnoticed by the CEO-Ds. They felt the lack of space to act as the future leaders.

For example CEO-D Allen preferred to have his new identity affirmed by the CEO-I, but CEO-I Curtis was unwilling to do that. Allen described his experience as follows:

> *I think of a handover like, you know, I (referring to Curtis) am going to take you to see these politicians or these colleagues or these parts of the supply chain or these big customers or these big owners. No, zero. As CEO, Curtis couldn't handle the fact that he will no more be the CEO, and I don't think I ever saw him say, "Here is Allen; my successor." He never said that other than in front of the cameras and it was carefully scripted and quick. This restricted my ability to do things I needed to do in preparation for my time as the leader.*

CEO-D Bill had the same experience with the CEO-I Jeffrey, who also did not want to let go, but had to, upon request from the board. CEO-D Bill described his experience as:

> *I went on two trips with him (Jeffrey) on investor relations where you go meet with investors there, one hour meetings and you do about, in two or three days, you do 20 or 30 little meetings so very intense. We did them in the US West, US East, and in Europe and not in one of those meetings did he introduce me as the CEO, coming in.*

Both CEO-Ds sought affirmation of their new identity from a different authority. Both asked the board of directors for the permission to take actions to help them establish their new identity and provide them with the legitimate power to prepare their organizations.

In summary, I argued in premise one the designation of executives as the CEO-D creates the potential for a new identity for these executives. The CEO-Ds then align their behaviours and thought processes with the new identity standards. The fieldwork showed

in most cases the ascension to the CEO-D position usually happened after a competition rather than a simple appointment to the position. The thought process for the new identity started upon the acceptance to submit one's candidature for the job. This acceptance however also triggered thoughts about the identity of the "not CEO-D" in case they lost the competition. The fieldwork confirmed the activation of the new identity as the CEO-D happened upon the board's overt designation, by informing the internal and external stakeholders, of the executive as the future leader. The executive started the alignment of necessary mental models and behaviours at the time of designation but this alignment was either enriched or constrained by the behaviours and mental models of the CEO-Is.

5.3. Premise Two: Potential Identity

P_2: *The designation of an executive as heir apparent activates a potential identity and leads the heir apparent to reflect on the assumptions on which his/her mental models are built vs. those of the representative of the future identity or the incumbent CEO. The heir apparent hence builds his/her own role identity standards, rather than simply adjusting current behaviour or cognition to resolve equivocality.*

Practice oriented research on relay succession showed that acquiring the identity of the heir apparent was not enough for the executive to build the identity of a successful CEO (Bennett & Miles, 2006a; Ciampa, 2005; Miles, 2011). Identity researchers found individuals built identity standards for a new position, in this case CEO-D, taking into consideration the expectations of the members of their new social environment and the meanings they assigned to the role (Burke, 2006). To build the new set of standards for the expected CEO position, CEO-Ds may use social learning (Bandura, 1977) and/or direct socialization (Burke & Stets, 2009).

In premise two I tried to explain the process through which CEO-Ds build their new identity and its related standards. As suggested by identity researchers, I used learning theories namely social and transformational learning theories to explain the process. There are two major components included in premise two of my theoretical model. First, I argued CEO-Ds, once aware of their new status as the future CEO, reflect on the necessary standards corresponding to the new identity. Based on social learning theory, I argued they look at the values, beliefs, and behaviours exhibited by the CEO-I as their base case (Bandura, 2001). Second, using learning theory, I hypothesized that rather than simply emulating the standards of the CEO-Is, CEO-Ds undergo a deep thinking process. CEO-Ds evaluate the standards of the CEO-Is. They check whether these standards fit with their overall personality including their other co-existing identities, before building their new identity standards (Mezirow, 2012). In the following paragraphs I present how my fieldwork shows support or lack of it to these sub components of premise two.

Executives, once designated, embarked on the journey to become the CEO. In line with Bandura (2001)'s argument that individuals consider behaviours they believe have functional value relevant to their situation, all the respondents described the CEO-I's values and behaviours. Whether consciously or unconsciously, the first thing they thought about when designated was whether they could have the same leadership and communication styles as the CEO-Is. Irrespective of whether they liked, respected, trusted, or were on good terms with the CEO-I, they started describing how the CEO-I handled most of these activities. The main activities, they referred to, included their

leadership style, communication style, handling of the outside stakeholders, and running board meetings.

After elaborating on the values, beliefs, and behaviours of the CEO-Is, the next step CEO-Ds took was asking themselves whether they could become like the CEO-Is. To arrive at an answer, CEO-Ds went through a reflective learning process. The most common process among my respondents was a self-dialogue around these standards. They spent a significant amount of time thinking about whether they could or could not adopt the CEO-Is' standards, including behaviours and communication and leadership styles. This process was intense. They attempted to determine what they would be like as CEOs given their observations of the CEO-Is and the impact of CEO-Is behaviour and attitude on their surroundings. Most of the respondents sought out someone who could serve as a sounding board, not necessarily for direction, but for constructive dialogues. For some of the CEO-Ds, the sounding board was (1) a consultant hired by the board, (2) a mentor they chose themselves (usually a CEO or an ex-CEO from outside the organization), (3) a family member who was or still is a CEO, and (4) for others they went to the CEO-I. Some of the CEO-Ds used only one sounding board; others used a combination of people. Most of the CEO-Ds found value in their discussions with someone who had an experience as a CEO. They believed this person had more understanding of their concerns than those who did not have such an experience.

All respondents went through a self-reflection process. Table 5.2 provides examples of some representative quotations from CEO-Ds describing their thought process and the premises for reflection.

Table 5.2: Representative quotations illustrating the reflection process and some of the premises for building identity standards for the executives' new CEO identity

CEO-D	Thought Process	Premises for Reflection
Bill	I had many thinking sessions by myself, nobody helped me through.	I really had no plan when I got into my role, to replace Jeffrey. Because I saw Jeffrey is just an individual that I can never do any dent to, no chance.
		It is just the way his leadership style is. I am just not that type of person. I don't like limelight. I don't like speaking. I don't like being at the front of the room. That is just not my style. I have never enjoyed it. It's tough for me to do. So I just felt that that is not me, I enjoyed being behind the scenes. I enjoyed doing a senior leadership role but not the senior leadership role.
		I am not replacing Jeffrey. I can never replace Jeffrey so don't put me in that position because I'll fail and if you are actually believing that we are going to tell staff Bill is now replacing Jeffrey, no you are wrong, I am replacing the role of CEO and we need to define that differently.
		Bill, you have a hard time making decisions. You continue to walk away from stuff. Yeah I know. I am very open about it but that is why I will make sure I have got people beside, me they will push me and we will all make the decisions together so but I did have a lot of discussions with the board about that and the board still fights me on that.
Cheryl	I had many debates with myself, Janet, and my husband	I am never going to be like her (CEO-I) but I actually have different strengths and that was part of what she kept saying to me.
		I think she is very sure, when she decides something is right, she is very sure whereas I tend to be, well let me hear what the opposition has to say.
		We don't have the same leadership style at all and even that was in conflict sometimes and so I would say to her I appreciate that. That is who you are, that is not who I am.
Frank	I went through a deep soul searching process. I had many debates with the consultant.	I am who I am. I lead the way I lead. I am always open to learning. That is one of the things that define me as I love learning; I always have. I am a bit of a closet analytical academic person reading papers all the time. Having said that, I have got to be who I am going to be and I don't want to get into this under false pretences.
		They (the board members) said to me the ex-CEO was known for that, the CEO-I is known for this, what will be your thing? I said, I do not know yet, I need to think about it.
Henry	I observed a lot, and I did workshops at Harvard.	I tend to involve all people in the end decisions and sometimes those clash. I want sort of consensus before we move forward. He (CEO-I) was willing to move forward

CEO-D	Thought Process	Premises for Reflection
		without consensus and sometimes that resulted in a better outcome and sometimes it resulted in a worse outcome. So both styles have their end of pros and cons and there is no perfect one.
		If you have got people that are open minded enough to listen at the view points and at the end of the day the buck stops and the CEO is going to make a decision, so I mean he is going to make it with his style or her style. And you need to be comfortable with your own.
John	I watched David (CEO-I) and I could feel the reaction of others to his style.	David (CEO-I) did not like to take direct questions during town hall meetings, he liked to know the questions ahead of time and prepare his answers. I believe people knew that, they always felt that the questions are scripted and inserted. I like to take direct questions, even if they are challenging.
		He liked to read and re-read e-mails he was very concerned with formalities, I am not. I believe I am more concerned about contents.
Margaret	I discussed it with myself which I do a lot.	So when you get a job like that as a CEO, you can actually do whatever you want. If you want to spend 80% of your time outside, you can do that. If you want to spend 80% of your time inside on the floor and doing things, you can do that. You actually design your days exactly, exactly as you want. And, but to me, the role of the CEO, the fundamental role of the CEO was to make sense between the outside and the inside. You need to talk to the outside to explain everything great that you do and you need to talk to the inside of what is happening outside, the threats and opportunities and your job, because if you don't do it, not many people will do it in the organization. The way you do this interaction between the outside and inside, it's yours and Russell did that in a very different way.
Philip	I admired Ralph (CEO-I). I had many discussions with him and with one of our board members.	I learned so much from Ralph. The most important thing I learned is: "don't change". So be who you are. Ralph is the same guy he was before. He was a sales guy for 30 years. It is unbelievable. I always told Ralph he doesn't know he is a CEO because I have worked for other CEOs and they change and Ralph said: 'look, you are who you are. You are a good leader, you are approachable, and you are a regular person. Just be that person still. Don't try to be what you think the board wants you to be. Don't try to be what you think your other stakeholders want you to be. Just be who you are. That is what got you here.'

The fieldwork shows CEO-Ds took time during the transition period and experienced a deep thinking and learning process to reflect upon their identity standards as the future CEO. They started by evaluating the behaviours and leadership styles of the CEO-Is. They compared these behaviours with their own understanding of what the job was as well as their current standards. They thought about which standards to internalize and which ones do not align with their own beliefs and values and standards of their other identities. To help them through the process, most of the CEO-Ds turned to other people as sounding boards to help them determine these standards. What is evident from the interviews is that they did not try to blindly adopt or emulate the identity standards of the CEO-I.

5.4. Premise Three: Social Context

P$_3$: The designation of an executive as the CEO-D changes his/her social context, and leads the CEO-D to heed and behave in ways that meet the endorsement or perceived expectations of the members of the newly created social context.

I argued in premise three that the designation of executives as the future leader changes their social context and hence affects the cues that they select. Therefore, they will need to change their cognition, behaviour, and identity standards in order to meet the expectations of their new social context. My data showed the CEO-Is were aware of this change as they had experienced this previously. In many situations, the CEO-Is took the responsibility to socialize the CEO-Ds to their new social context. They introduced them to the outside world and pushed them to understand the internal environment of the organization from the perspective of a CEO. Outgoing CEO Steven, for example, made sure his successor took the time during the transition period to meet with the executive team members, the board members, and members from the outside community.

My advice to Donald (CEO-D) is: 'in the 6 years span that you are CEO that is the team that is going to be there for you, so take your time to know them and understand what their expectations are'. He (CEO-D) has been going through a process of really getting to know all the players so right now, he is having a two hour meeting with one of the directors and he had done that with all of the directors. And then he had two hours sessions with all of the members of the executive team so that they would explain to him how they are working in a formal setting as the CEO-to-be. He, right from the very beginning, was included in every meeting with government people.

Other CEO-Is had a different perspective on how to handle the change in social contexts. They knew there would be a change in the relationship dynamics once the announcement of the successor was made. So instead of staying and socializing the CEO-Ds, they left and let the successor establish his new status. They also wanted to save themselves from dealing with the emotions related to the loss of power. Outgoing CEO Howard described his experience as such:

When you have been the CEO of a powerful organization of $6 billion and around 15000 people, power is everything. You lose it when you say you are leaving and you are giving your power away at the same time. The dynamics in the office change. People will look at the new one. And it's very difficult for someone who was on top like that to hand over and say: 'it's done' and still stay around. It makes no sense because nobody would want to talk to you. Right now, I have someone who is helping me out of this thing and that is the first thing he told me: 'once the next one is announced, you have to quit, fast, because it makes no sense to stay around.' He (CEO-D) does not need me around.

The change in social context was a major change CEO-Ds faced when designated. Only one of the 22 CEOs I interviewed said she did not feel the change in her internal social context. For her, it was a continuation of her previous experience. She said:

They (the staff members) didn't change because I didn't change. And, actually the leader of the union came to me and he said: 'Margaret, make sure that nobody ever calls you Madame'. That was the best lesson ever: You are Margaret, you stay Margaret, and I remember it. Just make sure nobody calls you Madame. If I met the brand new employees, they call me Madame because they don't know me, right? But the people who were there before I was appointed, they called me Margaret.

However, though she did not feel the change internally, she felt it from the outside. Suddenly, CEOs at other companies would not refuse her requests for a meeting. She also instantaneously became the person the community activists invited to fundraising dinners or asked for sponsorships.

All of the other CEOs I interviewed felt immediate change in their social contexts effective the moment of the announcement. Some of the change was only their perception about how the social context recognized their new status while part of the change was based on actual experience. Executives distinguished amongst three social contexts in which they felt the most change: (1) their staff members – peers and others; (2) the important outside stakeholders of the organization – government representatives, suppliers, or customers; and (3) the most frequently mentioned social context was the board of directors. In the following subsections, I present a brief summary on the collective experience of the executives about the change they felt in each of these social contexts.

Upon designation, the executives felt the increased impact their behaviours, emotions, and words suddenly had on their immediate context, such as their peers and staff members. There was a major shift from being a member of the executive committee, and perceived as a peer, to becoming the CEO-D, the future boss. They felt their words gained different meanings and they were viewed very seriously; they knew they could not tell jokes anymore "*they (the jokes) will come back and haunt us somewhere*". They also noticed how their emotions were suddenly interpreted in terms of how the company was performing rather than them being happy or sad. Most of them also noticed how their presence in the executive meetings suddenly made everybody cautious in choosing their

words or even stopped ongoing discussion. Most of the CEO-Ds admitted they had to be mindful about the words they chose to address people, their attitude – be it positive or negative, and the impact of their presence on the people. This meant adjusting their behaviours and mental attitudes to manage the perception of their team. Christopher said "*I keep forgetting sometimes that it's not that I am any different a person. It's just that I have a different title*".

In addition to the change in their immediate social context, they also felt the change in the outside community. They immediately became the new face of the organization which had a major impact on them. They were surprised at the difference in how outside stakeholders suddenly treated them. CEO-D Philip said: "*if I am meeting another CEO as a VP, it's like: fine, the guy could be. There is a big difference between that and: 'he is or he will be' and that relationship changes at the time of the announcement*." Their words gained more credibility and they chose them more carefully. Their personal opinions became the opinions of the organization. The level of people they interacted with changed and they knew they needed to adjust their messages accordingly. CEO-D Frank said: "*It is just the same thing but different messaging*". They suddenly belonged to a different social class which required different behaviours and mental models. They needed to adjust to meet these requirements gradually during the transition period.

The third social context in which they noticed change with the most impact on their cognition and behaviour was the board of directors. Actual or perceived, all of the CEOs felt the pressure presented by the fact that the board members became their bosses. All of the designated CEOs, previously exposed or not to the board of directors,

mentioned how important for them it was to meet with the board members in order to understand their expectations. All CEO-Ds felt the pressure to show to the board members they did not make a mistake by designating them as CEO-Ds. On the other side of this relationship, the five board members I interviewed, confirmed the CEO-Ds' opinions that the board looked and listened to the designated executive with more interest once the decision was made. Board members gave CEO-Ds the same attention, if not more, than they gave to the CEO-I during the board meetings. Louis, the chair of the board, said:

> *Once chosen to be the next CEO, you start listening more carefully to what they say because their words will reflect in the company's performance. Not only you listen more carefully, we have a saying in Quebec "tu tournes ta langue sept fois dans ta bouche avant de parler" which means you think more than twice before you speak with them since the announcement. It is totally different when they are attending the board meeting as COO or VP. At that time you listen to them but then immediately turn to the CEO and say: 'what is your opinion?'.*

Table 5.3 provides further examples from representative quotations from CEO-Ds describing how they felt the change in their social contexts and the change in their cognition and behaviour needed to meet the expectations of the newly created social context.

Table 5.3: Examples of change in the social context

CEO-D	Change In Social Context and Managing Expectations	Resulting Change in CEO-D's Behaviour and Cognition
Bob	The one thing that is probably the most obvious is people are somewhat more careful about what they may say. So I don't know if that is a surprise, but it's a reality. You have to be aware of that, and you need to know how to get the story. Well, it's just, if you are part of the team, and you work in the trenches every day, there is this different level of communication that might be if you are the, like when you are the next CEO, what people say something to you	Bob expected that people would become more careful in dealing with him, but to deal with the reality of this recognition, he knew he had to change the way he dealt with them to encourage them to tell him the true story rather than they though he wanted to hear.

CEO-D	Change In Social Context and Managing Expectations	Resulting Change in CEO-D's Behaviour and Cognition
	knowing you are the next CEO, I mean they have to be cognoscente, mindful about what they say, you know, so things like office politics for example probably don't get mentioned unless it's a serious problem. And that is bad.	
Carl	Well it certainly changed the way I thought about my career and what I needed to do in the business. I started to think about my executive presence about how I dealt with my colleagues. I don't think they are inherently yes people. I think they kind of fell into that certainly in the last couple of years under Kathy. I want to open that up a bit. I don't want to leave any good thoughts or ideas off the table because they are too afraid to speak up. So I want to give them that sort of power back to feel comfortable in challenging things and I think that is going to be very healthy for us as a leadership team. I had to work for this. When it came time for me to be the CEO, I was talking with Christina, one of my previous reports, and I said, you know, I want to have open discussions. I think leadership in general needs to understand that I am open to that and she said you know Carl when you first told me that, I kind of thought oh yes, yeah I am sure, you know but not so much. And she said but you totally walked the walk and I was, within six months, I bought in and you never wavered from that and you are very genuine about that.	Carl realized, as soon as he was designated that he needed to win the trust of his new executive team. He knew he had to think harder and act in a way that would entice his staff members to challenge him, especially that the CEO-I was not that open to incompatible ideas.
Charles	The designation changed the dynamics. So I needed to convince the board that I am the right one. The board is the body who appointed you, right? So you need them to know that they did not do wrong. No doubt about it, the CEO played a very important role too. He could have provided a veto, okay? You need to understand their expectations. I always tried to be honest and I guess it worked. I tell the story: "I went to the board and told them that at the beginning of the year I said we were going to make 20 million dollars in this project, at the end of the year we had to write off 600 million dollars, and a year later they made me CEO." As you get up people tend to become yes sir, I agree with you, and all that kind of stuff, they are not telling you the other thing, I've never ever believed in that. And this gets into collaboration and understanding how your staff members think. So I always say if you've got a problem it's got to surface quickly because if it surfaces quickly maybe we can collectively do something about it. So if you asked me, especially during a crisis, Friday afternoons was my time of the week.	Charles had to act according to what he believed the board expected from him, like being honest and admitting mistakes no matter how costly they were. Charles tried to also establish this as a culture in the company where he had to understand "how your staff members think". He had to come up with a system to make his staff members come forward with problems.
Cheryl	Suddenly you are it and that really, you can theorize about it but I was struck even on every level. First of all the buck stops at you, especially that Janet made herself	Cheryl felt the immediate shift in her colleagues' attitudes towards her. They started

CEO-D	Change In Social Context and Managing Expectations	Resulting Change in CEO-D's Behaviour and Cognition
	scarce at the organization, so anything that is going to go wrong, it's yours. You own it. But it's much more than that. I was struck by how my colleagues immediately shifted to their deference like that just blew me away how quickly they shifted to well 'Cheryl what do you want?' I was like 'really?' I was struck by just the way people and across the organization, staff that had always been very comfortable to just stop by my office stopped. You need to learn to overcome this and establish new lines of communication. I was struck by the invitations that came into the organization only for me. You know there is a dinner, there is a …, just everything. You need to know when and how to say yes or no.	looking at her for directions rather than recommendations. She knew she had to learn how to overcome barriers and get people to "establish new lines of communication".
Christopher	Well managing people I knew was going to be tough but it's tough. John did, my coach told me but even you learn at business school and business in general, everyone says when you get into a role like this you lose touch because you are removed now. And I said no! That is not going to happen to me. But you know what, unless you really force yourself to go out there and talk to people, you are removed because no one will come in here and talk to you unless it's one of my direct reports. Very few people just walked down the hall and come in and want to have a chat because, look at the office. It's remarkable actually (referring to how intimidating the office is with all the expensive furniture and decorations). So you are in a bit of isolation and you have to be careful. You can lose sight of what's going on if you are not very careful. People take what you say literally. Like to the point where I have to catch myself because sometimes I will just say something half-jokingly and they will take it the wrong way and because now it's out of President's mouth, you know it's it. **I keep forgetting sometimes that it's not that I am any different a person. It's just that I have a different title.** Even now once in a while I forget that and I say something and **I know that is going to haunt me somewhere**. Once I was told I was getting the job, then, what we did is we arranged dinners in Paris. So me and two directors, I don't know six dinners, whatever. So I had a chance to talk with them ... It was for me to hear from them where they thought the company was. I think it meant more to give me some input to help me formulate a vision than it was for them to give me a vision of what they want. They wanted to hear from me but they were trying to give me as much information as they could to help put the vision together.	Though warned before about the change that would happen in his social context upon designation, Christopher was still surprised by magnitude of the change. He learned the impact his office had on the people, his actions and words had on the people, and he learned to really consider what he should say before telling any" jokes". He also learned to listen to his new bosses, or board of directors, understand their expectations in order to put his vision for the organization together.

