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CHANGING THE GUARD

How Origin of New Leader and Disposition of Ex-Leader Affect Group Performance and Perceptions

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Nearly all groups face a change of leaders at some point in their existence. However, there is little agreement about the impact of leadership turnover on the group or the conditions that create the most positive transition. In a 2 × 2 factorial design, groups that had worked on one task under one leader were assigned a new leader who either came from within the group (origin of new leader) or from outside the group. The ex-leader either remained as a member of the group or exited (fate of ex-leader). The groups then worked on a second task under the new leader. The results indicated that leadership turnover per se did not have a significant effect on group performance. However, when turnover occurred, performance was highest when the new leader came from within the group and the ex-leader remained. Members indicated that the internal leader adopted a more people-oriented approach when the ex-leader remained in the group than when he or she left. However, the presence (or absence) of the ex-leader had no effect on the perceived style of the outside leader. Although members were more attracted to the group when leadership turnover occurred than when it did not, there was no difference in attraction between the various turnover conditions.

Gilmore (1988) observed that the rate of leadership turnover in organizations is increasing. In support of this position, he cited data from 100 large corporations indicating that the incidence of leadership change tripled when comparing 1960 to 1964 with 1980 to

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1983 ("Turnover at the Top," 1983). However, Gilmore concluded that it is unclear whether or not corporations should be alarmed or calmed by this growing trend.

Most groups, whether large corporations or small informal units, are faced with leader turnover at some point, and anticipating the impact of this change is important. The equivocal conclusion reached by Gilmore grows out of the fact that leader turnover unleashes two competing forces within groups. On one hand, leader turnover often brings fresh ideas to the group, encourages an examination of past behaviors and future goals, and creates energy that can be focused on positive change (Davidson, Worrell, & Cheng, 1990; Helmich, 1974; Helmich & Brown, 1972). Agency theory, therefore, predicts that leader turnover should be accompanied by better performance and increased group cohesiveness (Jensen & Meckling, 1976; Walsh, 1988). Turnover, however, can also be disruptive, creating uncertainty because the new leader will not recognize implicit contracts and norms and requiring "down time" as the new leader learns the group culture. The strategic management approach predicts that leader turnover will lower group morale and reduce group performance (Hirsch, 1987; Pitts, 1976; Virany, Tushman, & Romanelli, 1992).

Recognition of these competing tendencies led investigators to argue that the ultimate impact of leader change will be determined by the conditions under which the turnover occurs (Cannella & Rowe, 1995; Furtado & Rozeff 1987; Haveman, 1993). Attempts to identify factors that might influence the impact of leadership turnover have most frequently focused on two variables involved in all turnover situations: origin of the new leader (inside/outside) and the disposition of the old leader (remains in group/absent from group). Although there is agreement about the importance of these two variables (Gamson & Scotch, 1964; Gilmore, 1988), there is considerable disagreement about the effects they will have on the group or organization (Grusky, 1960, 1963). The "smooth transition" position argues that the turnover that necessitates the least disruption in the group will have the most positive impact on the group. According to this view, the combination of an inside leader with the old leader remaining in the group should result in the

smoothest transition because no membership change occurs in the group and least learning is required on the part of the new leader. Furthermore, the ex-leader is a source of knowledge and a symbol of stability (Cannella & Hambrick, 1993). However, the facilitative change position holds that the most positive impact on the group occurs when the turnover is disruptive and forces the group to change its structure and procedures (Miller, 1993). An outside leader combined with the ex-leader leaving the group should be most disruptive to the group. The new leader brings new experience and perspective to the group, and the departure of the ex-leader not only reduces the possibility of divided loyalties in the group but frees the group to change without concern of offending the ex-leader (Fama, 1980; Friedman & Singh, 1989).

Studies on each of these variables have yielded contradictory results. For example, Allen, Panian, and Lots (1979) found that internal successions of managers was less likely to disrupt baseball team performance than external successions. Brady and Helmich (1981) found greater organizational improvement in hospital management teams following internal successions as compared with external successions. On the other hand, Chung, Lubatkin, Rogers, and Owens (1987) reported that stock prices of U.S. corporations increased substantially when high-performing firms announced the replacement of chief executive officers (CEOs) with outsiders.

