KICKED OUT BUT UP AND RUNNING: JOINT EFFECTS OF PERSONALITY AND POSITIVE REAPPRAISAL ON FOUNDER-CEO ENGAGEMENT AFTER TRANSITION (SUMMARY)

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Principal Topic

Scholars have argued that the transition from a Founder-CEO to an outsider is potentially the most critical succession event in the history of the firm (Hofer and Charan, 1982; Haveman and Khaire, 2004). Extensive research shows that organizational leaders, especially leaders at early stages of a business, have strong influences on company culture, strategic direction, and profits (e.g. Dalton and Kesner, 1984; Wasserman, 2001).

Our broad research question is: What predicts founder-CEOs engagement after the transition event. For this largely unexplored research area, we start by examining personality effects. Decades of research show personality factors, especially the Big-5 personality, to predict a wide range of work behaviors including absenteeism, organizational citizenship behaviors, and ultimately work performance. As transitions are highly charged emotional events, we concentrated on Big-5 personality factors linked to people's emotional responses, namely those of extraversion, neuroticism, and agreeableness.

Methods/Key Propositions

Using VentureExpert, we identified transitioned CEOs of firms that went IPO over the last 10 years. Through VentureExpert, we also collected information of the firms, including founding date, industry, number of founders, and indicators of firm performance. As most of the transitioned CEOs are no longer with their firms, we used Internet search, social media, and other sources to track their email addresses. We then sent these CEOs a web survey containing a number scales including: personality (BFI), positive reappraisal (Cognitive emotion regulation questionnaire), and work engagement (Schaufeli et al. 2002).

Results/Implications

In this paper, we found that joint personality (extraversion, neuroticism, and agreeableness) and positive reappraisal predicts level of transitioned founder-CEO engagement. Notably, strength of positive relationship between engagement and positive reappraisal is stronger for high reappraisal individuals as compared to their low positive. Surprisingly, low extraversion and low positive reappraisal jointly predicted higher engagement levels as compared to low extraversion and high reappraisal. Supporting our hypotheses, for both neuroticism and agreeableness negatively predicted engagement for low positive reappraisal individuals. In sum, the paper shows that personality does in fact predict engagement levels of transitioned founder-CEOs. To the extent that transitioned founder-CEOs are meaningfully engaged in their ventures, ventures can benefit for their knowledge, contacts, skills, and deep understanding of the organization; the organization can also benefit from talents in-coming CEOs bring with them.

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