CEO-D	Change In Social Context and Managing Expectations	Resulting Change in CEO-D's Behaviour and Cognition
Frank	It was a six months transition. It took me three months to get out of my old position. During the first three months, it changed in small ways. People in the elevator would smile and say hello. But when I was sitting in meetings with my colleagues, there was not an all of a sudden they would stop talking when I walked in the room kind of thing. What I have noticed, the biggest move is, when I left the previous floor, and came up to the executive floor, now when I came into meetings, I have to be much more aware of the impact my presence has. I have to make people feel comfortable that it's still me. I am the same person so let's have a conversation. There is a different dynamic and I work real hard to not have that dynamics slow things down. I don't want to be shutting down conversations. So I am very sensitive to that issue in terms of when I am now in the elevator, I try to convey the message: "it's still me. It's okay." I needed to understand my executive team. I have spent three hours with every single one of them going in their offices, going through all the nuts and bolts of their department. So that was part of the transition process - very useful. They (the board members) know me a little bit but they don't know me well. But I need to understand what their issues are. I spent three hours with every board member during the transition period. I need to understand who they are. I need to understand what their biases are. I need to understand what they think could be done better. If you found out that seven out of the nine board members believed that we were on the wrong strategic trajectory, I want to know that, going in. I also believe that you have to build up a personal rapport. Very important to understand where your board is coming from. They are your boss at the end of the day. The expectations from the board were about more like Frank, you are going to be out there public speaking all the time. And, I did that anyway. So these were not big things to me. The one thing is, well I did it globally. It did not bother me. But it's one thing to be speaking at an industry level globally, it's another thing to be speaking to, Kathleen Wynne and Tim Hudak and Jim Flaherty and talking to central bank governors. I wasn't quite sure what that transitional gap would be. **I have come to realize it's the same thing just different messaging actually**.	Frank noticed the change in his colleagues attitudes as soon as he was designated CEO-D, but he also noticed that this change became more obvious when he physically moved offices to the executive floor. He had to understand the impact his presence had on even the executive team. He had to think and act in ways that relays the message "it is still me. It is Ok." Frank also had to understand the expectations of his executive team members and the board members in order to be prepared cognitively for the CEO position.
Henry	Get yourself acclimatized to the job first because there is just a big shock from where you were before to this job and if you hadn't done it before, you got to acclimatize the staff, the capital markets, and suppliers all to this notion. So that is what I did for that year (transition period). We have supplier symposium where all of our	Henry took the transition period as an opportunity to learn about his social context and mainly his internal social context. Though he knew them before but the designation added

CEO-D	Change In Social Context and Managing Expectations	Resulting Change in CEO-D's Behaviour and Cognition
	contractors come in. I would be the guy for all of those folks. You are getting to know the CEO. Harold (CEO-I) handed over to me our internal town halls like we get all the employees together twice a year so my job to talk to all the employees so it was getting the organization ready for transition. So everybody knew what was coming. Now he is running the organization The external shareholder market was something that I had a really good handle on and probably spent more time than he did. That wasn't his (the CEO) forte to deal with shareholders. So I would say those (the board) were, the primary ones were around organization and around the particularly prickly personalities at the board. I mean they are all individuals and all need to be sort of managed as individuals as opposed to collectively called the board because once you are in the job, you actually are dealing with them one on one as much as you are dealing with them as a whole board.	another dimension to his relationship and understanding of the social context. He also felt the need to let his social context get to know him in his new status. He realized he was not dealing with the board as a collective but also as individuals "one on one".
John	Everybody hangs on every word that you say so you have to watch what you say, how you say it and you've got to be very consistent in how you say things, because otherwise they'll be thinking you've got seventeen different messages. Some people treat you differently after the announcement, for sure and I think because they respect the position partly, they respect hierarchy. I think you need to always have a positive attitude - like if I walk out that door and have a frown on my face people are looking at me saying what's the problem? Right. … It starts the moment you are announced to be the next CEO. The impact that you can have by being positive on everybody else around you and how they look at things is actually quite significant. I developed a different relationship with the board than there was there before and I look at, everybody looks at things different ways, my view is anybody that can help me be more successful then I should tap into it. So I don't look at the board as a nuisance if that's the way to put it, or somebody who questions me, etc. but it's good for me to be aware of their expectations and then I want to know if there's a problem out there that I need to manage.	John noticed the impact his words had on his environment. He learned to watch what he said and how he said it. He also learned to watch his attitude. He changed the way he dealt with the board in order to win them as a resource helping him to identify problems that he was not aware of.
Margaret	And it's not a matter of being friends with the senior executive team. I don't invite, I don't go out in couples, with my VPs. I don't invite them home. I don't buy them drinks. I don't do that. We go drink with the unions and everything but I don't have a personal relationship, absolutely not. You need to keep some professional distance.	Margaret learned to keep a professional distance with her colleagues/subordinates.

CEO-D	Change In Social Context and Managing Expectations	Resulting Change in CEO-D's Behaviour and Cognition
Martin	Ron (CEO-I) and I had a lot of time to talk and our relationship maybe changed a little, not too much because there were things that I would be able to start doing, and things I wasn't able to do in public. Neither one of us really appreciated how much, within a minute of the announcement, I thought there, within a week of the announcement Ron's phone didn't ring and people elected me for everything and so the relationship stayed strong and I kept trying to go and say hi to Ron, and it was really clear that although he had the actual responsibility for stuff, he didn't have any practical responsibility for anything and so it went from boss/employee to former boss/employee within a minute. So for me it first started with people not strategy. Our strategy was rounded typically well. It changed the dynamic with the board, in that the chairman and I, elected at the time but not yet the CEO, spent a lot more time together. Suddenly for me, it was me and the entire board. It was a lot of change. There were lots of things relative to being the face of the company, officially the face of the company which is sort of bizarre that also changed public perceptions. A lot of change occurred then.	Martin was surprised by how fast the public, internal and external, perception changed upon designation. He was careful even in dealing with the CEO-I because most members of the social context wanted to deal with Martin. He started understanding the board's dynamics from a different perspective. The chair of the board wanted to talk to him on one on one conversations. He also learned to become the face of the organization and to manage the perceptions of the external environment.
Mike	I would like to think that I haven't changed. My wife might tell you a little bit different but she reminds me often that I don't work for you; she doesn't work for me so. So I do believe here is one of the nuances about being promoted from within is that you, transition from peer relationships to subordinate relationships. Call it whatever you want, that is what they are. The challenge you have is how you transition that relationship: how you treat people, how you engage people, and how you include them in the transition and your new vision, just the new vision and strategic goals for their company.	One of the challenges Mike dealt with during his transition period was how you smooth the transition in own status from colleague to boss. He learned to engage people in the organization's new vision and goals.
Philip	Because through the race, Ralph (CEO-I) would equally socialize us to the world. But it's a huge difference between here is Philip, he is our EVP. Ralph would never say he is in the race. I think a lot of people would know that and so if I am meeting another CEO, it's like: fine, the guy could be. There is a big difference between that and he is or he will be and that relationship changes at the time of the announcement. Look, there are two things that happen when you are announced. You immediately become taller and better looking. Ralph is obviously thinking: well, I don't want to make a big change here if Philip is going to be in the chair in a month or two months. So what happens as soon as I was announced, people said to me what about me now. My career was put on hold or my opportunities were put	Ralph learned during the transition about many things. He learned how people changed their perception between he may be the next CEO, during the competition, to he will be the next CEO. Ralph noticed how internally start looking at you different "you become taller and better looking". He noticed how the designation made him the go-to person for major decisions regarding people's careers. Also, he noticed how people

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	on hold because of the CEO race. I want to talk about my career. But the other thing that happens is you are the last to know on a lot of things and many things that are put in front of you after your announcement are well scripted, well reviewed and well documented and so your information channels inside the company slow down a little bit and that was very visible to me. Ralph has helped me with how to manage a board. One of my biggest learnings now that I am in the chair is just the time requirement and the amount of CEO time is taken by managing the board. The board became much more open, less formal, very prepared to say we liked this, we didn't like that. We would like you to fix this; we would like you to fix that. Never heard any of that until I was announced.	prepared reports differently. He also changed the way he dealt with board, because board members become more open with him and he needed to learn to cope with that.
Randall	The transition from being a peer to being the boss requires preparation and immediately after being selected I read different things about that. The relationship does change and while I would not treat anybody differently, people treat me differently. I think the conversation then changes from a conversation to more of a recommendation to me, because the key difference is when you become the designate CEO, you are the one that has to make that final decision. So that is where the conversation you had before as a peer now becomes a different conversation, because what you say is what turns in action as opposed to just discussing possibilities. I also needed to understand the board from a different perspective. I had a board interview as well at a dinner without the CEO. We had a "get to know you" conversation, lots of questions. Even though they had known the "credit side" of me, they wanted to see the full person as opposed to just the business side.	Though Randall did not feel like he changed the way he treated people, he noticed people changing the way they treated him. The conversation changed because what he said suddenly started turning into action instead of being interpreted as a suggestion and he learned to understand the change. He also learned to deal with the board in the absence of the CEO-I. He noticed the board was trying to know him as the full package as opposed to just his technical side.
Robert	The reality is that I knew the investors' base very well. I knew the asset side pretty well. I was comfortable with the asset side, investments. I knew the operations cold. I knew finance, capital management and so on very well. I had been involved in building the team. I had been involved in building the strategy, so I understood how this organization worked. I got into this period in 2008 with a fair bit of confidence that I knew the business very well. My big challenge was the board. Financial crisis, 36-year-old candidate for the CEO job...is that the right timing here? A bit of skepticism, you know? Living with skepticism. I had never spent time thinking about what their role was. I had never spent time thinking about how you build	Robert's main concern upon his designation was the board. He felt the board was skeptical about his ability to lead the company forward during crisis. He needed to learn a lot about the board during the transition period from the CEO-I and he was relieved knowing the CEO-I would stay as the chair of the board. His biggest insight was understanding that the board was an oversight body and his

CEO-D	Change In Social Context and Managing Expectations	Resulting Change in CEO-D's Behaviour and Cognition
	relationships with 13 different people. I had not spent time realizing that I was the boss and they were an oversight body, they were not the boss. You go from you have a relationship with one individual. You understand roughly what their expectations are and you operate with that in mind. When you get to deal with the board, there's no such thing. There's no one relationship. The board is 13 different individuals who express a point of view and a perspective involved in governance. And this skepticism was intimidating to me. It took some time, because again, I think people were nervous. It was the financial crisis. Our majority shareholder was in bad shape and I needed to find a solution.	boss. He learned to deal with board members accordingly and learned to convince them of his abilities.
Rodney	The board at the time thought: Rodney is smart enough, he can be the CEO of this company if only he can learn operation but has he got the package? Is he able to, they would have said, you know, and by the time they chose me, I think I still surprised them. Because you grow in the role and all of a sudden you got the chair. But I think by the time, through that journey over the years, they had enough chances. I was named CFO of the year and I had become a board member for another company as opposed to just an executive here. I developed a persona; I showed them I had the full package if I can call it that.	Rodney knew the board had confidence in his technical skills but doubted his management and operational skills, He took several actions to build the board's trust such as becoming a board member to acquire management skills. He worked on his persona or his full package to satisfy the board expectations.
Stanley	It gave time to get our investors comfortable with it. In February, we went on a weeklong investor relations tour.

So there had to be some fences mended if you will or some understandings built with executive team.

It surprises me and sometimes disappoints me that people look up to the CEO or CEO to be and they want to tell them what they believe this CEO wants to hear rather than say what they think.

Alex (the CEO-I) told me, when you say something as a CEO, it is so much louder, heard more than somebody else and so your actions, your comments, how you approach things you need to be very thoughtful about.

I was a board member for a long time before I ran for the CEO job, you know, I know them. I extracted myself from the board of directors during the competition for the job. One thing that really taught me is: I need to manage the expectations of the board and that was when I made my presentation as a potential CEO. I thought the board was looking for a 45 minute interview with me and I thought it was more of a one on one interview. My approach was be prepared for the question, have the details but answer in an informal useful manner. My note was handwritten. Others who presented had dressed up in suits and ties. They had power point presentations. Mine was more of a narrative: "You want to hear what I think | Stanley appreciated the time the transition period availed to him to understand the expectations of his executive team and to learn how to deal with his people especially those who prefer to tell the CEO or CEO-D what they think the CEOs like to hear.

He also saw how his words had stronger impact and how he needed to be mindful of what he said.

Though Stanley, unlike other CEO-Ds I met, was a board member before running for the CEO role, he was surprised how the expectations of the board changed once they decided to designate him as CEO-D. they had expectations as to his physical look and the aesthetics of his presentations rather than just the content. He learned then that he needed to exceed their |

CEO-D	Change In Social Context and Managing Expectations	Resulting Change in CEO-D's Behaviour and Cognition
	of being CEO, here it is" … After the meeting, the consultant, I know him well, came to me and said: "I have one question for you that the board asked me to ask and it is do you really want this role? One of the board members said everyone else came prepared; you did not have the same level of preparation." It was interesting to me how perceptions of tactical part of the presentation could affect people rather than the actual presentation. Since then, whenever I am presenting to the board, I make sure that I am prepared beyond what I think personally about what they expect.	expectations every time.

To conclude, the designation of the executives as the CEO-D created a new social environment for them. First, though they came from within the organization and knew the employees, the designation gave their behaviours and opinions more impact than prior to the designation. Accordingly the CEO-Ds adjusted their mental models and behaviours to be mindful of the powerful impact of their words and behaviours on their new context, such as foregoing jokes and negative attitudes both inside and outside the organization. Second, despite the fact that most of CEO-Ds were senior executives and dealt with stakeholders outside the organization, the new status as the next leader of the organization gave their opinions a more powerful level of meaning. They learned the new social context interpreted their words as reflecting the position of the organization. They were mindful their behaviours and words were binding to the organization. Third, the board of directors also changed from the social environment they knew, even if the executive had previous dealings with them. After the designation, the board members gave the CEO-Ds' behaviours and visions more consideration. CEO-Ds realized the board members were not looking only for suggestions. Rather, board members wanted to hear ideas with a potential to become beneficial actions for the organization.

5.5. Premise Four: Co-Enactment

> *P4: The designation of executives as CEO-Ds creates a new environment for* **enactment***; however, it is the subsequent actions taken by the CEO-Ds and the CEO-Is that affect their learning outcomes.*

> *P4a: CEO-Ds who* **double interact** *with CEO-Is are more likely to have the opportunity to induce the change in their mental models, behaviours, and identity standards and prepare them for the CEO position.*
>
> *P4b: CEO-Ds who are limited to* **act** *and/or* **interact** *with the CEO-Is are more likely to miss the opportunities to induce the change in their mental models, behaviours, and identity standards to prepare for the CEO position.*

Information from the fieldwork showed how CEO-Ds who adopted different enactment modes in their environment had different learning outcomes. Experiences of CEO-D participants ranged from those who had many opportunities to create physical, temporal, and emotional environments for enactment and to secure the CEO-Is' commitment to this environment to others who had almost no opportunities to benefit from such interactions. CEO-Ds who had greater opportunities for double interact with the CEO-Is learned more about the CEO role by changing their mental models, their behaviours and identities as described in the next subsections. In contrast, those who had fewer double interact opportunities acquired the relevant knowledge and adjusted their mental models mainly after they assumed the role of CEO. During the interviews, I rarely found a CEO-D who was limited to one type of enactment, whether act, interact, or double interact; however, in many instances one of these types dominated. In the following sections I present examples on all three different enactment styles and how the dominating style affected the learning outcomes.

5.5.1. Act

Acts are a mode of enacting one's social context by relying on his/her mental models. They usually result in single-loop learning as described in chapter 3. Among different types of interaction, acts are the least likely to reduce ambiguity or equivocality and create a collective understanding in a specific situation (Weick, 1995, 2012; Weick & Roberts, 1993). Some of the interviewees learned through act during the transition period. In certain situations, they resorted to acts because it was the only available mode, while in other cases they deliberately chose "act" because they wanted to distance themselves from the CEO-I.

CEO-D Bill's experience during the transition period is an example of a CEO-D who resorted to act as his enactment mode due to the unavailability of other modes. CEO-D Bill found himself left alone after being selected to be the next CEO. He knew he had a lot to learn especially because CEO-I, Jeffery, chose not to involve or expose CEO-D Bill to many of CEO-I Jeffery's activities. This was because CEO-I Jeffery enjoyed his job and wanted to perform his activities alone. The organization defined CEO-I Jeffery and the realization of his imminent exit as CEO led him to withdraw himself totally from the transition process, leaving CEO-D Bill on his own as described below:

> *At the time they selected me. Then about a week later, I had a meeting with Jeffery and it took a month to meet with him because he was busy. I met with him in December and we talked about what the transition would be and he said: 'you got to do your own thing. I can't help you.' I went on two trips with him for investor relations because as part of a public company, that is something that he did himself 100%. He wouldn't take anybody along. He would meet with the investment community. He would make between a 100 and 200 meetings a year. He loved it. He enjoyed it. He also enjoyed doing acquisitions. He would do anywhere from three to ten acquisitions a year. Jeffery did all of them himself, all of them, right from the first meeting to the last negotiation, because he loved doing that. That is what really turned him on, was doing a deal. The negotiation associated with the deal, the*

discussions, and the personality. So I had no experience in acquisitions①². I had no experience in investor relations. I went on two trips with him on investor relations where you go meet with investors there, one hour meetings, and you do about, in two or three days, you do 20 or 30 little meetings, so very intense. We did them in the US West, US East, and in Europe and not in one of those meetings did he introduce me as the CEO, coming in②.

CEO-I Jeffery could not accept he would no longer be the CEO and CEO-D Bill had been selected as the next CEO. CEO-I Jeffery refused to help CEO-D Bill establish his new identity as the incoming CEO and declined to introduce CEO-D Bill to the new social context Bill entered of which the investment community is a major part: "*not in one of those meetings did he introduce me as the CEO, coming in*". CEO-D Bill sensed CEO-I Jeffery was unhappy with the reality of leaving the organization. Bill knew Jeffery was not going to be helpful or even involved in passing the baton to him and he had to act on his own to determine what he needed to learn during this period.

He was not willing to let go. …. That's Jeffery's style. I accepted it and I didn't expect anything different but the clock was ticking and there was no real preparation. In February, I sat down with the leadership team and we had our meeting in preparation for the board meeting and that is when I said: 'Jeffery, I would like to lead the leadership by myself'. So I had Jeffery in the room. We talked about what he had achieved in the ten years and where we are today and then said: 'Thanks very much. You leave now and the leadership team is going to talk', and my message to them was the world has changed. ③

Instead of using the transition period to learn about the CEO role and develop the necessary behaviours, mental models, and identity standards, CEO-D Bill spent his transition period trying to establish his status and sending signals to the organization that the leadership changed in terms of both the person and style. CEO-I Jeffery set a very optimistic vision for the organization 10 years earlier when he became the CEO and he achieved it. He became a driving force and led the company on his own. At the end of his

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² Numbers in circles represent the previous statements. These numbers are then included in the summary tables at the end of every mode of enactment to refer the reader back to the underlying statement.

tenure, CEO-I Jeffrey refused to interact with CEO-D Bill or discuss a vision for the organization going forward.

CEO-D Bill was nevertheless able to learn from CEO-I Jeffrey through observation. Bill realized he was interpreting CEO-I Jeffery's behaviour using his own mental models: "*what I think I saw ...*", but he did not have the opportunity to actually understand any of the CEO-I's behaviours and evaluate their efficiency. Bill had to act based on what he thought the company needed and was in its best interest.

> *Certainly I worked with him (Jeffrey). Like he hired me. I worked for him in a number of different ways. I would not say shadowed him in anyway. Nobody shadowed Jeffery. Jeffery was very independent, very strong but I never mimicked him because I am not that way. I just don't have that personality. So I certainly learnt from him but I would have to say I also learned what not to do because I saw that we needed him at the time. If we didn't need to be questioned, we needed that singular leadership that was just going to drag us to success and he did it. He just dragged us kicking and screaming to success but that had a timeframe to it. You couldn't continue that type of leadership. We got to the point where we were so big; you needed a change to take us to the next level. ..... I would say yeah, I learned from watching him and seeing what worked and didn't work. That gave me a very good sense of okay, what do I need to do differently and what do I need to focus on. And what I think I saw very clearly is we needed to focus on getting more people (leaders) to the table. ④*

Although CEO-D Bill's mindset changed and he realized what he needed to do differently and adopted the new behaviours, the organization was not ready to accept these behaviours due to external and internal factors. By all financial and market measures the organization was successful under CEO-I Jeffery's leadership. Any sudden change in direction and strategy would have affected the confidence of stakeholders in the organization. When Bill took control of the organization the economic downturn severely affected most industries. Despite any preparation during the transition period, Bill had to act. Supported by the board of directors, after becoming CEO, he cut CEO-I Jeffery's

influence immediately. Bill then began familiarizing himself with the senior management

inside the organization, establishing a new identity and a course of action for the

organization.

> *It came out to the AGM in May. That is when the torch was going to be handed over to me and I asked Jeffery before that: 'what's going to happen after. So the day after that happens, what's your opinion' and his was maybe let's give me about a week or two to clean my office up and maybe by the end of May, I will find me another office in the building, a spare office down the corner, I will move down there and I will still help you in acquisitions and I would like to do that because I am very focused on acquisitions.' I said: 'well we have a problem, because from my perspective there needs to be a clean break since you are such a strong personality, you are such a strong leader that every day you walk in the office, people are going to continue to look at you and to say, okay, what should we do and that's going to be a struggle for me. I got to do this on my own so no office, no involvement.' He became a board member right away. So he was on the board and I said: 'you got to be board member. No longer can you be a CEO. You have to be a board member and there has to be a total split so no phone, no office, no involvement with management in the company and we will see you at every board meeting' and I was supported by the board. The board said that is what we feel should happen. So I told him the board basically is, that is what they wanted to have in as well. He was very upset but he agreed. 'Fine that is it, alright, no problem. I will just wash my hands and I will walk away.'*

During the first couple of years in his role as the CEO, Bill had to learn how

senior management members think and had to acclimatize them to his leadership style

which resulted in firing some key people from the organization. He never had the chance

to discover why CEO-I Jeffery adopted a forceful leadership style nor did he understand

why people followed this style. Bill reasoned Jeffery's style was appropriate for the

period and he needed to change it for the best interest of the organization.

> *We have an internal magazine and the last one they did was Jeffery standing up on stage at the AGM. We have a very strong marketing team here and our marketing communications team had the next edition of the magazine. They had me standing up on the stage and I said I don't want that and I said we need to change it, and they disagreed. They said no, you need to make people aware there is a new leader. You have to make people aware of who you are. So this edition is going to be about you, who you are, what you did to get in the role and what you are doing to replace*

Jeffery. I said first mistake, I am not replacing Jeffery. I can never replace Jeffery so don't put me in that position because I'll fail … no, I am replacing the role of CEO and we need to define that differently. So I said on the magazine cover, I want the 12 leaders so I want all of us in there and standing in the room, and they took that picture and did it. The head of the marketing said: 'you don't get it Bill'. I said: 'no, you don't get it'. I actually had to terminate this person. ⑤

After surviving the economic downturn, CEO-D Bill learned the soft side of the organization. He tried to discover the organization's strengths and weaknesses to better prepare for what he believed to be better economic conditions. He also realized the organization had lost its identity after ex-CEO Jeffery left. Bill had to figure out how he would lead the organization and in which direction. To conclude, Bill was restricted to "act" as his enactment form during the transition, given the attitude of the CEO-I. He tried his best to learn during the transition about the organization and the skills necessary for a CEO such as how to structure M&As. He started establishing his identity and leadership style during the transition period by sending messages to the leadership team to take more initiative and stop expecting one man based decisions. He continued to establish his identity after becoming CEO and fired some of the executive team who felt uncomfortable with his participative decision making approach. However, most of the changes in his behaviour and mental models occurred after the transition, which affected his performance for the first couple of years after assuming the role of CEO. He changed not only his mental models; he also had to motivate change amongst the employees to improve the organization's performance.

It was the economy that hit everybody else so let's get through this, find out who we are and find out what we do well and let's make sure that we are doing the right things. When we came up 2010 and into 2011, I realized, okay, now it's time to do something to take advantage of what we felt was going to be an improving economy. And we hired some consultants to assist us in repositioning ourselves because we had lost our identity. We had this identity, the Jeffery's identity we were going to be a billion dollar company, 10000 people. So when you achieve that, then what's next?

There wasn't what's next. ... It wasn't about just being the size anymore and that is what was... we grew the company through acquisitions. ... The big firms are getting bigger ... everything was about being bigger. Not at all being better.

Table 5.4 shows representative quotes from a selection of interviewees to provide additional examples on how adopting the "act" style of enacting their social environment during the transition period limits or delays CEO-Ds' learning outcomes.

Table 5.4: Examples of act style during the transition period and the resulting learning outcome

CEO-D	Act	Learning Outcome
Christopher	He (CEO-I) just trusted me and let me run and I can't think of anything I wanted to do where he said no. He just let me go.	Due to the lack of interaction with the CEO-I, there was no or little change in the CEO-D behaviour or mental model.
	It was an odd relationship. Very odd. Very odd, like very little feedback. Not adversarial.	
	I mean Dale (CEO-I) was an operations guy from his training. He was never a development and numbers guy so a lot of what I did was sort of over his head a little bit. In hindsight he shouldn't have got that job but they were so determined to have somebody from within, take on that role when Craig left that he kind of got it as by default.	Christopher was surprised how tough it was to manage people as the CEO.
	I am not sure, but I believe that after a while the board wanted him to leave, he did not like that, I believe. But he was courteous, he did not give me a hard time, he did not interfere. He took me to a quick meeting with the developers and introduced me, but that was it. ①	It took Christopher some time to feel comfortable meeting with other CEOs in the Canadian Council for CEOs.
	Well managing people I knew was going to be tough but it's tough.	He had to evaluate the employees and let go of a significant number
	I belong to an organization called the Canadian Council of Chief Executives it's about 120 people, CEOs of banks, oil companies, big manufacturers from across Canada, like the who is who. And I sat on a panel; we have about 3 to 4 meetings a year. They always have one in January which they just had last week and they asked me for the first time to sit on a panel and there was four of us to talk about business conditions for the coming year. So I sat there with all these guys talking about business conditions. At first I was not, now I am confident enough and comfortable enough to be able to mingle, to be able to mingle with a crowd like that and feel good about it and project a certain image. And there are lots of people who freeze in those kinds of situations. ②	Had to refocus the strategy of the organization on different key areas.
	He was a nice guy, he did not like firing people and we never had proper evaluations during his tenure. So I had to start that	

CEO-D	Act	Learning Outcome
	when I got the job. ③	
Leonard	Even the chairman of the board, after the appointment almost recused himself of naming me. I said: 'that is not the way to do things but that is what he did'. He was very keen to designate me but after he did that, he had a lot of pressure from the other stakeholders. He felt like maybe it was a mistake but at the end, nobody regretted. ① Small stakeholders were strongly for me, they trusted me. Their general manager didn't trust me. He always said: 'oh, he (CEO-D Leonard) has no business skill and all that. The other candidate was a lot better. So the first six months there was a struggle between the small stakeholders and the general manager. ② I was on my own for 6 to 12 months, I took the road and I met them (the stakeholders) one after the other and make meetings and create the dream and so I was on my own again. The other candidate hung on for a year, expecting me to fail. He left a couple of years later. ③ I did not have the background of the stakeholders. But I went: 'here is the dream that we should do together so it worked that way so what was challenging is that the staff not very kind to me but after 1 year I knew I got them so internally I was very skillful and having a good team with me, going on never in fighting. For the last few years, I never got a fight inside. We were always loyal so that helped me a lot but the most challenging thing was to convince people that I could do the job. ④	The CEO-I left as soon as CEO-D Leonard was appointed. There was basically no interaction with the CEO-I. Though, Leonard was an internal candidate, the lack of interaction with the CEO-I left him in the dark on many sides of the business. He had to do all the preparation during his first year as a CEO. Many people expected him to fail. Change in his behaviour or mental models started after getting the job. Instead of being ready to go upon getting the job, he needed 6 to 12 months to finish firefighting and start performing.

The CEO-Ds (4/22) who enacted their environment mainly through "act" during the transition period experienced minimal cognitive, behavioural, and identity learning opportunities. Table 5.5 connects the minimal learning to the statements provided by CEO-Ds above. These CEO-Ds were unable to change their mental models and set of behaviours to prepare to become the CEO because they did not have the opportunity to interact with the CEO-I. They acted based on what they believed to be the best course of action for the organization. Most of their learning commenced when the board officially appointed them as CEO. They selected their leadership team and redefined the role of CEO according to their comfort level. They faced resistance from people who preferred

the previous leadership style so, in certain cases, they fired those employees. Their organizations were originally strong, faced the economic downturn in certain cases and a change in leadership so their company's stock decreased after their appointment. However, after the CEOs learned about the organization and made changes based on their learning, the company's stock price rebounded to a higher price than prior to their appointment. The next section presents cases where the CEO-D and CEO-I interacted and the learning outcomes from the transition period increased compared to the cases where CEO-D and CEO-I engaged in act alone.

Table 5.5: Connecting learning from act to CEOs Statements

	Minimal Learning Statements		
CEO-D	Cognitive	Behaviour	Identity
Bill	① ④	③ ⑤	②
Christopher	①	② ③	① ②
Leonard	③ ④	②	①

5.5.2. Interact

While act refers to the CEO-D taking action based on his/her own understanding of the CEO-I's behaviour, interact refers to the CEO-D seeking clarification of the observed behaviour before taking action (Weick, 2012). Interact happens when the CEO-Is and the CEO-Ds have different perspectives and where the CEO-D feels comfortable debating with the CEO-I. In these cases, CEO-Ds sought the CEO-Is' input or challenged

the CEO-Is' opinions to understand their behaviour and thought processes rather than to build shared mental models.

CEO-D John had a good relationship with CEO-I David at the time he was announced the CEO-D. Previously John felt CEO-I David favoured him over the other candidate in the competition and was grooming him to become the next CEO. John believed the other candidate was in the competition merely to satisfy the board members and provide a choice. CEO-D John was one of the few people who would challenge CEO-I David during a meeting. John felt comfortable having debates with David which made "interact" a possible way to enact his environment during transition.

> *We (CEO-I and John) had a great relationship and if you have two people that are strong personalities the chances of them agreeing on everything are zero. Zero, right? Hopefully there is fairly strong alignment on a number of things because I think you need some level of alignment in order to work effectively as a team, and that's important. Having said that, you need people to push you so I was the person more than anybody else that pushed David, and I would debate and challenge him - not many people like to do that.* ⑰

Feeling comfortable debating with a partner helps one to understand the mental models and reasons behind the other person's actions. It also helps the CEO-D learn how to work with the partner throughout the transition period for an increased likelihood of a smooth transition. Understanding the differences in style and how the CEO-Is perceived a task helped the CEO-Ds adapt their behaviour in order to deal with the situation. Note that this process did not affect the CEO-Ds' cognitive maps. CEO-Ds' change in behaviour would not hold after assuming the CEO position. This case is very similar to the "forced learning" category described by Inkpen and Crossan (1995) when the change in behaviour is not followed by a change in cognition making learning a short lived experience. CEO-D John described how he realized CEO-I David was concerned about

being accurate and correct in his communication with staff members at the company, whereas John was much more concerned about the information inside the e-mail rather than its aesthetics. CEO-D John acknowledged neither style was "good or bad", but rather merely different. While CEO-D John did not want to change any of CEO-Is styles, he learned how to communicate John's way given that the e-mails had his signature. John managed to keep a good relationship with CEO-I David and to seeking David's advice on major issues including "fatal flaws".

> *We would have regular debates and we had different styles. I communicated differently, so when I first came in the role, he would re-write some of my messages and stuff that I would send to people, right, and then I said, well this is ridiculous, I don't write that way - we just communicate differently, not good or bad, and then I'd tell him: 'I'm sending out a note and he'd say where is it, and I'd say I'm not giving it to you because I'm not interested in you re-writing it. And trust me, it's dealt with' and drive on. So I adapted my – I figured out how to manage him. I wouldn't give him a week in advance because if I did, he would re-read it, he'd re-write it, that's who he was. He liked to do that. I go: 'well that's ridiculous, bad use of time and I don't like it because my style is not your style, and my name's on the bottom.' I want it to be the John style of communicating and so then I learned, I said: 'okay, how do I fix that?' I started giving it to him the morning of, and he can tell me whether there are any fatal flaws but he would not have time to re-write it. So to me you just adapt to the people that you deal with. ②*

CEO-D John observed CEO-I David at work and discussed with him several important criteria for CEO success. The most relevant thing he learned from CEO-I David was to listen to people rather than forcing a solution. He learned how important it was to engage people in decision making rather than enforcing his decision. CEO-D John changed his cognitive schemas; he understood "*the process of reaching the decision is as important as the decision*". He also changed his behaviour, he started doing a "*lot more listening*" and letting "*the people getting us there*" as compared to him making the decision. Though the decision might end up being the same, he believed the new process

resulted in increased engagement from most of the team players and an enhanced culture and environment inside the organization.

> *I think my pre-disposition when I entered the executive team was I've got the answer, I know what it is, let's do it, let's drive on next versus let's have a conversation around why you think that's the right way to do it, etc., made me be even more probing on questions. So I do a lot more listening today than I did when I first came in - and that's probably the biggest difference for me and we might end up in many cases in the same spot or similar spot, but it's the people getting us there, the team getting us there, versus me making a quick decision and saying let's go. And so it's about understanding that the process of communicative decisions is actually sometimes as important as the decision because it can have a huge impact on the engagement of the people. And that was probably the style of communication; the way you interact with people has a huge impact on the culture of the organization... David (CEO-I) was good at this, and he gave me this advice, and I believe it was a good one.* ③

CEO-D John observed and interacted with CEO-I David on many occasions during the transition period. John and CEO-I David worked closely together before John's appointment as CEO when John was one of the three top executives in the company. The executive team included David (the CEO-I), John (a senior executive at the time), and another senior executive (the candidate who was in the competition for the CEO role).

CEO-D John thought the executive committee was too small and increasing the number of executives would add value to the company. However, he did not voice his opinion with CEO-I David until immediately before becoming the CEO. He appreciated CEO-I David's opinion and asked for his perspective. Despite the fact that CEO-I David found the idea to be dangerous, CEO-D John implemented the change upon assuming the CEO role. John believed it was better than the current arrangement. CEO-D John believed CEO-I David was more comfortable with a smaller executive committee because he worried about handling increased diversity in decisions. John commented he considered

CEO-I David's opinions when he thought they aligned with John's mindset. This scenario highlights that CEO-D John analyzed CEO-I David's opinions and decisions and judged them based on his own mental models. After John became the CEO, he increased the number of participants in the executive's committee; however, two years into his role he was considering reducing this number.

> *Right before I became CEO, like I told him, I said: 'I'm going to change the structure and this is what I'm going to do' and he said: 'well I don't really think that's a very smart thing to do'. I said: 'that's good, you had your day'. And like I'm going to be the CEO, so I didn't need his approval, I asked for his perspective because I respected his perspective, and if he'd brought other things to bear that I thought were important, I would have considered them.* ④

Table 5.6 below provides examples of the interact style some CEO-Ds adopted during the transition period.

Table 5.6: Examples of interact style during the transition period and the resulting learning outcome

CEO-D	INTERACT	Learning Outcome
Frank	I effectively had three months of transition period. The first three months I used them to set up my department and appoint my successor. ① During these months I had to absorb a lot of information. It was helpful having Scott (CEO-I) as the CEO in charge. I had time to get to know my executive team, the members on my board of directors and their expectations. Scott remained in charge till the day he left. I would go to him ask for his advice and opinion about many issues regarding the executive team, government related issues and some of the restructuring I am thinking about doing. So the transition period was really important for me. ②	Frank fairly interacted with CEO-I Scott during the transition period. He asked for advice and background information on many of the issues, but he made his own mind on his strategy going forward.
Henry	And so the way we sorted out differences in opinion, I mean he (CEO-I) is the boss so at the end of the day, I would raise my concerns. But he makes the decision. ① He (CEO-I) did not feel he needed to have everybody on board with this has to be his call to say that is okay, I am okay with that. And he would make his decision. But he was fine with me raising the issues which are what you expect your people to do.	CEO-D Henry and CEO-I Harold had a good relationship professionally. They had different perspectives on things, but Henry accepted the fact that Harold was the

CEO-D	INTERACT	Learning Outcome
	② We do things differently. We look at the world differently but we are open enough with each other to agree that we do look at the world differently but there is a positive in having different viewpoints on the table. He was the boss. In my world as long as he is boss then he is the boss and that is, my job is to support him, make him look good and make sure that the company is successful and was not to fight with him. I don't have any time for internal politics and all those kinds of things. ③ Harold (CEO-I) was helpful because there wasn't that many folks you go talk to about it. You are going to have your own ideas but you know, he would say what about this person, what about this person. You have managed this person for this long. Here is my view of them. A lot of times you would be consistent or he provides an insight. So I would say that was very useful in coming through to what you thought, probably more in terms of your assessment of your management team which is an important piece. You are getting his feedback. ④	boss and he needed to support him. CEO-D Henry sought the incumbent's CEO's advice many times and he admitted the he provided him with insights on many things. But Henry had his own ideas about issues and he might adjust them based on the feedback he got. The change in Henry's mental models was based on Henry's judgement.
Mike	I do believe that if I would have been pushed off the dock (i.e. no transition period) and told to go swim, I think I would have reached out to the board and we have got some ex-CEOs on our board of directors. And I would have used resources to help get through those times of challenge. ① But as it turns out, I had the ability to be mentored (by the CEO-I) into that role that was great. The thing I learned most from the (incumbent) CEO that left was just really around communication ② and I think it probably goes back to a big part to my management style and it's just about ensuring that you have credibility and that crosses the boundaries and whether it's credibility with your employees, with your customers or the capital market. So your investors' analysts, that whole capital market community. You need to be, not transparent, but you need to be clear and concise, believable and say what you do and do what you say. And, I think that transfers through all of the facets of your organization and the impacts that you have as a leader.	CEO-D Mike felt fortunate to have had the opportunity to have CEO-I Doug around during the transition period. CEO-I Doug taught CEO-D Mike the most about communication; however, Mike believed it was his management style and the credibility he had with the staff members that helped him through the transition period.
Rodney	We (CEO-D Rodney and CEO-I Barry) had a great relationship all the way till when he left. His genius was in the operations side of the business. So I learned from him about that. ① CEO-I Barry still wanted to stay. I wanted to make it clear that we have a process and I wanted to recruit my successor and I wanted to get things going. So most companies would not do it this way but I thought in the circumstances, I thought it was best to get the cat out of the bag and make it public after the decision was made. No coming back, we are all clear. ② Once it's public ③, then I can recruit the CFO and everybody understands why because it's public. Otherwise, how do you do that and so that gave us (CEO-D Rodney and CEO-I Barry) a head start. Though Barry was reluctant, to get the CFO in place,	CEO-D Rodney and CEO-I Barry worked together to put a CFO in place after the announcement. They worked together in planning the transition period. So CEO-I Barry was running the organization, while CEO-D Rodney went to understand the operations and worked with operators for that

CEO-D	INTERACT	Learning Outcome
	gave us a head start to get the other guy (the other candidate) to decide whether he wanted to stay or not. He decided to leave. So already you are in motion. So new CFO, new Chief Marketing Officer which I made the decision shortly after I became CEO. I waited for Barry to leave to do the other changes I needed to do. ④	period. Yet, Rodney did not share all his future strategies with CEO-I Barry.

In summary, there are many common elements in the experience of CEO-Ds whose dominant style of responding to their environment during the transition period was "Interact". They all had "good" relationships with the CEO-Is which created the opportunity to ask for clarification and challenge some of the CEO-Is' behaviours and opinions. Most of these CEO-Ds respected the CEO-Is' perspective on several things and learned from them. These CEO-Ds also analysed the CEO-Is explanations using their own mental models and retained what they believed to be good and rejected what they deemed unsuitable for the organization or their own style and identity. Compared to CEO-Ds who were limited to act, CEO-Ds who had the opportunity to interact with CEO-Is learned new behaviours and understood some key factors to prepare for the CEO position from the CEO-Is. However, CEO-Ds who interacted with the CEO-Is did not probe for background information on the current practices of the CEO-Is nor did they test their own plans and future visions with the CEO-Is. After assuming the CEO position, most CEO-Ds implemented many of the decisions they made during the transition period without involving the CEO-Is in their thought processes.

Table 5.7 connects learning from interact to the CEOs' statements provided above.

Table 5.7: Connecting learning from interact to CEOs' Statements

CEO-D	Learning From Interact Supporting Statements		
	Cognitive	Behaviour	Identity
John	③ ④	① ②	
Frank	①	②	
Henry	① ④	② ③	③
Mike	②	②	①
Rodney	① ④	②	③

5.5.3. Double Interact

According to Weick and his colleagues, among the different types of interaction, double interacts are the most likely to reduce equivocality while creating a shared understanding in a specific situation (Weick, 1995, 2012; Weick & Roberts, 1993). Similarly, I argue in the theoretical model that double interact helps CEO-Ds to create the mental models, behaviours, and skillsets necessary to become a CEO. In its simplest form, a theoretical double interact in a transition period is when the CEO-Ds observe a behaviour by the CEO-Is without the CEO-Ds understanding the reasoning for the action. If the CEO-Ds believe they would have acted differently, they would firstly ask the CEO-Is for the reasons behind their behaviour. The CEO-Ds would secondly also explain their thoughts (Argyris & Schön, 1992), regarding what the behaviour should have been. The resulting learning is not a new behaviour or a new theory (cognition) based on their existing mental models, which is the case in "interact". The learning is a change in behaviour or cognition based on an analysis conducted by the mental models of the CEO-

Ds and CEO-Is and resulting in the creation of shared mental models between the two CEOs.

CEO-D Cheryl believed CEO-I Janet forced her to learn the set of skills needed to become the next CEO. CEO-I Janet involved CEO-D Cheryl in many aspects of her job, especially in the strategic planning for the organization. CEO-I Janet always raised the issue of CEO succession telling Cheryl explicitly that she wanted Cheryl to be the next CEO and she was convinced that Cheryl would be a good one. Though Cheryl was not eager to take the job, her interaction with CEO-I Janet helped her to more fully understand the job and the expectations of a CEO.

> *The strategic plan was the big thing because that really was a year-long initiative. And every time we would have a discussion about succession planning or anything like that, she would always come back to it and I would always say actually Janet, don't waste your time. She (CEO-I) really pulled me into some of these other things where I had – I was kind of forced to learn. She was really persistent.* ①

Though CEO-I Janet did not designate Cheryl as her CEO-D officially (since it was the board's decision and not Janet's), Janet treated Cheryl as the CEO-D and prepared Cheryl as her only successor from inside the organization. CEO-I Janet took Cheryl out of her comfort zone and involved her in many of the organizations' activities. CEO-I Janet asked Cheryl to be involved in departments Cheryl had not worked with and on projects for which she was not normally/otherwise responsible. CEO-I Janet tried to expose Cheryl to the organization as a whole rather than merely providing more responsibility to CEO-D Cheryl in Cheryl's own department and comfort zone.

> *She looked for opportunities to engage me and force me to work outside of my department. She involved me in many of the major projects that our organization was doing.* ②

As CEO-I Janet's set retirement date neared, Janet created a new position in the company for Cheryl: the Chief Development Officer. CEO-I Janet required all senior VPs to report to Cheryl. This act extracted Cheryl from her collegial status with other senior management team members to become their boss, in preparation for her to be the boss. The position also helped CEO-D Cheryl gain a broader view of the organization, assist in long term strategic plans, and acquire a more complete sense of what the CEO role might be like, despite her resistance.

> *I think Janet felt that it was very important to acknowledge it was a new title. I didn't really. But because I then had Vice Presidents reporting into me, I needed to have a title other than Vice President … but I would say it helped me take on a more organizational scope so whereas I had always been a real advocate for my own department and for the work that we were doing, I felt like I was the voice of other stakeholders in the organization and I think when I had a broader mandate, I also took on more of an organizational scope and that was very much what Janet was pushing for. … She put me in charge of the strategic planning process. She said I want you to lead this process. I want you to help me build the vision and she was really pushing me to have organizational scope and at that point, she had spoken to me about succeeding her as CEO and I didn't want to and I said you know, you could get someone else to lead the strategic plan. I am not really that hungry and I don't want to be the next CEO so if this is an opportunity for you to build somebody else, feel free. But she was quite insistent and she felt it would be good for me and for the organization and so I did it. But that I think helped me see the organization differently. I really took on a broader scope and a keener interest in what was happening across the organization.* ③

CEO-D Cheryl's resistance to being considered for the CEO position stemmed from her espoused theory on what the CEO's identity standards and skill set should be. Her work with CEO-I Janet and her own understanding as to what made CEO-I Janet a successful CEO led her to believe that a CEO needs a specific set of skills to be successful such as a strong legal understanding and an outgoing personality to talk to other CEOs in the city. She discussed her beliefs with CEO-I Janet and they had several discussions about what leadership was. CEO-I Janet did not stop encouraging Cheryl,

"*she kept on me about this*". Janet explained to her that being a CEO does not mean having to know and do everything. Janet also explained to Cheryl that the reason the organization grew and became successful was not because of CEO-I Janet alone, but because of Cheryl too. This type of conversation was not a one way conversation; both were willing to test their theories, whether espoused or in use. The results of these debates were shared mental models where CEO-D Cheryl understood what the CEO needed to be successful:

> *And she just kept on me about this. Leadership is not about being able to do everything. Leadership is about being able to surround yourself with people who can help you get it done. I knew that from my own job. I mean, we have done a great job but I didn't do it all; I had great people around me. And so I learned that nobody does it alone, that you have to have people around you who are good at the things you are not good at. So she really pushed me to accept that great CEOs cannot be good at everything. ④*

CEO-D Cheryl and CEO-I Janet have different leadership styles and did not agree on all issues: "*there were times when we agreed to disagree*". However, the two debated most of the time. The most important factor in their debates was that they were honest with each other: "*it is always better for me anyways to know where I stand*". They would say what they thought and why they thought as such. The process through which they reached the decision was as important for them as was the final decision. They double interacted through most of their relationship and more so after CEO-I Janet decided to name CEO-D Cheryl for the CEO position. CEO-D Cheryl acknowledged this style of interaction was challenging but it helped each of them feel comfortable to raise their concerns and explain their theories during the transition time.

> *We don't have the same leadership style at all and even that was in conflict sometimes and so I would say to her: 'I appreciate that. That is who you are, that is not who I am and you would have to trust that my way will work' and she would say*

the same things: 'I know you don't agree with this but this is how I want to do it'. So there were times when we convinced each other and there were times when we agreed to disagree. But we were, I would say 98% of the time, we were very forthright and honest with each other. So there was no kind of issues or unspoken things. And that is sometimes really hard. I find it hard now with some of my colleagues but it's always better for me anyways to know exactly where I stand. ⑤

Closer to the handover date, CEO-D Cheryl prepared herself more intensely to take over from CEO-I Janet. Cheryl had many sessions with CEO-I Janet to discuss issues related to who should be on her team, who should do the hiring and firing during the transition period and why, as well as how she should establish herself as the new leader of the organization. This was in an intensive learning period for Cheryl where she said: "*I called it my period of immersion*". Double interacting with CEO-I Janet helped Cheryl build her standards, behaviours, and skill set necessary for her to "*sort of be in place*" as the CEO from day one.

There were three changes at the executive level that I felt needed to be made and that was going to be a very difficult thing. She knew that they needed to be made and we talked about whether should she make them before she leaves or should she leave that to me. I really would have loved it if she made them before she left but she felt it was an important mark of a new leader to make those decisions yourself and to make the hires yourself. But we talked a lot over the summer about what would my new team look like, how would I manage that process.... what did I need to do to sort of be in place. She also really encouraged me to get out and to talk to everybody in the city, like all the leaders like city leaders, municipal, provincial, corporate leaders, all the important people across our city and so I started setting up, I called it my period of immersion and I just immersed myself in all of the CEO issues .... It was a very big learning curve for me... ⑥

Table 5.8 below provides examples of the double interact style some CEO-Ds adopted during the transition period.

Table 5.8: Examples of double interact style during the transition period and the resulting learning outcome

CEO-D	DOUBLE INTERACT	Learning Outcome
Carl	One of the things I didn't agree with is there was a great deal of cost cutting in order to make the quarter or to make the year and I thought it was short-sighted. I thought we had a much more competitive environment right now and it was not the time to back off. It was time to push forward even if we had to tell the board, look, we are going to have to invest over these years. This is not the time to back away. I would talk to her (CEO-I Kathy) about it and say you know, look, I really think we need to invest more here. She would explain: 'you know look, it's important to make this quarter. We don't want to signal to the market that we are in some sort of decline because of the competition'. So we didn't want to deal from a standpoint of weakness and if people were to see that our income was trailing off, that you know maybe they would have that perception. I think that was her mindset to a great degree which I understood. I tried to put myself in her shoes. I didn't agree with it but I certainly understood that she was looking at it from a different lens than I was. ① She was pretty good, especially near the end, I think understanding that I would potentially take her position, I think she let me go a little bit more, we would debate decisions, but she let me sort of, if you really feel that is the right way to go about it, then go ahead and do that. ② So it was overall good relationship. You have your fights but at the end of the day, everything turns out okay. So I think it was short but good. ③	CEO-D Carl and CEO-I Kathy would debate many strategic decisions related to the organization. Though, in respect to increasing the investment at the expense of reporting lower income, CEO-D Carl did not agree with the mindset CEO-I Kathy was adopting, but he was able to understand her position and reasoning as the CEO. Closer to the handover date, CEO-I Kathy would discuss things with CEO-D Carl, but would also let him have the opportunity to test his ideas/theories under her leadership.
Charles	One of the strengths that I think about that is, if there is a lot of opposition we usually didn't do it. Again, this is where I know the importance of CEO's, but this is where also if a CEO thinks, he doesn't have a good relation with his successor, or he is taking too much of one person's advice, or he is only taking his own advice, I think that's when big corporations get themselves into trouble. So again, now, obviously if you fight all the time with your designate CEO, if Richard (CEO-I) and I were in constant battle, and I am not talking about intellectual battles where you can go a little further, I mean, you know, we always got to point out the weaknesses of our ideas and then up them to strengths at anything you do. ① But I would say that we were more on side than our side and the few times we were off, you know, you deal with it. There was one or two times where we really disagreed, so I walked around the block, cooled myself off and I came back. You (referring to the CEO-I) can have debates with your reports and then he can be very strong-willed, as they can. But it's never personal. ② So we debate rigorously but then we think about it a little bit. And that's why we met daily. So when we have a fight, Richard and I, but first of all let me make it clear that we agreed much	CEO-D Charles makes the distinction between battles and being continuously in disagreement. Double interacting with the CEO-I does not necessarily mean being in constant battle or always agreeing. It means having the opportunity to discuss your opinion and being open to expose weaknesses and then "up them to strengths". It is more about the learning that happens during the process of debating than about the

CEO-D	DOUBLE INTERACT	Learning Outcome
	more than we disagreed. When we disagreed there were a few times he said, I don't care, this is the way we are doing it because he's got the broader picture. And there were one or two bigger decisions that most of them involved customers, so this is where he said: 'we should do this deal' and I think: 'you are crazy', or I wanted to do the deal, alright. I remember there was a very large project and that I said: 'we shouldn't do the deal'. And then he got very upset because he thought very much that he should do the deal and we knew all the people involved after a big debate we did the deal, and I am glad in retrospect that we did. ③	decision itself.
Robert	I've learned very specific things. He (CEO-I) is quite different from me. He's a guy who is very comfortable in the grey zone, not from a governance point of view but more from the fact that the world is not black and white. There are lots of nuances to what you hear, what you read, what you interpret, what the market tells you and so on. James (CEO-I) was very good at deciphering the direction of the grey. So, very thoughtful. I raised the issue with him after a meeting with government officials, his behaviour seemed so compassionate and I could not understand why, so I asked him. He was very generous, in that he was willing to discuss why he acted the way he did. I was not used to being in grey areas and he taught how to think and to be better at managing those situations. ① I recall all the debates we had on strategy on what target we should go after and so on. And how multi-dimensional his thought process would be in the discussion and debate which we would have together, and learned a lot from that. ② The other thing that he was really good at which I've learned from is that he had this incredible empathy. In other words, putting himself in other people's shoes and thinking about situations and negotiations and so on from the other people's perspective. These were two real big strengths that I learned from James. I've seen that in negotiations. I've seen that in negotiations with the government where you would think, "Why would we bother with what they want?" Well, here's why and here's how they might feel and here's the way to-- so, empathy was a big strength.③ And, he was a very good strategist, thinking two or three moves ahead. ④	CEO-D Robert believed he was fortunate to learn from CEO-I James. The attitude of James was also helpful. James was willing to discuss his behaviours and thought processes which helped CEO-D Robert learn how to be comfortable in grey zones and how to think of other stakeholders from their perspective.
Stanley	Jim (CEO-I) and I went and visited all major investors across Canada. It's not a big number by the way but we did an investor relations tour and hit any significant institutional shareholders. ① There was time for us to figure out the transition plan. There was time for digestion of the fact that I was the designate CEO. We had time to debate what our understandings of what the CEO job was. This was really helpful. ② I had the opportunity, during the transition period, to talk to the	CEO-D Stanley had not thought about what it was like once he becomes CEO. However, the transition period gave him time to build his mental models and take actions that he debated several times with CEO-I Jim to be

CEO-D	DOUBLE INTERACT	Learning Outcome
	executive team, the senior management team and to formulate a plan for leading the team and going forward. So it gave me time to evolve my strategy with Jim (CEO-I) because I hadn't thought of the strategy of being CEO. ③	CEO ready.
Wayne	I have spent time debating with founder and CEO-I Dan, we worked and still do as partners. I think over time, Dan and I, we have built a very deep trust in each other and we also built a personal friendship and a relationship. We keep very connected probably three four days a week, we have breakfast together. I have learned from him a lot about being a CEO. I was fascinated how differently a CEO founder thinks from a CEO. ① Founders have a real, not only a sense of ownership, they have ownership. So they are not playing with anybody else's money so therefore, your decisions are very value oriented. People always say how you get along so well with the founder because lot of times that is difficult, but I keep saying it's very simple, the founder is focused on value. So if you are a person who is not focused on value, for sure you are going to have a problem. But I am focused on value so I have no problem. The only discussions Dan and I have, if we have a difference - and we don't have many - it's not about creating value. It's what the best way is. So those are very good discussions because no matter which way you go, it's designed to create value. So my relationship obviously strengthened throughout that period and I think he got a clear sense of my ability to deliver results. ② I don't care about my office what it looks like or where it is. This goes back to what I say, you see, I have learned through my close relationship with Dan that the shareholders don't care about that. This is why you get in situations where people take on all the trappings of it but when analysts call, they never ask me about any of that stuff, they ask did you deliver. ③	CEO-D Wayne is the only one amongst the interviewed CEO-Ds who did not have to go through a competition or was overtly told he would be the next CEO. He was the only executive asked if he wanted to be the next CEO, few months before he took the job. CEO-D Wayne was able to create shared mental models with founder and CEO-I Dan. He was able to understand business from an entrepreneurial perspective where value creation is the purpose rather than big egos or office spaces. CEO-D Wayne had to change his previous mental models about what the CEO role was about given that he had already been a CEO at a subsidiary before he joined the company.

In brief, there were many common elements to the experiences of CEO-Ds who had the opportunity to double interact with the CEO-Is. Most of the CEO-Ds had a different leadership style from the CEO-Is, but this did not prevent double interacting. CEO-Ds were able to communicate openly with CEO-Is, discuss issues with them and test their understanding of the situations throughout the transition period. The most common point the CEO-Ds stressed during the interviews was their debates consistently

focused on the best interest of the organization rather than style or preferences. CEO-Ds valued the learning gained during the debates more than the decision reached. The debates allowed the CEO-Ds to create shared mental models with the CEO-Is. This enabled the CEO-Ds to learn and build the necessary skill set to be operational immediately after their appointment as CEO. The CEO-Is also helped to make this period a productive one, maybe because they accepted the idea they would leave the job soon. Table 5.9 connects learning from double interact to the CEOs' statements provided above.

Table 5.9: Connecting learning from double interact to CEOs' Statements

	Learning From Double Interact Supporting Statements		
CEO-D	Cognitive	Behaviour	Identity
Cheryl	① ② ③ ④ ⑤ ⑥	① ② ③ ④ ⑥	③ ④ ⑤ ⑥
Carl	① ② ③	② ③	
Charles	① ② ③	① ②	
Robert	① ② ③ ④	① ② ③	④
Stanley	② ③	② ③	①
Wayne	① ②	① ② ③	③

When reading the summary tables above (Table 5.5, Table 5.7, and Table 5.9), it is important not to misinterpret identity as having resulted in little change. Previous sections covered statements reflecting change in identity. However, it is important to note the increase in change mental models (cognitive) and behaviour from act, to interact, to double interact. These tables also provide support for the argument CEO-Ds who double

interacted with CEO-Is were able to achieve more cognitive complexity during the transition period than other CEO-Ds.

5.5.4. *Double Interact turning into Act*

Based on data from the fieldwork, I presented in the previous sections the differences in the learning outcomes amongst the three categories of enactment types: (1) act, (2) interact, and (3) double interact. I conducted the comparison based on the specific experience of interviewed CEOs. Each CEO's idiosyncrasies might have contributed to the difference in learning outcomes during the transition period along with the type of enactment. A particularly interesting case (1/22) arose in the research where the relationship between the CEO-D and the CEO-I started as a double interact and evolved into act. Though it was one case, it provided insight into the two types of enactment and their impact on learning outcomes on one individual.

Double interact during the transition period requires both the CEO-D and the CEO-I to be willing and able to work together. If one of them does not commit the time, physical and emotional environment for this interaction, double interact fails (Baker et al., 2002). The experience of CEO-D Allen revealed a case starting with a double interact at the time CEO-I Curtis informed Allen he was the successor. The relationship turned into act as the transition date neared. CEO-I Curtis selected CEO-D Allen as his successor even though the board was considering three of Curtis' inner circle as candidates for the CEO role.

> *When I joined the company, I had the ambition to become the CEO. But at the time, the incumbent CEO had his own executive committee and I always felt an outsider to that group. When discussions about CEO succession started in the company, I was considered with three other executives, who were close friends to Curtis (CEO-I) as*

candidates for the CEO position. After that, Curtis told me that I was the heir apparent, and the chairman spoke to me soon after that just to make it formal. My understanding and I believe everybody else's understanding was that the transition will happen within two years.

When Curtis appointed CEO-D Allen as COO, CEO-I Curtis introduced Allen to the shareholders and to the important industry members, sending a signal the company was transitioning. Allen and Curtis started working together on important projects affecting the future of the organization as well as drafting the future strategy for the organization. CEO-D Allen discussed with CEO-I Curtis major issues and Allen had a solid understanding of the industry. CEO-D Allen particularly benefited from CEO-I Curtis' experience leading a small company on the verge of bankruptcy and turning it into a 20 to 30 billion dollar company.

Since I was appointed the COO, Curtis (CEO-I) introduced me to the shareholders. … There were one or two very big industry committees where the two of us would go so it was a relatively clear signal to the industry that there was a transition in place. That happened like three or four years before the final handover. I already had all of the contacts by the time we got to the final transition. So all of the industry contacts, all of the political contacts, and that had been with CEO-I Curtis's help.

Two years into what CEO-D Allen thought was a sufficient transition period, he and CEO-I Curtis engineered a major acquisition. The acquisition was successful and the company grew. CEO-D Allen noticed CEO-I Curtis became reluctant about leaving and started avoiding any open discussion with him regarding the timeline for the transition. The board communicated to CEO-D Allen that since the company had recently undergone a major acquisition maybe it was for the best interest of the organization to let CEO-I Curtis stay 2 to 3 years longer until the organization fully integrated the acquired company. CEO-D Allen accepted even though he played a major role in the acquisition and did not believe CEO-I Curtis's stay was necessary. He noticed thereafter his

relationship with CEO-I Curtis changed. Every time CEO-D Allen attempted a structural change within the organization, CEO-I Curtis would oppose. The board of directors supported CEO-I Curtis, as if "*they were indebted to him*", Allen noted.

Three years after the acquisition, when discussion began regarding how the transition would occur at the next AGM, CEO-D Allen became eager to start preparing to be operational as soon as he became CEO. Allen's attempts were thwarted because CEO-I Curtis blocked most of his proposals for change. The board gave CEO-D Allen more power and appointed him president nine months prior to the next AGM, the time for the handover. When the board appointed CEO-D Allen as the President, CEO-I Curtis stopped talking to him completely. So CEO-D Allen was forced to act alone and get his team together in preparation for being the CEO.

CEO-D Allen, as the president, went on to prepare the company the way he believed was in the stakeholders' best interest. He co-ordinated his executive team, and set his own vision for the organization. However, on the other side of the organization, CEO-I Curtis was closing long term strategic deals. The board approved the deals. CEO-D Allen did not have a significant say about the deals although they included long term commitments of the corporate resources. He later ended up spending significant time and money to end those deals when he became CEO.

> *I think the management of that process was bad, primarily because of the way it was managed by the board, only the board can take responsibility for that in the end. The CEO (CEO-I) tried to set the strategy for the next ten years just before he left. So he put out a ten year plan within a year of leaving. He did a large joint venture with another corporation. And the board approved it. I didn't have much of a say because of the way we worked, the CEO was the only guy who had the real say. The future team was largely disregarded. When I got the job, the first thing I had to do was to say "I think we need a different strategy".*

To summarize, the case of CEO-D Allen presented support that enactment type affected the learning outcomes even within the experience of the same person and not just amongst experiences of different people. During the double interact era of his transition period, CEO-D Allen worked closely with CEO-I Curtis and learned a lot about the CEO's job. Allen was able to connect with major shareholders and industry members and was involved in building the strategy of the organization. This period of CEO-D Allen's experience had a lot of common elements with the experience of CEO-Ds who double interacted with their CEO-Is including the creation of shared mental models, the participation in shaping and executing the strategy of the organization. However, for reasons related to power and self-interest, CEO-I Curtis did not want to let go when the time came to hand over the reins of the organization: *"he did not want to become a sitting duck and he did not want to lose some of his pension"*. Cannella and Shen (2001) also found that in high performing organizations, the more powerful the CEO, in this case Curtis, the less likely the successor would ascend to the CEO role. Despite the learning during the previous period, CEO-D Allen suffered from lack of knowledge during the period closer to appointment as CEO because CEO-I Curtis did not want to interact with him. The board and CEO-I Curtis excluded Allen from major decisions committing the organization's resources for ten years, nine of which would have been under Allen's tenure as CEO. As a result, CEO Allen spent money to end some of those commitments and to drive the organization in a new direction. The later period of CEO-D Allen's shared many common elements with the experience of CEO-Ds whose enactment mode of interaction was limited to act with their CEO-Is. Those elements included adversarial relationships, inability to proceed with desired changes, and seclusion from the participation in the organization's strategy.

5.6. Premise Five: Sense-ible Strategic Change

> P_{5a}: *CEO-Ds who double interact, unlike CEO-Ds who act/interact, with CEO-Is, have more opportunity to build mental models with both preserving and prospecting abilities enabling them to take plausible action upon assuming the CEO position.*
>
> P_{5b}: *CEO-Ds who act/interact, unlike CEO-Ds who double interact, with CEO-Is, feel less committed to the ongoing strategy of the organization and are more likely to build prospecting abilities and to take action to change the status quo of the organization upon assuming the CEO position.*

In the last part of the theoretical model, I argued two competing premises. The first proposed that CEO-Ds who double interact with the CEO-Is are more capable of taking plausible action to change the status quo of the organization than CEO-Ds who act/interact with CEO-Is. The second proposed that CEO-Ds who act/interact with CEO-Is are more capable to take action to change the status-quo of the organization than their counterparts who double interact with CEO-Is. Though competing, both premises challenge the grounds on which the CEO succession literature built arguments to explain heirs' apparent ability to induce strategic change (Shen & Cannella, 2002). The prevailing literature focuses on two aspects. First, it focuses on the similarities between the mental models of heirs apparent and incumbent CEOs (Bigley & Wiersema, 2002). Second, it argues the CEO-I's socialization of the CEO-D leads to the CEO-D's psychological and emotional commitment to the ongoing status-quo of the organization (Fondas & Wiersema, 1997). Both aspects result in assuming CEO-Ds' cognitive capture from CEO-Is. The fieldwork conducted during this research provided reasons to question these beliefs. CEO-Ds who double interacted with CEO-Is were actually involved in strategic orientation of the organization before they officially assumed the CEO role. Also, CEO-Ds who acted/interacted with CEO-Is built no/partial shared mental models with the

CEO-Is and in cases where CEO-Ds acted with CEO-Is they were not socialized by CEO-Is.

As insiders to the organization, CEO-Ds knew the strengths and weaknesses of the organization. Engaging in double interact with the CEO-I allowed CEO-Ds to become more aware of the opportunities and threats facing the organization. When CEO-Ds engaged in double interact with CEO-Is, they built new mental models different from their espoused theories. The new mental models were also different from the CEO-Is' beliefs (Weick, 1979). The CEO-Ds new mental models facilitated actions and behaviours different from those of the CEO-Is. CEO-D Philip for example, appreciated the debates he had with the CEO-I Ralph because they helped him appreciate the different types of growth strategies an organization may adopt and when to use each. He changed his mental models from focusing on organic growth to appreciating that M&As also provide potential for organizational growth.

> *As I started to get closer and closer to this chair I needed to understand why the company is the way it is. It's come from Ralph (CEO-I) and he has taught me how he thinks about the future, how he thinks about the strategy, execution of the company, how he built the company. That has helped me quite a bit… I remember once Ralph says to me: 'if I give you a billion dollars Philip, what would you do with The Company? So I give you a billion dollars, what would you do with the money for the company?' And I remember sitting there (pointing to where I was sitting) and Ralph is a mergers and acquisitions and he has built this company and he has done big deals and I knew that and so I said: 'I would reinvest it in our base business. I would improve our assets. I would make sure we can run more streamline' and he looked at me and said: 'nobody has ever told me that. Everybody has always said to me buy this or buy that' and I said: 'I know and that is one way to have a healthy company is to grow by M&A but the other way to a healthy company is to invest' and so we have these philosophical discussions, right? You can then understand the advantages and disadvantages of the strategies he used versus the ones you think are better (CEO-D Philip)*

I argued that CEO-Ds who double interact with CEO-Is develop "preserving and prospecting abilities" enabling them to take plausible action that might lead to organizational renewal (Hurst et al., 1989), preserving the core and experimenting with change, rather than mere strategic change. Under the competing premise, I argued CEO-Ds who act/interact with the CEO-Is miss the opportunity to build shared mental models with CEO-Is and also miss the conversational environment giving them background information enabling them to build preserving abilities. Hence, I argued CEO-Ds who acted/interacted with CEO-Is were more likely to build prospecting abilities enabling them to take action and possibly change the status-quo of the organization. The aim of this research was to show the ability of CEO-Ds to change the status-quo of the organization rather than whether the change was good or bad.

Data from the fieldwork provided indications to support both competing premises based on the enactment style of the CEO-Ds. This may be due to a limitation in my sample, namely the survival bias. The survival bias in this case is that I only interviewed CEO-Ds who successfully became CEOs and are still in the CEO role. However, my data provided reasons to doubt the premises used in the CEO succession literature to argue for the limited ability of heirs apparent to induce strategic change compared to other successors types. What is interesting nevertheless is that although all participants provided examples of action leading to strategic change, there was a difference in the timeline during which the change was implemented between the CEO-Ds who engaged in double interact with CEO-Is and those who were limited to interact and/or act. CEO-D Carl realized his lengthy experience within the organization, more than 20 years, might

lead to strategic myopia. Carl also knew that he needed to continue implementing necessary change while keeping the core of the business alive in order to survive.

> *I do recognize that there is certain DNA that exists within me because I have been here so long. So I challenge myself all the time to think outside of that box. So you know the potential always exists for me to fall into that trap. But I am aware about it enough I think to understand if that starts to happen I need to be looking for new and different ways to do things without upsetting the core essence of what we have here. I want to add to it and I don't want to blow it up but I do recognize we have always changed and will have to continue to change.*

All but one of the 22 CEOs I interviewed replaced successful predecessors. Journalist Arthur who covered many succession stories, reflecting upon my sampling frame, said: "*you are looking at transitions where the current CEOs have succeeded larger than life personalities*". Appendix H provides a sample of how some of the CEOs described their predecessors. Business newspapers have given the CEO-Is powerful aliases, unfortunately, I am not in any position to list these because this would reveal the identity of my respondents. This factor is important because as new CEOs they were cognizant that they were being watched closely by all stakeholders. The new CEOs could not and did not want to rock a boat that had been working well. They were aware they needed to use their "preserving abilities", either because they believed they needed to defend the core as is or because they wanted the change to be slow and not to shake the trust of stakeholders in the company. Yet the new CEOs knew they needed to change the organization's course of action. In most cases the new CEOs needed to change their leadership team. Sometimes the new CEO needed to change the organization's structure and in other cases they needed to change the direction of the organization.

CEO-D Bill believed he won the competition against the other two candidates because his presentation to the board focused on a story about continuity rather than

change. He believed since the company was doing well, he should not suggest major changes which might shake the confidence of the board. He thought the board believed that if the company was really doing well there was no need to change strategy and direction; there were no justifications to take unnecessary risks.

> *I asked the other two candidates: 'can I see your presentations?'. Jeff said no, that was the other one. Stanis said sure. It was a remarkable presentation. But it was a little bit too much. I think both of them were really talking about changing the company and my point was: 'that is the last thing we want to do'. So I think again that was one of the things that attracted the board to me, I was safe. My plan and strategy was don't rock the boat. We are doing really well. Let's continue the path. Whereas Stanis had a vision and Jeff had a vision and I think that may have hurt them as well. In this case you don't want a vision.*

The main difference between CEO-Ds who acted/interacted with the CEO-I versus those who double interacted with the CEO-I was **when** rather than **whether** a change took place or not. CEO-Ds who double interacted with the CEO-Is implemented changes prior to the transition day relating to executive team members and strategic orientations with the CEO-Is extending through their tenure. The CEO-Ds engaged in debates with the CEO-Is and sought their advice. The CEO-Ds trusted the CEO-Is' opinions and did not fear the CEO-Is would force their strategies. The CEO-Ds also discussed the execution of these changes with the CEO-Is such as who should execute the change: the CEO-I or the CEO-D? Together, they evaluated the benefits and risks of different courses of action and made decisions accordingly. Table 5.10 shows a sample of reports from current CEOs who engaged in double interact during their transition period to provide a description about the strategic changes they put in place and the time line for these changes.

Table 5.10: Reports of strategic change implemented by CEO-Ds who engaged in double interact

CEO-D	Strategic Change	Timeline
Carl	You understand that maybe the strategies are bought into to the extent that they should be. And you have your own opinions as well. Like I said I didn't always agree with Kathy (the CEO-I). I had different opinions on doing things so it's different than if I was a clone of Kathy and I agreed with everything Kathy did and Kathy is the only way to go about and I think you may fall into that trap. But I don't think that is the case here. I think we really, I am really looking at everything I have learned and I have talked to Kathy about how we see change and what areas should be exploited that we haven't exploited. What are the sacred sorts of cows that we need to just say: 'look we need to challenge this now?' So I feel fairly well equipped to take that on and I also understand the ripple effect of making certain decisions on the entire organization and on the business so you won't be able to know for some time whether or not I am successful at that so sitting here right now, I feel very confident about it but we have a bit of a rough patch to get through here at the company and we need to be prepared to come out at the other end stronger than we were when we had the rough patch. There is a lot of work between now and then and I think the people here who wanted some change I think are happy and optimistic about me being in this role. I have certainly heard a lot of that from a lot of people so… Especially near the end, I think understanding that I would potentially take her position, I think she let me go a little bit more, we would debate decisions, but she let me sort of, if you really feel that is the right way to go about it, then go ahead and do that.	Upon Designation
Charles	We all have different management styles, my predecessor had one, I have one, and my successor will too. I have selected my own management team after I took over, my successor will select his own team, it's a consistency and it changes our progress is evolutionary, not revolutionary. And that's sort of what we mean, keep the culture. Change, but change and do it the right way.	Upon Designation
Cheryl	There were three changes at the executive level that I felt needed to be made and that was going to be a very difficult thing. She (the CEO-I) knew that they needed to be made and we talked about, should she make them before she leaves or should she leave that to me. I really would have loved it if she made them before she left but I think she felt it was an important mark of a new leader to make those decisions yourself and to make the hires yourself. But we talked a lot over the summer about what would my new team looks like, how would I manage that process. I mean there were two people that were going to be immediately gone. There was a third person who I really wanted to give a chance to work with differently. In the end that person also left.	Upon Designation
Margaret	I said you know, we went through a phase about 10 years ago where we needed more collaboration between the people in the company the silo things and so we started to hire people and adopt things that we would find collaboration in everything at one point I would say wow time out, we are like kittens without nails anymore, so we don't challenge ourselves enough	Upon Designation

CEO-D	Strategic Change	Timeline
	so we went back and because challenge is extremely important both from the individual perspective and the company's perspective and to me it's, I was raised like that and my father had an old book when he was young and now he is 84 and he still have the same old book and it's called the art of contrary thinking just to make sure that everybody doesn't go into the deep hole. But it was always done in a lot of respect and yeah, we challenged one another. I discussed this with Russell (the CEO-I) and I started the change in culture before I even took over the job and it is still going on.	
Philip	Ralph (the CEO-I) and I would have hours of closed sessions discussing the future of the organization. How would it go? Well we each have a list of things that we wanted to talk about and we would just sit here or we would go off site at a quiet restaurant and just talk for hours about every topic under the sun, organization structure, strategy, key staff, high potentials, what the culture of the company is like, what the industry is doing, what do we think the market is going to look like 12 months from now, it ran the gamut of every topic under the sun. He was briefing me on, like I said on his direct reports now who were my peers. He was briefing me on the board dynamics and helping me understand all the players on the board and all their views on the company and of course strategy. We talked an awful lot about how they (industry players) are, can you trust them, what happened in the history with the companies, what they are looking for, what we should be looking for. It was complete download on all the industry players. By the time I got the job, I had chosen most of my team members and drafted the future organization strategy with input from Ralph.	Few weeks after designation but long before assuming the role

CEO-Ds who mainly acted and/or interacted with the CEO-Is made changes after their appointment as CEO. In most cases I heard the sentence "I would not change the *ex-CEO*'s company until he or she had left". They all felt the pressure to show continuity given the previous success of the company under the ex-CEO. The new CEOs were mindful about the optics of the change: making change appears seamless and a continuation of the ex-CEO's success to avoid losing stakeholder confidence. The stakeholders the new CEOs considered included the board members, the shareholders, and the staff and senior management teams.

Table 5.11 shows a sample of reports from CEO-Ds who engaged in act and/or interact with the CEO-Is during their transition period to provide examples about the strategic changes they put in place and the time line for these changes.

Table 5.11: Reports of strategic change implemented by CEO-Ds who engaged in act/interact

CEO-D	Strategic Change	Timeline
Bill	So the ex-COO was there. He was really Jeffrey's guy and so I had to tell him to retire. He agreed. In the first year as a CEO, we laid off 1100 people of the company. So we didn't, I didn't want to make any drastic changes because what had happened to the company wasn't as a result of succession, it was because of the economy. So if you go to our investors and talk to them about the company, the one fact they loved is there was no change in the company. So when Bill took over, no things just stayed the same, the company sounded the same. It's been a gradual evolution. Basically I think on the outside, the world probably felt it was smooth, it was perfect, it was no real change but internally there is a whole bunch of moving parts going on and internally there were some major changes. Internally it was a major shift in our personality of leadership but externally they didn't need to know that. Public does not need to see that and never did because that is a bit of a scare. Any time in a public company you give them the feeling that things are changing especially when you are doing well. There is panic. If they are going to change, that means they could not do as well next year as this year so then your share is going down. So I guess the success, you never measure success by share value but as I said, we went down to $18 in 2010 and we are now at $65. It's been an amazing year in that respect and I think the investment community is looking at it and feeling very comfortable about where we are and what we are doing so that is what makes the job harder now, it's managing those expectations.	Forced changes during the first year due to economic conditions Major changes started 2 years after assuming the role
Bob	I don't think I really started making any footprints for a couple or three months till I got confident even though you are doing a lot of the job, there is still a few things that you just have to make sure that you are confident that they were right, so I think the first three to four months, it's more or less of a feeling out and a confirmation that that is exactly how everything is laid out in the periods of three to six months starts slowly but surely putting out your thoughts and looking for some perhaps slightly different results. Garner the confidence of your board of directors, a confirmation that they have made the right choice. I think in our case which was pretty much status quo and the company was established and not having any real problems, when you are having the negative hurdles that you had to overcome in a short period of time I think then you would be having to make more rapid changes then perhaps I would have made, we were quite successful and we changed the company in the last five years to a big	Nothing for the first four months After four months started strategizing

CEO-D	Strategic Change	Timeline
	degree but we did it slowly.	
	I think everybody in the organization knew it was coming a long time before that and I had de facto fairly firm hand on it anyways. So the first month and a half were, as I said was really a nothing. We didn't do a whole lot of anything different than what we had done. It was the period after that where we kind of strategize about what we might want to do and so on, so forth. You know, say you took over a company that was dodging in and out of bankruptcy type of issues would be a much more different situation but that isn't the case, not our case at all. So it was really, to be frank the first two or three months, just evaluating the people that work directly for you to confirm that they are right people and so on, so forth and move forward.	Changes started a year or so later
Christopher	Because by September (two months after taking over) I had an idea of what I wanted to do. Then I involved the other Executive Vice Presidents and we spent from September to January planning how we were going to do some of these things.	Nothing for 2 months
	When you come from the outside, I think you even more so try and shake things up for the sake of shaking things up and sometimes for the wrong reasons so that is always a risk.	Started planning to change months after.
	Except when I looked around the company, there were lots of people in roles they should not have been there and some of them in senior roles. So we had to let people go over time and I am guessing we let, we certainly let over a 150 go, not in one shot, like 1 here, 2 there, selective and it was thoughtful and it was done quietly. But one by one, we kept letting, and many of them, like I just fired my head of HR, the last big one, I did last May. I fired a head of HR who reported directly to me and she had been here 31 years and never worked anywhere else. Started as a secretary, now was the head of our HR. How did that happen, I don't know but we had a lot of stories like that. We had another one who started as a secretary and then got into leasing, who ended up running a whole portfolio with no clue.	Implementing change very slowly at first, picking up the pace after 2 years
Douglas	… that big personality of the entrepreneurial guy that took the business one place isn't necessarily what is going to sustain the business for the long term … That maybe one of the reasons why after 10, 11, 12, 14 years, it's time for somebody else to come in with a new point of view from a different area, take a look at the business, make an assessment and solve some of those things that you just don't see because you have been there for 14 years.	Nothing for the first year.
	When I came in, the biggest change I think I made was in the overall direction of the organization. And that then had repercussions throughout because I took a very different point of view. I said this is our Parent's business, this is the business they deployed globally so what we need to do is duplicate their processes and align our offer with their global offer to become completely seamless as much as we can. We will do it our parents' way because this is a global business. So that sort of big strategic change has repercussions down the line. All sorts of repercussions come from it. All sorts of alignment issues and the way you manage the place and how you manage it, what you are willing to let go and move over to your parent's changes. But I could not do it immediately, I had to plan it slowly, don't forget Terrence (the ex-CEO) was successful, very much a great guy	Planning a presentation for change to the board for one year

Implementing started 2 to 3 years later |

CEO-D	Strategic Change	Timeline
	and just a wonderful man. And people just willingly would follow him anywhere, I would, you know great going personality. So I had to make sure not to shake the company completely.	
Henry	What I spent most of my time thinking about because I am not going to change Harold's (CEO-I) organization till Harold was gone. Think about understanding what we have and how I would change it. So you have the key things sorted day one. Who would I put into some jobs because once executives take themselves out of the organization, then you got to backfill that job, who the rest of the management team are, what's their tenure. They do want to retire with the CEO if they have been loyal to the CEO and have just been waiting for him to retire.	Thinking started during the transition period, but implementing did not start till at least one year after assuming the role of CEO
John	You know I waited until he was then gone and then we had as an example a people first strategy, and I said no, gone, don't agree with that, and it's not that I don't believe in people by the way, but our people first strategy was making our people had got to me, me, me, me culture. So I was on it, we developed a new vision and I took it out to all the senior executives and I got input from everybody around it, etc, etc. And then out to our people, and I started with laser focus on the market, and that was my kind of, that's my, if you talk to people they'd say yeah, laser focus on the market that's John, and employer of choice okay. But not people first because if I don't have clients, I don't need any people in this organisation. And so people are really important that we attract, develop, retain but you know what, we're in business and we need customers, so for me that was a dramatic shift in the culture of the organisation was needed. So that was one of the big changes I'd made because David (ex-CEO) had brought in, not good or bad, just different, he brought in people first, and I didn't think it was right to put it up on a pedestal.	Thinking started during the transition period, but implementing did not start till at least one year after assuming the role of CEO
Lee	If there was anything like that (a disagreement with CEO-I), I'd just avoid dealing with until I was there. I wasn't going to make any decisions that would "in a way embarrass or put in a position". I learned very quickly through that process that I wanted to restructure the management team. I learned through the process that I wanted to make some changes of people but I wasn't going to do those until after I was in the seat.	Thinking started during the transition period, but implementing did not start till at least one year after assuming the role of CEO

Comparisons amongst the experiences of CEO-Ds who double interacted with CEO-Is versus those who acted/interacted with CEO-Is provided indications for strategic change actions with differences in timeline. The special case of CEO-D Allen provided

support for similar findings within the experience of the same person. During the double interact era with CEO-I Curtis, CEO-D Allen co-authored and co-implemented many strategies of the organization. Should CEO-I Curtis have left as originally planned, CEO-D Allen would have started his major changes during the transition and continued them after assuming the role of CEO. The change in enactment style from double interact enabling CEO-D Allen to start the changes he needed before assuming the job, to act prevented CEO-D Allen from implementing any of his planned changes. CEO-I Curtis opposed anything Allen wanted to do before assuming the job.

CEO-D Allen induced major strategic change in the organization's direction by halting some of the big strategic decisions made prior to his ascension to the job. He took the company in a different direction. He supported his decisions in a subtle way, the industry analysts portrayed his move in the business newspapers as the most appropriate strategic move for the success of the organization[3].

In summary, I argued for two competing propositions in premise five of the theoretical model. The first being CEO-Ds who double interact with the CEO-I are more likely to build preserving and prospecting abilities, hence more cognitive complexity, than their counterparts who only act/interact with CEO-Is. The CEO-Ds with double interact exposure thus are more capable of taking actions leading to organizational renewal than the others. The second proposition was CEO-Ds who are limited to act/interact with CEO-Is may miss the opportunity to create shared mental models with these CEO-Is. These CEO-Ds are therefore more likely to acquire prospecting abilities enabling them to take action that may change the status-quo of the organization. My

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[3] To keep my respondent's identity confidential I am not able to quote directly from the newspapers.

fieldwork did not provide difference with respect to the cognitive complexity or abilities CEO-Ds build during the transition period. However, CEO-Ds who double interacted with CEO-Is built the preserving abilities faster as they had the help of the CEO-Is, while CEO-Ds who acted/interacted had to spend time after assuming the job building these abilities. Being able to build prospecting and preserving abilities during the transition period enabled CEO-Ds who double interacted with CEO-Is to start implementing changes faster than CEO-Ds who acted/interacted with CEO-Is as represented in Figure 5.2 below. This figure shows CEO-Ds who double interacted with CEO-Is start thinking about and implementing change in the organization during the period from designation to assuming the CEO role. They had the support of the CEO-Is who pushed their thinking further and helped start the implementation. On the other hand, CEO-Ds who were limited to act/interact with CEO-Is started thinking about and implementing change in their organization after assuming the role in most cases. Only in very few cases these CEO-Ds started thinking about change in the transition period but decided to implement the change after the departure of the CEO-Is.

Figure 5.2: Timeline Difference

| - 12 to 1 months | Time 0 | + 2 - 7 months | + 1 year | + 2 years |

Designated

CEO

T I Change

T I Change

T

I Change

T I Change

CEO-Ds who double interacted

CEO-Ds who acted/interacted

T Thinking

I Implementing
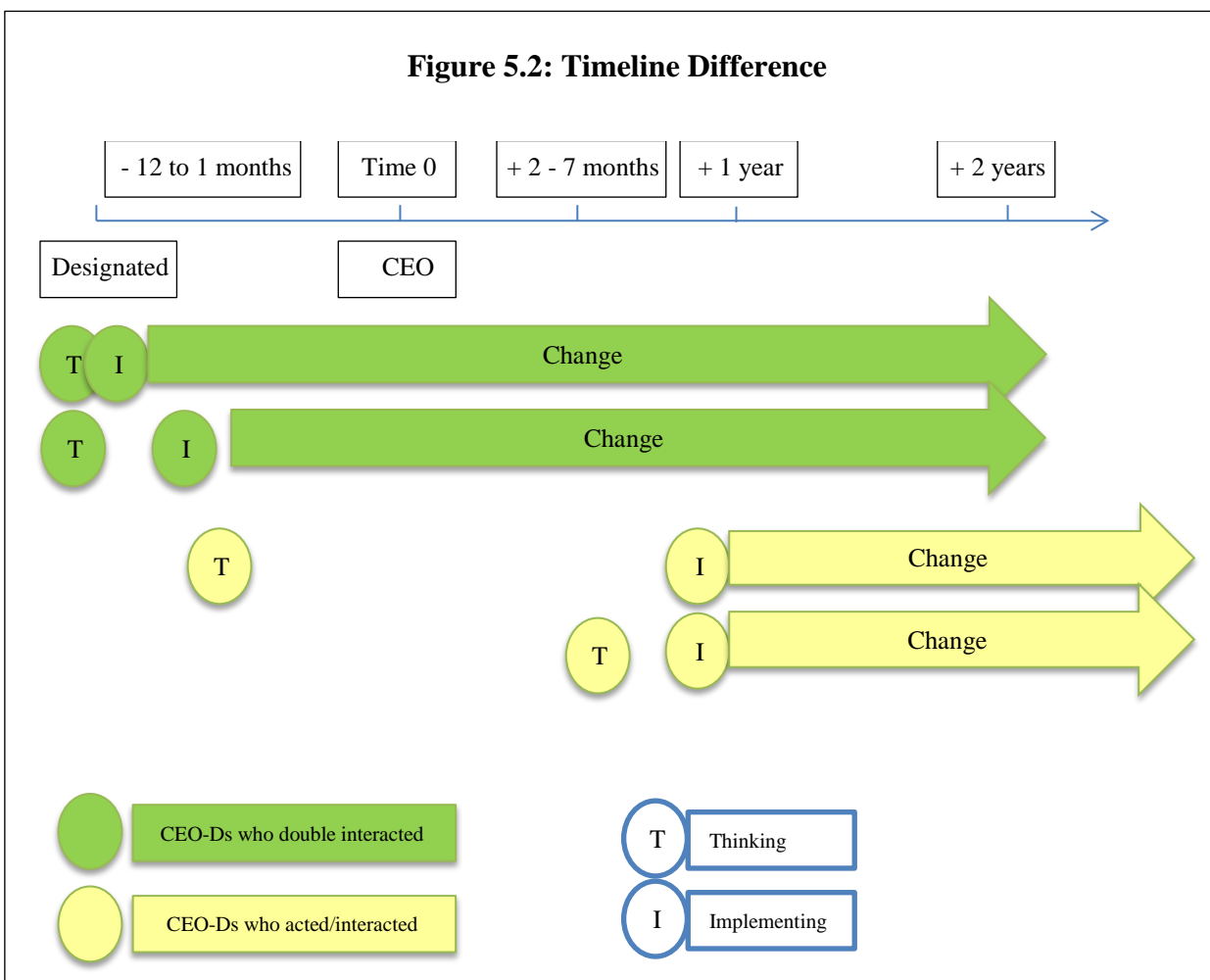
The fieldwork provided ground to doubt the premise on which the CEO succession literature built its argument to compare the heirs apparent ability to induce strategic change, at least for successful companies. The fieldwork provided indications that CEO-Ds built mental models which differ from CEO-Is, either evolved/shared mental models in case of double interact or distinct models in case of act/interact. The research also shows CEO-Ds are not necessarily socialized to their social context by CEO-Is; this is mainly in cases of act. These CEO-Ds took action to change the strategic direction of the organization; they were mindful they were taking the helm of successful

organizations. They knew they needed to implement changes but remained mindful of the impact of advertising major changes in the media on the perception of the markets on their organization financial performance. The sample in this research did not include external CEOs or CEO-Ds, and hence I could not compare the strategic change that internal CEO-Ds implemented to the change external CEOs and CEO-Ds implement.

I believe the data showed enough examples to motivate re-conceptualizing or reconsidering the operationalization of the strategic change construct. The researchers mostly operationalize strategic change as change in diversification or power in the organization 1 to 3 years following the succession event. However, data from the fieldwork showed this operationalization may not be accurate to measure change induced by CEO-Ds. CEO-Ds who double interacted with CEO-Is started the change a few months before assuming the CEO role. CEO-Ds who acted or interacted with CEO-Is introduced the change smoothly and gradually as they were mindful of the negative impact of radical strategic change on the organization external evaluation. Revisiting the conceptualization and operationalization of the strategic change construct might provide a more complete understanding of the difference between the ability of external versus internal CEOs to induce change. I also believe the ability to induce strategic change between CEO-Ds selected from inside and those selected from outside should be conducted with some caution. Successors recruited from outside, and sometimes through public horse races, have the mandate to change the course of the organization (Helfat & Bailey, 2005). Outside and public horse race successors feel the need to advertise the changes they make. In doing so, these executives attempt to convince the board members they made the right choice selecting them. Successors recruited from inside have to be

mindful of the impact of publicly announcing their suggested changes on the organizational performance.

CHAPTER 6. DISCUSSION

6.1. Overview

The initial aim of this research was to answer the following research question: "***How the designation of executives as heirs apparent affects their learning and prepares them to become CEOs***". The purpose was to examine an assumption dominating the CEO succession literature about the learning heirs apparent obtain from hypothetically working closely with the CEO-I during the transition period (Bigley & Wiersema, 2002; Cannella & Shen, 2001; Zhang & Rajagopalan, 2004, 2006). I focused on uncovering the impact of the executives' designation as CEO-Ds on two characteristics – identity and social context – which might affect their learning during the transition period. In addition, I explored how CEO-Ds managed their relationship with the CEO-Is and enacted their new environment affected their learning and sensemaking during the transition.

This research explored the impact of the designation as the CEO-D on executives' learning during the transition period using the two theoretical lenses of sensemaking and learning. Sensemaking explained the impact of identity, social context, and different types of enactment on learning. Learning explained how the CEO-Ds created the standards for their changed identity and transitioned from the identity of an executive/CEO-D to the identity of CEO. These processes combined explained the learning of CEO-Ds during the transition period, a phenomenon situated at the heart of CEO succession literature. In doing so, I contributed to a call by Inkpen and Crossan (1995) to explore the learning process itself rather than merely the relationship between the input and output variables of learning.

To study the research question of this thesis, I used a phenomenological approach to understand the learning experience of executives who went through the transition period. Using interviews as my main data collection tool (Creswell, 2013; Giorgi, 2009; Moustakas, 1994) supported by secondary data, I collected a rich data set allowing me to provide insights into the learning experience of CEO-Ds during the transition period. I mostly interviewed CEOs who experienced the designation as the CEO-D to understand their learning experience. I also interviewed outgoing CEOs in the process of passing the baton to the incoming one; CEO-Ds in the process of receiving the baton, ex-CEOs, senior executives, board members and chairs of boards in order to have a more complete understanding of the phenomenon. I also interviewed one consultant who is involved in CEO succession phases with the companies and a journalist who has reported on CEO successions' news in a major newspaper in Canada. These interviews provided me with independent analysts' perspectives on CEO succession in organizations. In doing so, I contributed to a call by Giambatista et al. (2005) asking researchers to use qualitative research to help in explaining some of the conjectures derived in the CEO succession literature dominated by the quantitative type of research.

This research provided four main findings. First, while trying to establish the impact of the heir apparent designation on the executives' learning, I discovered the prevailing understanding of relay succession and the associated heir apparent definition may not hold true in the situations I studied. The appointment of executives as COOs was not enough to signal their designation as heirs apparent. The explicit designation was what triggered the new identity for the executives and enabled them to start preparing themselves for the next step more than the implicit designation.

Second, I found the impact of the social change remained a major surprise to CEO-Ds despite their anticipation of the change. Some executives read several practice oriented publications discussing the change in the social context for the executive between being a senior executive and becoming THE CEO; however, they felt the change was more intense. Their designation changed how their peers, stakeholders external to the organization and the board of directors treated them. The power their opinions and behaviours acquired alerted most of the CEO-Ds to think before they spoke, to posture a special attitude, and/or to behave according to certain expectations in a social gathering.

Third, relay succession research assumed the longer the heir apparent period, the longer the incoming and outgoing CEOs worked together, therefore the more likely they were to build similar cognitive maps (Bigley & Wiersema, 2002). This research showed this was not necessarily the case. While some of the CEO-Ds had the opportunity to work more closely with the CEO-Is, others did not have this opportunity for multiple reasons. In all of these cases, the CEO-Ds seemed to have developed complex cognitive schemas different from their previous ones and those of the CEO-Is. This research showed, irrespective of their enactment styles, all CEO-Ds were able to build preserving and prospecting abilities. The major difference in their learning was the time line. CEO-Ds who double interacted with CEO-Is during the transition period learned and acted faster, while those who acted/interacted with CEO-Is took more time.

Four, previous research on heirs apparent based on quantitative databases proclaims heirs apparent are the least likely among their counterparts to induce strategic change once attaining the CEO position (Shen & Cannella, 2002). This research showed there might be an alternative explanation to the premises used to build the argument for

this hypothesis. When boards of directors selected CEOs from within, the new CEOs may have avoided advertising the changes they made to the media to prevent negative impact on their organization's stock price, or they might have postponed the change for a while after the succession.

6.2. The Impact of the "CEO-D" Identity on Learning

Identity affects the way people interpret their circumstances and changes their cognitive maps and behaviours (Burke & Stets, 2009; Jarvis, 2010; Mezirow, 2012). I found the designation of executives as CEO-D triggered the creation of a new identity and pushed them to understand cues in their environment from a different perspective. However, since the designation itself was of importance in this research, first, I discuss below the process of designation as I uncovered it during the fieldwork. Second, I explain the impact of this designation on the executives' learning during the transition period.

The prevailing definition of an heir apparent in the CEO succession literature is based on Vancil (1987)'s description of an heir apparent. Vancil described the heir apparent as an officer in the organization designated as the sole successor to the CEO position a few years before the transition event. I found that in most of the organizations I studied, the designation of the executive as the CEO-D occurred a few months before the actual transition event. I also discovered that this designation happened, in most cases, after a non-publicized competition for the role of CEO. Some of the candidates were known to the organization internally and some were kept confidential. Some of the candidates were already COOs when they participated in the competition and others ran against the COOs – who ultimately lost the competition. In one of the cases I encountered, the CEO told me that he was covertly told by the CEO-I several years ahead

of time that he was her choice for the job and that she would groom him to be ready when the time comes. Two years before the transition, this CEO-D found out the board of directors would like to have options in choosing the next CEO. He also had to compete against another candidate for two years before he was selected the CEO-D eight weeks prior to the actual transition.

While the literature's definition of the heir apparent might have been relevant in the past, I found that this definition needs to be revisited to reflect current practices. I believe the increased board of directors' activism in the CEO succession process in the recent years might have led to spanning the boundaries between the two types of inside succession: horse race versus relay succession. The chair of a board told me the board members prefer to take some measures to avoid being limited to choose the candidate nominated by the CEO-I. While the board values the CEO's input, they prefer to have more than one candidate and they insist on being involved in the selection process. They consider the opinion of the CEO-I regarding the candidates, but they also hire an external organization to carry out the assessment of the potential candidates. Boards prefer not to involve the CEO-I in the final decision regarding the announcement of the successor.

While the recent board activism regarding CEO succession might have blurred boundaries between relay succession and horse race, there is also the possibility previous research was biased by defining the heir apparent as the COO and/or president of the organization. As good/practical a proxy as that might be, this research provided reasonable doubt to question the established practice. It is important to note that this research sample size was small compared to previous quantitative studies. Four of the interviewed CEOs were COOs of their companies before they participated in the

competition for the job, and three competed against the COOs of their companies. While some COOs won the competition and some lost, their previous appointment as COOs did not automatically make them heirs apparent. Seven of the other CEOs were given the title of COO or president, or equivalent title given the nature of their organization, after the designation and hence were COOs for a few months only. Quantitative databases that were not updated continuously might have picked up some of these designations and overlooked others. The remaining CEOs never held the title of COO and/or president. Though this finding was not the driver of this research, it definitely shortened the executives' learning timeline from designation to ascension to the job.

The designation of the executive as the CEO-D triggered many immediate changes in the cognition and behaviour of the executive. I found the executives had mixed feelings upon discovering they were chosen to be CEO-D. A common reaction was: "it is over – a relief the competition had ended" and "oh my god, I am the CEO-D – the realization their life would change from that moment on". The designation changed the way they looked at the organization. They were no longer focused on their own department; they found themselves focusing on the organization as a whole. Most of them found themselves suddenly having to learn significantly about the organization. CEO-D Frank expressed this overwhelming period in terms of the amount of knowledge to learn with vivid description:

> *In fact, you spend your six months of transition getting to know the rest of the organization that you don't know. You spend so much time thinking, watching, observing, and then there is this groundswell of information that comes bubbling up from the organization to tell you what's wrong with it, what's right about it, much of it self-serving, some of it genuine. So you are just absorbing terabits of data every week through the transition period about what's right, what's wrong, what's happening, what you should think about. You don't take out Porter's strategic*

formula and the SWOT analysis, and sit down and somehow orchestrate all this in your own little head.

In addition to the immediate change in cognition and behaviour, the designation triggered the need to think about their future identity. It forced them to think about who they would be as leaders and how they would behave. Would or could they have the same leadership style as the CEO-I? Would or could they treat their "now subordinates" the way the CEO-I did? They had to find ways to resolve these questions. Most of the CEOs went through a self/soul searching journey to know who they were and what would be their future identity. They also used a sounding board to help them discover their future CEO identity. The sounding board, in few cases was the CEO-I, in others was a family member who was or had been a CEO, a board member, or an outside consultant.

6.3. The Impact of the Change in Social Context on Learning

The designation of the executives as the CEO-D changed their social context. For most of the participants, the actors in their social contexts remained the same, however, the other actors' expectations and perceptions of the designated executives changed. The nature of the relationship with the actors of their social context changed. Their peers became their subordinates, the board of directors – once their boss's boss – became their boss, and the outside stakeholders – once distant acquaintances – became direct partners.

The CEO-Ds believed their words and behaviours gained power upon designation and were interpreted to reflect the organization's position rather than the executives' own cognitive understanding, emotions, and personality. After their designations, the executives were mindful as to which emotions they showed, words they used, how they dressed, and how they treated their people. The transition period gave them the

opportunity to experience the change in the people's perceptions and expectations. CEO-Ds also tried to convince the board of directors that they chose the right candidate. CEO-Ds met with the board members to understand their expectations. They acted confidently in order to gain the trust of their executive team. Some CEO-Ds kept their professional distance from their subordinates in order to be able to make tough decisions later. More than one executive mentioned that they were not at the organization to be loved or even liked; they were there to be respected. Most CEO-Ds remained mindful of their interaction with the outside partners because their promises were commitments for the organization.

I found the designated executives appreciated the involvement of the CEO-Is in introducing the CEO-Ds to their new social context. CEO-Ds who were introduced to their environment by the CEO-Is appreciated the insight provided to them and saved them from many mistakes. These CEOs knew if they faced any problems they had the CEO-I to ask for help as noted by CEO-D Robert:

> *When you think about your responsibilities and relationship with the investors, the board, managing rumors with your employees, improving client and broker experience, it was a pretty big challenge, in a part of, in a traumatic period, really, for financial institutions globally. But, I had the opportunity-- I jumped in the role with a lot of confidence because James (CEO-I) was the CEO and would become chairman of the board once I become CEO, so I knew if I needed help or advice I could rely on him.*

The lack of involvement of the CEO-Is had a negative impact on the designated CEOs. Though the executives I interviewed did not explicitly mention the impact of the lack of involvement on their learning during this period, they did express how it hurt them, it delayed their ability to assume their new identity and act accordingly. "*Not in one of those meetings (meetings with the investors) did he introduce me as the CEO coming*

in" Bill, CEO-D, said. Allen, CEO-D, said: "*I don't think I ever saw him say, "Here is Allen; my successor." He never said that other than in front of the cameras and it was carefully scripted and quick*". Both these executives agreed that while the investors or the public knew they were the CEO-Ds and treated them accordingly, they would have appreciated the outgoing CEO introducing them as such. The introduction by the CEO-I of the CEO-D as the next leader of the organization would have helped the CEO-Ds start building the necessary status for their new identity.

6.4. Types of Enactment and Learning Outcomes

Bigley and Wiersema (2002) referenced managerial cognitive orientation literature to argue the longer executives had been designated as heirs apparent, the more likely they acquired the same cognitive orientation as the CEO-Is. In this way they used heir apparent tenure (independent variable) as the proxy for the similarity between the incoming and outgoing CEOs cognitive schemas. Bigley and Wiersema (2002) failed to account for the quality of interaction between the heir apparent and the CEO; they simply assumed the longer the interaction between the two executives the more similar their cognitive maps. Bigley and Wiersema (2002) also argued although heirs apparent had the opportunity to "learn the ropes" of the job from outgoing CEOs, the nature and the length of their work with incumbent CEOs may limit their abilities to develop their own mindsets.

In the previous section, I discussed in detail how the length of heir apparent tenure changed and in most succession events was shorter than one year. The mean heir apparent tenure was 2.5 years in Bigley and Wiersema (2002)'s study and 4.5 years in Cannella and Shen (2001)'s study. Using their logic, and given shorter heir apparent tenures, one

can argue that the incoming and outgoing CEOs cognitive schemas are increasingly becoming less similar. Moreover, there is doubt around what more or less similar cognitive maps infer. If more similar cognitive maps mean the heir apparent and the CEO were on the same wave length and agreed on many decisions, this would also be in contradiction with my findings. This fieldwork showed the stronger the relationship between the CEO-D and the CEO-I, that is they worked together closely and well, the shorter and the smoother the transition period. Therefore, my findings dismissed the impact of the length of the heir apparent tenure on the "similarities" in the cognitive maps of the two CEOs and emphasised the importance of the quality of the interaction during the transition period.

I developed three categories to classify the quality of interaction between the CEO-D and the CEO-I in fieldwork. At one extreme, I found the minimal amount of interaction which was represented in the findings as the "act" enactment mode. At the other extreme, I found the maximal amount of interaction which was described under "double interact" enactment mode. In between the minimal and maximal, there was the medium amount of interaction and this one was described under "interact" enactment mode.

Act defined situations where the interaction between the CEO-D and the CEO-I was minimal or even adversarial. While hard to imagine this kind of relationship at such a senior level of the organization, five of the 22 transition cases fell under this category. In all of these cases, the CEO-Is were unwilling to leave, they did not want to give up the power, and purposely did not involve the CEO-Ds in any of the strategic meetings inside or outside the organization. This finding is partially in line with Cannella and Shen

(2001)'s finding that powerful CEOs of successful organization dislike supporting the ascension of the successor. Cannella and Shen (2001) argue CEOs entrenchment and refusal to relinquish power may force the heirs apparent out or at least frustrate them but they only include power in their operationalization of this construct. My findings showed that some powerful CEOs managed their emotions well with respect to giving up the power and were able to pass the baton as planned. However, powerful CEO-Is who refused to relinquish power created problems for their successors. The CEO-Ds in these cases had to act by themselves and took time to learn about the organization, assemble their teams, and attempted to diminish the power of the CEO-Is as much as possible during the transition period. Two of these executives unravelled some of the strategic commitments the ex-CEO undertook before transition. All three had to fire some executives who felt comfortable under previous leadership governance and could not operate within the new leadership regime.

Double interact defines situations where the interaction between the CEO-D and the CEO-I was positive. Nine of the 22 cases fell under this category. In these cases, the CEO-Is were able to accept the passage of title to the CEO-Ds. In a few of these cases, the CEO-Is planned their retirement and informed the board a year or more before to give the board time to start the process. Under double interact, the CEO-Is played a major role in facilitating the transition to the CEO-Ds. They took time to meet with the CEO-Ds and discuss the handing over process. CEO-Is involved CEO-Ds in all the strategy formulation meetings, introduced them to their social context and let them take control. For example, the CEO-Is would briefly speak in town hall meetings, introduce the CEO-Ds and then let the CEO-Ds handle the rest of the meeting. However, the CEO-Is would

not let this happen without preparation, so both CEOs would plan how to handle meetings whether town halls, with suppliers, government officials, the media, and so on so forth. CEO-Ds who benefited from this type of interaction during the transition period felt prepared to assume the job when the time came to take the reins of the organization.

Interact defined situations where the interaction between the CEO-Is and the CEO-Ds was not adversarial but also lacked lengthy discussion sessions regarding the strategy or other responsibilities. Eight of the 22 cases fell under this category. Normally the CEO-Ds felt comfortable having a debate with the CEO-Is and challenging the CEO-Is practices and strategies. In these cases, the CEO-Ds asked for advice from the CEO-Is on issues regarding the constitution of their executive teams, changing the communication channels with the employees, refocusing the strategy of the organization on different elements than the current ones. The CEO-Ds considered the CEO-Is advice in their decision making process but judged its value using their own mental models rather than seeking clarification. Once the CEO-Ds became CEOs, they implemented the changes they had planned rather than planting the seed for change during the transition much like the double interact.

6.5. CEO-Ds and the Implementation of Strategic Change

Previous research predominately concluded that heirs apparent are less likely than successors appointed from outside or following a public horse race to induce strategic change post succession. Many arguments supported this conclusion but they primarily relied upon the influence of the CEO-Is on the cognitive maps of the heirs apparent. Bigley and Wiersema (2002) argued heirs apparent built similar cognitive maps to the CEO-Is and hence were unable to induce change. Devries (1988) and Zajac and Westphal

(1996) argued CEO-Is chose successors who were similar to themselves and hence would carry out their vision. Charan (2005) and Fondas and Wiersema (1997) believed the intense socialization by the CEO-Is compromised the ability of heirs apparent to induce change.

This research provided ground to challenge all three arguments. First, the heir apparent tenure might not be a good measure of the similarities in the cognitive maps between CEOs and CEO-Ds. The quality of interaction between these two might be a more reliable indicator of whether the CEO-Ds were able to create shared, rather than similar, mental models or not with the CEO-Is. Second, with the recent increase in board of directors' activism in the CEO succession process, the CEO-Is ability to choose their own successors has diminished. CEO-Is are still able to nominate and provide their opinions about the potential candidates for the CEO position, but in most cases the decision was made by the board in "in-camera sessions" without the presence of the CEO-I. Third, similar to the argument related to the creation of shared mental models, the argument for intense socialization needs revision in light of the quality of interaction between the incumbent and CEO-Ds. Where act is the dominant form of behaviour in the relationship between the CEOs, the CEO-Is avoid willingly socializing the CEO-Ds.

In addition to the doubts raised above, this research also showed some of the CEO-Ds, namely those who had the opportunity to double interact with the CEO-Is, were actively involved in setting the future strategic direction of the organization during the transition period. Therefore, it is worth revisiting how researchers operationalized the strategic change post succession based on large data sets. Were they actually measuring the change in strategy between the predecessor and the successor? Were they measuring

the continuity of the strategy as put on course by the successor during the transition period, especially in cases of double interact? Some CEO-Ds had less interaction with CEO-Is and implemented major change upon appointment as CEO. These CEO-Ds were very careful in framing these changes as a continuation of the existing "successful" strategic vision of the organization in order not to upset the market and negatively affect the company's stock price. This leads to the question: would quantitative measures be able to account for this smoothly communicated strategic change?

This research was conducted to address the research question around: "***How the designation of executives as heirs apparent affects their learning and prepares them to become CEOs***". The findings of the research provided indications of the impact of identity and social context changes, triggered by the designation, on their learning. These changes combined with different enactment forms – act, interact, or double interact, explained the process and the outcome of learning for the designated executives during the transition period. I used a qualitative methodology to explore the research responding to a call from Giambatista et al. (2005) to use qualitative research in order to validate the conjectures of the CEO succession research heavily relying on quantitative studies. This research showed this call was absolutely necessary as the results of this qualitative research provided reasonable ground to rethink some of the main assumptions made in previous CEO succession research.

CHAPTER 7. CONCLUSION

7.1. Summary of Contributions

This work is situated within the CEO succession literature. It explored the learning CEO-Ds acquired during their transition period by combining the concepts of sensemaking and learning. This work described the process through which CEO-Ds made sense of their world upon designation and learned during the transition period to change/adjust their mental models, behaviours, and identities before assuming the role of CEO. I believe this research contributes to the existing CEO succession, sensemaking, and learning literatures in significant ways.

7.1.1. Contributions to the CEO Succession Literature

This research contributes to the CEO succession literature in two ways. First, the main contribution of this work is describing how the designation of executives actually affected their learning during the transition period. Most research on "heirs apparent" included some assumptions regarding the learning the CEO-D received from the CEO-Is during the transition period. The main assumption revolved around CEO-Ds capturing the cognitive schemas of CEO-Is. In developing the processes of the impact of designation on executives' identity, social context and enactment types on their learning during the transition period, this research provided reasons to recheck many of the assumptions used in previous research. Previous research concluded the influence of CEO-Is on heirs apparent affected their learning outcome from the transition period without actually exploring this process. This research showed that instead of one general category of CEO-Ds, the processes varied and consisted of three different categories. The categories are

those who: (1) act, (2) interact, and (3) double interact. These interaction types affected the learning outcomes of executives during the transition period. This research thus provided an alternative explanation to the prevailing argument "heirs apparent" are less likely to induce change than other types of CEO successors.

Second, this work introduced a relatively new methodology to the CEO succession research – namely, the phenomenological approach – to gain insight into the CEO succession transition period. The use of this method addressed a call by Giambatista et al. (2005) urging succession researchers to use qualitative research to clarify many of the conjectures in the prevailing literature. This method provided indications inviting the revisiting of the prevailing definitions and conceptualizations of heirs apparent, relay succession, and horse race succession in the literature. While existing definitions might reflect past practices, this research showed they are inaccurate descriptions of current ones. The research also provided reasonable ground to revisit the common practice of using the titles of COOs and presidents as proxies for the designation of executives as "heirs apparent".

7.1.2. *Sensemaking Literature*

Sensemaking explains the humans' thinking patterns as a social process influenced by one's identities. It does not explain how people change their identities. This research combined sensemaking and learning to provide an explanation as to how CEO-Ds adopt the CEO identity in a social context. Moreover, sensemaking had so far been extensively studied in contexts of crises – fire, plane crashes, and explosions – or extreme change – hiring a new leader for an organization. This study contributed to our understanding of the sensemaking process in relatively more stable environments.

The sensemaking generic recipe: "*how can I know what I think until I see what I say*" (Weick, 2012, p. 135) suggests action precedes cognition (Smerek, 2011). This research showed this assumption is sometimes inaccurate at the level of CEO-Ds. CEO-Ds took time during the transition period and went through a deep thinking and learning process to reflect on changes to their identity standards as the future CEO. They also tried to remain mindful of the impact of their status on the members of their social context and hence made an effort to think before they acted.

7.1.3. *Learning Literature*

This research contributed to the human learning perspective. Instead of concentrating only on the two most debated learning outcomes in the literature: change in behaviour and cognition, this work showed at the CEO-Ds level change also involves a change in being or identity. Findings of this research revealed the importance of learning from action as well as learning to perform an action. It provided insights on the learning process itself -- how different enactment types, in a social context, impact the expected learning outcome. So rather than merely discuss the learning outcomes for CEO-Ds during the transition period, this study explored the learning outcomes based on their enactment styles with the CEO-Is during the transition. Hence this work contributed to our understanding of the learning process, rather than the input-output relationships between variables.

7.2. Practical Implications

This work presents significant practical implications given the importance of CEO succession phenomenon in the life of organizations as an unavoidable event every

organization experiences (Grusky, 1960). There is a recent increase in stakeholders' interest in understanding the CEO succession event. Shareholders more frequently ask organizations to publicly disclose their succession plans because they believe this affects corporate financial results. Banks are demanding organizations be more transparent about their succession plans. Boards of directors are becoming more involved in the succession process in order to ensure a smooth transition of CEO position.

The major findings of this work are in describing the impact of designation on the executives' identity and social change and resulting learning outcomes. It also shows the impact of different interaction types on the executives' learning during the transition period. The act type of interaction between the CEO-Ds and the CEO-Is led to the lowest learning outcomes during the transition period. The double interact between CEO-Ds and CEO-Is on the other hand led to the best learning outcomes from the transition period and prepared the CEO-Ds to be ready to assume their job on the event day. This does not mean that CEO-Ds who act or interact with CEO-Is will fail, especially given the characteristics of this sample including only CEO-Ds who were successful in assuming the CEO role. Rather, it means CEO-Ds who double interact with CEO-Is may be able to assume the CEO responsibilities immediately and have less firefighting to do than CEO-Ds who act/interact post CEO succession event. CEO-D Douglas described this relationship as follows:

> One of the things if you are going to be CEO, you got to have a degree of self-confidence. So you ask a question like that (how long do you need to be ready to take over?), I would tell you look, I would be fine on my own. I could have walked in here, he could have left six months beforehand and I would have figured it out. And, you have to have, if you are going to take these jobs, you have got to have that sense of self confidence. Like I could walk into any company anywhere at any time, within a very brief period of time, figure it out. Understand the economic dynamics, understand the environment it's in, get the respect of the people and be able to drive

forward. So I don't think there is any minimum required amount of time that you couldn't go in, get rid of the existing CEO, plug in the new CEO and drive forward. However, if you are going to make it a true success, without firefighting like that, I think probably in the 9 months period of time. So the incoming CEO has the chance to come in, work with the outgoing CEO, see almost the full cycle of the year. After 9 months you have been through enough of it, you can see through until the year end and that is probably enough time for anybody to get the lay of the land. Enough to understand what needs to change and what does not and pursue the changes for the next couple years that you think you should.

It takes commitment from the two parties in a relationship, CEO-D and CEO-I, to engage in double interact. This research presents practical implications to assist the board of directors as the guardians of the process and the incoming and outgoing CEOs in improving the conditions leading to optimize the CEO-Ds' learning outcomes during the transition period.

7.2.1. Board of Directors

Boards of directors are becoming increasingly involved in the CEO succession process. In 21 of the 22 CEO succession events I studied, the board of directors was the main guardian of the process. They were involved in nominating and evaluating the candidates. They sought help from CEO-Is and executive search firms. However, the CEOs noticed the board's involvement decreased, and in certain cases even disappeared, after the announcement of the successor. One of the board members agreed: "*I believe our role ends at the announcement of the successor. I do not think we should be involved in how the incumbent and incoming CEOs manage the transition. They are professionally mature and should be able to do that. However, I guess if there are problems, they can always come to the board.*"

According to the findings there are three factors impacting the learning outcomes of CEO-Ds during the transition period: (1) identity, (2) social context, and (3) type of

enactment. While the appointment of the CEO-Ds sets their learning journey in motion by evolving a new identity for them it does not guarantee the quality of the learning. The board's involvement to establish the expectations from and monitor behaviours of both CEO-Ds and CEO-Is may improve the interaction between them, an important factor in achieving a smooth transition.

The designation itself is important in activating the identity of the executive and kick starting the transition process; however, if the timeline for the passing of the baton is unclear, the learning may be affected. The two CEO-Ds who were privately told they were the heirs apparent a long time before the transition event lost confidence in the promise with the passage of time. CEO-Ds appreciated having a clear timeline for the transition. The board may need to be cognizant of the impact of lacking a clear timeline on the motivation of CEO-Ds. Both CEOs reported considering leaving should the board not act and specify a date for the transition.

The quality of interaction between the CEO-Is and CEO-Ds was key in determining the learning outcomes during the transition period. Many CEO-Ds found informal discussions with CEO-Is as helpful if not more helpful than the formal ones. The board of directors might consider taking actions to increase and facilitate the informal interactions between the CEOs. Some CEO-Ds found being physically close to the CEO-Is during the transition period, for example, helpful in asking for ad-hoc advice.

The quality of interaction between the CEO-Is and CEO-Ds impacted the timing of undertaking strategic change affecting the performance of the organization. Double interact led to faster changes than act or interact. While the board of directors may be unable to enforce one enactment type over the other, they may be able to start

implementing cultural values supporting double interact relationships as opposed to act or interact.

The board of directors may need to be involved in monitoring the behaviours of the CEO-Ds and CEO-Is during the transition period, especially in cases where the CEO-Is are unwilling to let go of the position. Previous research showed that in cases of well performing firms, CEO-Is might jeopardize the ascension of the successor to the top job (Cannella & Shen, 2001). This situation was obvious in the cases of CEO-D Bill and CEO-D Allen. Both of these executives had a difficult time during the transition period. However, CEO-D Bill had a board that supported and helped him minimize the influence of the CEO-I during and immediately after the transition. On the other hand CEO-D Allen was disappointed by how the board reacted to the behaviour of the CEO-I instead of supporting the CEO-D. The board felt indebted to the CEO-I and signed off on his strategy to commit organizational resources well into CEO-D Allen's tenure without taking Allen's opinion into consideration. As a result, Allen lost trust in the board's ability to add value to the organization and replaced, after assuming the CEO position, many of the board members with others who were more likely to challenge the CEO-I.

Given the importance of the impact of the changes in the social context on the CEO-D's learning during the transition, the board may also consider increasing its involvement in monitoring the CEO-Is' actions to introduce the CEO-Ds to their new social context. Many CEO-Ds mentioned the impact of the involvement of the CEO-Is in their introduction to their social environment on their learning process. Some CEO-Ds found it helpful to meet with other stakeholders jointly with the CEO-Is and learned from the way the CEO-Is handled the conversations. Other CEO-Ds preferred to face their

social context alone and establish their own footprint as leaders. In all cases, the involvement of the board in creating the expectations with respect to these issues may help the CEO-Ds prepare for their new position.

Many of the participants mentioned the support provided by the board of directors to the candidates during the competition such as assigning coaches and mentors. Most of the CEO-Ds found mentors who had experience as CEOs or worked intensively with CEOs were very helpful whereas those who did not have such experience were less helpful. Some candidates had board members as mentors and found them to be helpful throughout the process. It might be worthwhile to discuss the identity of the mentor with the candidates before assigning someone. This suggestion stems from interviews with candidates who were designated. It might also be helpful to ask the candidates who were not designated about their experience with the mentors. Moreover, this psychological assistance ceased in most cases upon designation. Some CEO-Ds felt that these mentors or sounding boards might have remained helpful during the transition, especially in cases where the relationship with the CEO-I was not at its best.

Some of the CEO-Is handled the passing of the "power" to the successor better than others. While this research was not directed at understanding this phenomenon, many outgoing CEOs as well as CEO-Ds mentioned it. Five of the interviewees appreciated the attitude of the CEO-Is at handing over their "power" and explicitly suggested to me to study this phenomenon. While other CEO-Ds suffered as a result of the CEO-Is' attitude. CEO-Is reluctant to relinquish power delayed the learning of CEO-Ds during the transition period. These CEO-Is even impeded the CEO-Ds' abilities to make changes or take actions to prepare for the job, such as selecting their executive

teams and setting budgets. It is natural for humans to fear losing their power (Allee, 1997; Devries, 1988; Goh, 2002). Some CEOs were cognizant of this fact, for example, CEO-I Howard said to help him manage these feelings of losing power he sought help from a professional consultant. The board of directors might want to consider providing assistance and recruiting professional consultants to CEO-Is to help them through the handing over of power, just as they recruit consultants for candidates to help them through the competition period. The board of directors may thereby help improve the transition process and enhance the learning of CEO-Ds during this period.

7.2.2. *CEOs: Designate and Incumbent*

This research provided insights into the outcomes of learning during the transition period given the type of interaction between designate and CEO-Is. CEO-Ds who double interacted with CEO-Is were the ones who learned the most during the transition period. They found the CEO-Is to be critical resources in helping them establish their identity as the future leaders. These CEO-Ds found that being open and willing to test your theories with the CEO-Is was particularly helpful given these CEO-Is had been through this experience and had valuable insights to share. Some of the CEO-Ds were very understanding of the feelings the CEO-Is might experience as they were losing power. It is important for the CEO-Ds to be mindful of these feelings and to address and understand the behaviours of CEO-Is from this perspective.

Many CEO-Ds felt lonely in this transitional position. They could not discuss delicate matters inside the organization fearing that it might be interpreted negatively. However, most of the CEO-Ds found it helpful to have a mentor or a consultant or even a family member who had experience as a CEO who could serve as a sounding board and

critical analyst of their thinking process rather than as an enforcer of a decision or a course of action.

Though this research was not directed toward outgoing CEOs it provided insights into their thought processes. Some outgoing CEOs were better at dealing with exiting the organization than others. Though all CEO-Is might have experienced a sense of loss upon passing the baton, those who had plans for post CEO life were better at dealing with their sense of loss. CEO-Ds believed that CEO-Is who became board members or had future plans accepted the transfer of their "power" to them more willingly than the CEO-Is who lacked plans. One of the CEOs had recruited help from a consultant to help him manage the process.

7.3. Limitations and Future Research

This study is limited due to the selection of the sample and choice of methods. First, my sample included CEO-Ds who were successful in reaching the CEO position. This design allowed me to understand how the designation of executives as the CEO-D affected their learning journey from designation to assuming the position. The fieldwork helped me observe CEO-Ds belonging to three categories of enactment type and it allowed me to understand the impact of different enactment types on the learning outcomes the CEO-Ds acquire during the transition period. However, this design did not allow me to explore the learning process of CEO-Ds who exited before getting the CEO position. Cannella and Shen (2001)'s sample based on archival databases showed that 30% of heirs apparent exit before assuming the role of CEO. Though this number is calculated based on the outdated definition of an heir apparent, this phenomenon may still be substantial and deserves consideration. Future research should investigate the learning

process of CEO-Ds who did not get the job in an attempt to compare learning processes of these the two groups (i.e. successful versus unsuccessful CEO-Ds). This remains an interesting area to study in future research and may provide insights into the CEO succession process.

Second, my sample presents two limitations. The first limitation is, the participants, with the exception of one, were CEO-Ds who succeeded successful CEO-Is. This factor presented an additional layer of complexity to the transition period for the CEO-Ds. They felt the pressure to perform and knew many stakeholders were watching them. My sample was appropriate for the purpose of this study seeking to understand the learning between CEO-Ds and CEO-Is. This is because in other cases CEO-Is may have left the organization or double interact would have been avoided purposefully. Future research should investigate the learning process and especially the ability of CEO-Ds to induce change for those who succeeded CEOs who were less successful than the ones in my sample. This will provide a basis to compare different learning processes and have a clearer idea about their ability to induce strategic change. Also this sample does not allow me to comment on the impact of enactment type on learning and on the performance of the organization. The second limitation is, the initial sample was constructed with the objective to understand the learning process of CEO-Ds rather than the impact of enactment types on firm performance. I kept on interviewing until I was able to reach participants who experienced different enactment types with the CEO-Is. Nevertheless, the relationship between enactment and firm performance remains an interesting topic and future research may want to explore it.

Third, the use of the phenomenological approach allowed me to start with suggested premises, grounded in learning and sensemaking perspectives as presented by prior research unexplored. This particular framing might involve researcher bias in data analysis and results reporting. To mitigate this limitation, I followed two suggestions. Firstly, I adopted the bracketing process suggested by Moustakas (1994) and identified my own beliefs and presuppositions that might impact the research and informed the readers about their essence. Secondly, I followed Creswell's (2013) recommendation and adopted a structured approach to phenomenology and the most widely used method in data analysis for this approach. The different iterations that the data analysis went through led me to challenge many of my assumptions and the assumptions that exist in current literature.

Fourth, the phenomenological approach relies on interviews as the main source of data. This might lead to biases related to self-report as bases for evidence during data analysis (Polkinghorne, 2005). Participants might not have had access to accurate recounts of their experiences due to their sensemaking at the time of the interview, but the main interest in our study was the phenomenon as it was retained in the consciousness of the participants or the meaning they attributed to their behaviour (Giorgi, 2009; Giorgi, 2006; Husserl, 1970; Moustakas, 1994; Polkinghorne, 1989). This research asked participants to recall specific events that happened during the transition rather than common, everyday ones. Previous research showed individuals could retrospectively recall accounts of specific events more accurately than recalling everyday events. One tends to muddle everyday events in one's memories, resulting in more problematic recall. The availability heuristic explains the relative ease with which people recall unusual

events (Schwarz, Bless, Strack, Klumpp, Rittenauer-Schatka, & Simons, 1991; Tversky & Kahneman, 1974).

Fifth, interview data may also suffer from social desirability bias. Participants may have been tempted to convey competent and attractive image given their status inside the organization and in their province. To avoid such a bias, I carefully constructed the interview questions and pilot tested them with individuals who had to take-over a new position from other people but not at the CEO level. I also attempted to triangulate with other data sources such as published articles in the newspapers given the public nature of the interviewees and their organizations. Most of these articles were crafted with the intention to preserve the image of the organization. However, my promise to the interviewees regarding the confidentiality of their identity as well as that of their organization, motivated the participants to be open and recall their experience as it happened as much as possible. Moreover, I analyzed recurring themes in the experiences of more than one participant (Polkinghorne, 2005). I also cross-checked the stories with members of the board of directors, other executives in the organization, and consultants who were involved in the succession process whenever possible.

Fourth, the choice of Canada and namely Ontario, Quebec, and Alberta as my geographical locations might limit the generalizability of the findings to North American culture. Though the aim of phenomenology is to generalize back to theory, in this case learning and sensemaking, future research might replicate this study in other cultures to provide a base for comparison.

Despite these limitations, I believe this study contributed significantly to the existing body of knowledge and to practice. First, it provided a window into the transition

period, considered a black box in the CEO succession literature. Second, it contributed valuable information for boards of directors and CEO-Is to enhance their practices and planning for CEO succession, an important event in the life of organizations.

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APPENDIX A: LEARNING NEEDS DIFFERENCES BETWEEN HEIRS APPARENT

Origin of Heir Apparent	Learning Needs		
	CEO role	Organization: Products and People	Industry Characteristics
From within the organization	Yes	Familiar	Familiar
Different organization, same industry	Yes	Yes	Familiar
Different organization, different industry	Yes	Yes	Yes

APPENDIX B: LETTERS OF INFORMATION AND CONSENT

Project Title: CEO Transition Dynamics: And Now You Are the Heir Apparent! A Phenomenological Study to Understand How the Designation of an Executive as Heir Apparent Affects Learning

Principal Investigator: Roderick E. White, Associate Dean, Faculty Development and Research, Ivey Business School, Western University

Researcher: Rida Elias, PhD Candidate, General Management, Ivey Business School, Western University

Letter of Information

Dear <insert title and name>,

Are outside or inside CEOs better for organizations? This question has been the centre of interest for many succession researchers and practitioners. There is no definite answer yet. However, the fact remains that more than 80% of publicly held organizations appoint inside CEOs. The success of a future CEO is usually linked to the organization's success in managing the transition period. The question of interest that remains unanswered is how heirs apparent manage the transition to the CEO position.

Invitation to Participate

I, Rida Elias, and Professor Rod White, Associate Dean of Faculty Development & Research at the Ivey Business School are conducting a research on the topic of how heirs apparent manage the transition to the CEO position.

You are being invited to participate in this research study exploring how heirs apparent manage the transition to the CEO position because you were appointed to the CEO position from inside your company. This study will give you a chance to have an impact on shaping the success of these transitions in major public organizations.

Purpose of the Letter

The purpose of this letter is to provide the necessary information required for you to make an informed decision regarding participation in this research.

Purpose of this Study

This research is aimed at understanding a critical period in the life of organizations. Its results will help organizations improve transitions to the CEO position. This research will assist future heirs apparent and incumbent CEOs in enhancing their transition practices.

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Business School
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Inclusion Criteria

Heirs apparent who were senior executives within the organization before being appointed CEOs will be asked to participate in this study.

Exclusion Criteria

If the current CEO founded the company or was recruited from outside the organization, he or she will not be asked to participate in this study.

Study Procedures

In order to understand the transition period and its impact on the success of future CEOs, I am conducting in-depth interviews with current CEOs of large organizations. If you agree to participate, I will conduct with you an in-depth interview. The interview will be based on questions revolving around how you made sense of your experience when you were designated as heir apparent. What did you expect? What was unexpected? What events affected the way you lead your organization? Who influenced you the most during the transition period? The interview will take around one hour and will be tape recorded.

Possible Risks and Harms

There are no known or anticipated risks or discomforts associated with participating in this study.

Possible Benefits

You may not directly benefit from participating in this study but information gathered may provide benefits to society as a whole. The findings of this research will help business students, heirs apparent, CEOs and board members benefit from having a closer look at the challenges encountered during the transition period and will improve transition practices.

Compensation

You will not be compensated for your participation in this research; however, if you agree to participate and as a sign of appreciation for your time, I commit to present you with a customized executive summary highlighting the findings of my research. I will also offer a comparison between your experience and the collective experience of other participant CEOs without revealing the identity of any of the other CEOs.

Ivey

Voluntary Participation

Participation in this study is voluntary. You may refuse to participate, refuse to answer any questions or withdraw from the study at any time with no effect on your future career.

Confidentiality

Your identity will be kept confidential, known only to me (the researcher) and my supervisor (the principal investigator). No identifying information about your organization will be disclosed to other parties or in any publications. Only pseudonyms will be used for participants and their organizations. The only document matching actual names and pseudonyms will be password secured and kept on my personal laptop. Data from the interviews will be kept for a minimum of five years and then destroyed from our database. You will have the chance to review the summary of the interview, eliminate material, and/or add information as deemed necessary before providing your approval. The interview's content will be used for data analysis only after receiving your approval. If you choose to withdraw from this study, your data will be removed and destroyed from our database.

Contacts for Further Information

If you require any further information regarding this research project or your participation in the study you may contact:
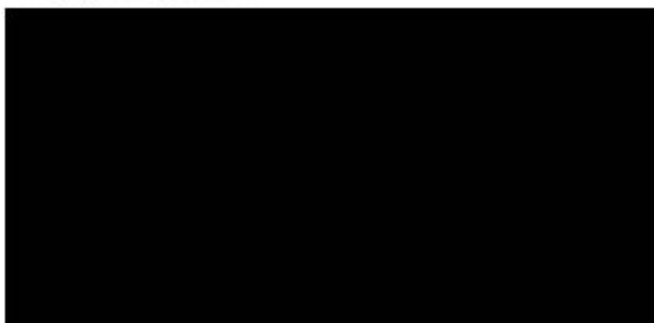
If you have any questions about your rights as a research participant or the conduct of this study, you may contact The Office of Research Ethics (519) 661-3036, email: ethics@uwo.ca.

Publication

If the results of the study are published, your name will not be used. If you would like to receive a copy of any potential study results, please provide me with your name and contact number during the interview on a piece of paper separate from the Consent Form.

Page 3 of 4   Version Date: 09/23/2013   Participant Initials___

IVEY
Business School
WESTERN UNIVERSITY · CANADA

Consent Form

Project Title: CEO Transition Dynamics
Study Investigators' Name: ███████████████

I have read the Letter of Information, have had the nature of the study explained to me and I agree to participate.

I agree to be audio taped   ☐ Yes   ☐ No

All questions have been answered to my satisfaction.

Participant's Name (please print): _____

Participant's Signature: _____

Date: _____

Person Obtaining Informed Consent (please print): _____

Signature: _____

Date: _____

Thank you so much for your participation

APPENDIX C: SUGGESTED INTERVIEW GUIDE

Topic	Suggested Questions
Opening questions: History inside the company	- Can you tell me how you functioned in the company until the date you were designated as heir apparent? - Which events were the most important to you throughout your work at the organization? - How did these events affect the way you do business?
Questions about the period before the explicit heir apparency designation	So you were the (title: COO, president, or other) before becoming the CEO. - What were your responsibilities? - Who were the most central parties you interacted with (both internally and externally: reporting to you, you reporting to, and others)? On which subject matters? - Can you tell us something about the nature of your interaction with these parties? How did you handle differences in opinion with these parties?
Questions about the heir apparency designation to detect changes in identity	- How did you see yourself in the organization when you first started? What did you see your role as? - When did your view of yourself and your role change? How did it change? - When did you know you were the future CEO of the company? - What did this realization mean to you? - Did your implicit designation as an heir apparent change your view of yourself and your role? - When was this information announced to different stakeholders of the organization? - What did this announcement mean to you? - Did your public designation as an heir apparent change your view of yourself and your role? - Did your view of yourself and your role change between the time you were designated as heir apparent and the time you actually became the CEO? How? - Did your priorities change? How?
Questions about the heir apparency designation to detect changes in social context	- Did this designation lead to any changes in who the parties were that you interacted with (who were the parties you kept interacting with, those you stopped interacting with, and those you started interacting with? Both internally and externally)? - Which of these interactions meant the most to you? How? - Which new interactions meant the most to you? How?

Topic	Suggested Questions
Questions about the heir apparency designation to detect changes in enactment	- Can you describe the interactions with the CEO? BODs? Other important parties (such as meetings, private conversations, planning actions, etc.)? - Did these interactions influence the way you do business? The way you think? How did it influence the way you started doing business and the way you do business now? - Can you recall a special event that had a lasting impact on the way you think and the way you do business? Follow-up prompting questions: What was the subject? When did this happen? Where did it happen? Who was involved? What were the consequences on you (the way you think or act)? - Can you recall another event?
Closing questions	- Now that you are the CEO, how would you plan your succession? What would you repeat from your personal experience? What would you do differently? How would you go about this? - What would you want your successor to know before taking the reins of the organization?

APPENDIX D: LETTER REQUESTING PARTICIPATION*

Dear <insert title and name>,

Are outside or inside CEOs better for organizations? This question has been the centre of interest for many succession researchers and practitioners. There is no definite answer yet. However, the fact remains that more than 80% of publicly held organizations appoint inside CEOs. The success of a future CEO is usually linked to the organization's success in managing the transition period. The question of interest that remains unanswered is how heirs apparent manage the transition to the CEO position.

I am a PhD student at the Ivey Business School at Western University conducting my doctoral dissertation, under the supervision of Professor Rod White, Associate Dean of Faculty Development & Research. My doctoral thesis addresses the topic of how heirs apparent manage the transition to the CEO position. Its results will help organizations improve transitions to the CEO position. This research will assist future heirs apparent and incumbent CEOs in enhancing their transition practices and will give you a chance to have an impact on shaping the success of these transitions in major public organizations.

In order to understand the transition period and its impact on the success of future CEOs, I am conducting in-depth interviews with current CEOs of large organizations, like you, who were appointed from inside. I will cover companies from a range of different industries and locations in Canada. The interview will be based on questions revolving around how you made sense of your experience when you were designated as heir apparent. What did you expect? What was unexpected? What events affected the way you lead your organization? Who influenced you the most during the transition period? The interview will take around one hour and will be tape recorded. Your identity will be kept confidential, known only to me and my supervisor. No identifying information about your organization will be disclosed to other parties or in any publications. Only pseudonyms will be used for participants and their organizations. The only document matching actual names and pseudonyms will be password secured and kept on my personal laptop. You will also be given a summary of our interview for your approval before I use its content for data analysis.

This research is aimed at understanding a critical period in the life of organizations. Your contribution will help business students, heirs apparent, CEOs and board members benefit from having a closer look at the challenges encountered during the transition period and will improve transition practices. I would be very grateful if you would provide me with an interview and, as a sign of appreciation for your time, I commit to present you with a customized executive summary highlighting the findings of my research. I will also offer a comparison between your experience and the collective experience of other participant CEOs without revealing the identity of any of the other CEOs.

I do hope you will accept my invitation to participate in this important research and I will follow up with you shortly. In the meantime, thank you very much for considering my

---

* This letter is a standard one. I will customize the letter depending on the participant addresses and the availability of personal anecdotes related to the research topic that may enhance my chances of getting the interview.

request and if you need additional information about the research, please feel free to e-mail me at   or call me at   .

Yours truly,

Rida Elias

APPENDIX E: CHECK LIST FOR BIASES

Participant Pseudonym: _____ Date of the interview: _____

My Biases	Remarks: how will my bias affect how I interpret the respondents' statements
1. When I read the stories about this participant I felt:	
2. Heir apparency is a good succession process	
3. Heirs apparent learn during transition	
4. Learning leads to human development	
5. Heirs apparent are aware of the negative consequences of learning	
6. Upon designation as heir apparent, the executive's identity changes	
7. Upon designation as heir apparent, the executive's social context changes	
8. Upon designation as heir apparent, the executive changes the way they enact their environment	
9. Upon designation as heir apparent, the executive's interpretation of events changes (plausibility)	
10. Upon designation as heir apparent, the executive notices different cues	
11. Heirs apparent feel more powerful upon designation	
Comments:	

APPENDIX F: ETHICS APPROVAL NOTICE

Western Research

Research Ethics

Use of Human Participants - Ethics Approval Notice

Principal Investigator: ▓▓▓▓▓▓
File Number: 104332
Review Level: Delegated
Approved Local Adult Participants: 30
Approved Local Minor Participants: 0
Protocol Title: CEO Transition Dynamics And Now You Are the Heir Apparent! A Phenomenological Study to Understand How the Designation of an Executive as Heir Apparent Affects Learning
Department & Institution: Richard Ivey School of Business/Ivey School of Business,Western University
Sponsor:
Ethics Approval Date: September 26, 2013 Expiry Date: October 31, 2014

Documents Reviewed & Approved & Documents Received for Information:

Document Name	Comments	Version Date
Instruments	This is the suggested interview guide.	2013/09/03
Western University Protocol		2013/09/05
Letter of Information & Consent	Revised LOI with changes integrated in the document	2013/09/23
Letter of Information & Consent	Revised LOI with track changes	2013/09/23
Recommendations Form	Recommendations	2013/09/12

This is to notify you that The University of Western Ontario Research Ethics Board for Non-Medical Research Involving Human Subjects (NMREB) which is organized and operates according to the Tri-Council Policy Statement: Ethical Conduct of Research Involving Humans and the applicable laws and regulations of Ontario has granted approval to the above referenced revision(s) or amendment(s) on the approval date noted above.

This approval shall remain valid until the expiry date noted above assuming timely and acceptable responses to the NMREB's periodic requests for surveillance and monitoring information.

Members of the NMREB who are named as investigators in research studies, or declare a conflict of interest, do not participate in discussions related to, nor vote on, such studies when they are presented to the NMREB.

The Chair of the NMREB is Dr. Riley Hinson. The NMREB is registered with the U.S. Department of Health & Human Services under the IRB registration number IRB 00000941.

Signature

Ethics Officer to Contact for Further Information

Grace Kelly	Vikki Tran	Erika Basile
grace.kelly@uwo.ca	vikki.tran@uwo.ca	ebasile@uwo.ca

This is an official document. Please retain the original in your files.

APPENDIX G: EXECUTIVES' THOUGHT PROCESSES

CEO-D	Description of the executive's thought processes
Frank	I was like can I make a difference? It's a world class organization. Can I lead that organization
Philip	Well it's like, so now all these emotions are going through your head. It's, holy crap! I could be the CEO of The Company and you are saying temper that down. He (CEO-I Ralph) was very clear about: 'look Philip, you are really young; you have only been with us a short period of time. But we like what we see so we are going to put you through this assessment and there are two other horses in the race.'
Margaret	I said should I or should I not? And I said because, is this what I want? Do I want to lead the company and so I did not hesitate but I was stunned. I really was stunned. I said what? What do you mean, leaving in three years? You (CEO-I) just arrived and… I didn't have, to say am I going to have a balanced life. It never was this. It was am I frankly, I knew that if I was to go there, I had to commit myself for a few years and it was not a matter of saying can I be happy at The Company for a few years. I knew I would and it's been seven years now and it's just I knew I would like this company but it is not, like I said to Russell, I came in for three years and I know you don't take a CEO role for three years. You have to say okay, I am going to be doing this for a while and I needed to feel comfortable personally with that and personally with John too, because John could have been in Toronto, could have been anywhere else so you know is this a good thing. He said look, go for it, you like it; you are happy; I am happy; we like Montreal. Let's do it. So to me, it was more, if it's my path, I will make sure I'll learn as much as possible to be ready and we will see. But to me it was more to say if I get there, I will have to stick around for a few years. That was the only thing.
Stanley	Part of the selection process was my own inner thinking of do I want this role. I put my hand up. That was an obvious thing to do and really what it came down to in my thinking what do I believe, who do I believe will be the right person to lead the culture of the company and the principles of the company going forward and so in my own thought process was around not just applying to the board and meeting their expectations but making sure that I wanted to do that Clearly I can tell you that I reached the commitment personally in my head that I believed that I was the right candidate because of my history in growing the company, because of the values that we had imbued in the company and that needed to carry on as we grew the company. So that would come across in my presentation if you will. But I can tell you that there was uncertainty between the middle of December and the second of January as to whether I was going to get the role or not and that uncertainty was an interesting dynamic in your mind which is what do you if you have convinced yourself you are getting the role. If you want to role, maybe don't get it.
Wayne	Well again, you know I had been a CEO so it wasn't something on my list to say, you know, my life is incomplete. Again, it was more to the point of when he asked me was to be able to contribute more to the company and also over that period of time, I accumulated more and more shares in the company so clearly it's in my own interest to ensure that we had good leadership at the top. So that kind of built up, but there was never a commitment made to me anywhere along the line that I would be the CEO and we don't do that here. We are not a company that says there are five leaders and say you are in the race to become the CEO because you run the risk of losing the other four when you are appointed plus you could have a situation where the person or persons you identify don't perform.

APPENDIX H: DESCRIPTION OF THE PREDECESSOR BY THE CEO

CEO-D	Description of predecessor
Allen	Curtis (CEO) was put in here as a young man and the company needed a turnaround. He did a good job. He has been in the job for a long time and significantly increased the size of the company.
Bill	He (CEO-I) made a very clear statement when he became CEO. We are going to be a billion dollar company. We are going to be 10000 people. We are going to be a top 10 firm globally. And it was a vision, a dream that at the time seemed totally impossible. Come on, a 1500 person firm in Canada, and a little bit of people in the US, that was just not possible but it was his drive, his vision, his leadership that just took us, year after year in those 10 years and after the 10 years, in 2008, we had achieved it. We are a billion dollar company. It was an amazing journey.
Cheryl	She (CEO-I) grew our organization from 58 million to like a 110 million. It was massive growth for any Company. We went from being like the 20th largest in North America to being the biggest in North America
Christopher	The most challenging thing that I had to go through was trying to think of exactly what I was going to do January 1st because you have to remember, this company had done very well under him (CEO-I) and when you take on a new role, you want to make some impact in that first 90 days, 120 days, even six months
Douglas	He (CEO-I) was a highly respected individual who had grown the organization very well, turned it into a highly profitable organization. Terrence (CEO-I) was very much a great guy and just a wonderful man. And people just willingly would follow him anywhere, I would, you know great going personality
Margaret	Russell left a company that is well and ordered with the union relationship that was pure. I mean he left a company. You just turn the key into this company and the engine runs. That was the state of it and his point was: "don't make it crash because you have everything to make it beautiful". And he was right.
Phillip	The other thing is, he (CEO-I) has got a very strategic mind so he helped me with understanding how he thinks of the company and how he built the company. So the company is a different company and you have to understand the man (CEO-I) before you can understand the company and so it was really good for me.
Randall	If you think about the history of the company with Jack as CEO, it went from a very small company to a medium sized company. He grew it from 400 million in assets to when he retired at just around 17 billion in assets. So significant growth both in assets and in profitability as well. The company essentially doubled every five years.
Rodney	Barry (CEO-I) was a genius in how he took the company to the next level.
Stanley	We had grown dramatically in revenue and in number of stores and in number of employees
Wayne	He (CEO-I) took the company from one person in the 70s - which was Danny - to 68000, worldwide in 40 countries so it works

CURRICULUM VITAE

EDUCATION

- **PhD** (General Management - Strategy)**,** *Ivey Business School at Western University,* Canada.

- **Master of Business Administration** (General), *American University of Beirut*, Lebanon.

- **Bachelor of Business Administration** (Accounting/Finance), *University of Balamand*, Lebanon.

SCHOLARSHIPS, HONORS, AND AWARDS

- **2013 Robert Bertram Doctoral Research Award** ($15,000 for 1 year), granted by the Canadian Foundation for Governance Research (CFGR), a foundation established by the Institute of Corporate Directors (ICD).

- **Plan for Excellence Doctoral Fellowship**, Ivey Business School, Western University, 2008-2012

- **Award for outstanding reviewer** in 2010 and 2012 from the Academy of Management conference

- **Full assistantship** at the American University of Beirut, 1993-1995.

- Graduated with **honors** from the University of Balamand

PUBLICATIONS

- **Closing the Gap - the Changing Home Care Environment (A)** – Case (Publication Date: 7/9/2010 with Rod White at Ivey Publishing under Case number 9B10M051)

- **Closing the Gap - Facing the Future (B)** – Case (Publication Date: 7/9/2010 with Rod White at Ivey Publishing under Case number 9B10M052)

- **Closing the Gap A & B** – Teaching Notes (Publication Date: 7/9/2010 with Rod White at Ivey Publishing under TN number 8B10M51)

CONFERENCE PRESENTATIONS

- Elias, R. (2014). **And now you are Heir Apparent! A conceptual paper to explore how the designation affects learning.** Academy of Management Annual Meeting, Philadelphia, Pennsylvania, August 2014.

- Elias, R & B. Farah. (2014). **A conceptual paper with an observational learning perspective to understand how Heirs Apparent learn from CEOs**. ASAC, Muskoka, Canada, May 2014.

- Elias, R.; B. Farah; & N. Nasr. (2011), **Why certain theories become self-fulfilling and not others? A Prospect theory approach**, ASAC, Montreal, Canada, July 2011.

- Elias, R. (2010), **The characteristics and performance of Japanese FDI in the Persian Gulf**, Academy of International Business (AIB) – MENA conference, Dubai, UAE, December 2010.

ACADEMIC EXPERIENCE

- **Co-led** three one-day case writing and case teaching workshops for faculty members from *Lebanese American University* (LAU), *Notre Dame University* (NDU), and *Haigazian University* (HU), July 2011.
- **Instructor,** *Haigazian University***,** 2001 to 2008, Beirut, Lebanon.
- **Instructor,** *American University of Beirut***,** October 1997 – Feb. 2006, Beirut, Lebanon.
- **Instructor,** *Haigazian University – Adult Education Program***,** October 2001 to July 2008, Beirut, Lebanon.

MANAGEMENT EXPERIENCE

- **Management Consultant**, *ma.ven.s,* July 1996 – Feb. 1998, March 1999 – Jan. 2004, Dec. 2005 to July 2008, Beirut, Lebanon.
- **Director – Market Research**, *Information International,* Jan. 2004 – Dec. 2004, Beirut, Lebanon.
- **Product Manager**, *Middle East Infosearch,* March 1998 – Feb. 1999, Beirut, Lebanon.

TRAINING & DEVELOPMENT EXPERIENCE

- **ma.ven.s, March 1999 – Jan. 2004, Dec. 2005 to July 2008, Beirut, Lebanon:** Prepared, developed, delivered or co-delivered more than hundred training modules on management behavioral skills.
- **Independent, July 2005, Beirut, Lebanon:** Prepared and delivered training on "Promotion and Marketing Strategies" for the marketing department staff members of a major telecom player in Saudi Arabia.