Conflicting results are also reported when disposition of the ex-leader is examined. Reinganum (1985) found that significant increases in stock price occurred when the successor was an outsider, the firm was small, and the previous officeholder left the firm. Alternatively, Cannella and Hambrick (1993) provided evidence that predecessors should remain, if at all possible. They found company productivity was highest when the ex-leader remained in the company following leadership change. The ex-leader provided a stabilizing force and enabled production to continue as workers adjusted to a different leader. Support for this position was also provided by Pitts (1976), Ravenscraft and Scherer (1988), and Lowenstein (1983), who argued that the loss of substantive experience may not be easily accommodated.

Taken as a whole, the research in the area is both intriguing and confusing. There are a host of possible explanations for the competing results. One explanation focuses on the general approach that has been adopted to study leadership turnover. Much of the research employed case studies of organizations. The organizations vary along many dimensions, and the dependent variables have been equally diverse. As a result, patterns that occur in baseball teams using won-lost records must be compared with those found in large corporations where stock prices are the dependent measure. Although this diversity enhances generalizability when the results of the studies are compatible, it creates confusion when the results are contradictory. A second issue is that, in most cases, each study has examined only one independent variable, either origin of the new leader or disposition of the old leader. This situation prohibits examination of the interactive effects of the two variables, which are theoretically interesting. For example, the smooth transition position predicts that the combination of inside new leader/ex-leader remains in the group should create the most positive group condition, whereas the facilitative change position identifies the outside new leader/ex-leader departs as creating the most conducive group atmosphere. Furthermore, by examining the two variables in a single study, it is possible to examine a broader array of important issues. For example, when the ex-leader must remain in the group, will an inside or outside new leader be most beneficial to the group (see Cannella & Rowe, 1995; Miller, 1993)

To accommodate these questions, the present study examined leadership turnover in controlled laboratory conditions, the origin of early research on leadership turnover (Lewin, Lippett, & White, 1939). The aim was to determine the impact of leader origin and fate of ex-leader on group performance and group cohesiveness when other variables (e.g., nature of the group, task, size, reason for turnover) were controlled. In the present study, groups worked on an initial task under an appointed leader. After completion of the task, a new leader who came either from inside the group or outside was assigned, and the ex-leader either remained in the group or was removed. The group then worked on a related task under the new leader, and performance and perceptions were measured after

completion of the final task. Based on previous research, there was no reason to expect that simply changing group leaders would have a clear impact on the group. However, when leader change did occur, it was predicted that those conditions that were most likely to create a smooth transition would result in the most favorable group performance. That is, the most positive impact of leader change should be found in the case where the leader was promoted from within the group and the ex-leader remained in the group. According to the smooth transition hypothesis, performance and member comfort with the group should be inversely related to the degree of disruption and conflict created by leader change.

METHOD

PARTICIPANTS

Subjects were 251 introductory psychology students at Texas A&M University who gained partial course credit for their participation. Subjects were placed in groups of five or six people and randomly assigned to one of the five conditions. Same-sex groups were used to avoid issues related to sex of leader and group member. There was a total of 45 groups with nine groups per condition.

EXPERIMENTAL TASK

Our aim in choosing a task was to find one that was involving for subjects, produced a group product that could be measured, and offered the leader an opportunity to influence the group process used to reach the final outcome. It was also important that the task requirements and group goals be consistent across the two leader sessions (old and new leader), that the task not require significant start-up time when the new leader entered the group, and that the group be able to develop a procedure for working on the task under the first leader. These guidelines were adopted for several reasons. First, they mirror the situation faced by many leaders who enter an ongoing group or organization. The group (or organization)

members are familiar with the task, and the new leader may change group structure or group procedures to maintain or enhance productivity. Second, we were concerned that task requirements not be so pervasive that they would swamp the impact of our succession variables. For example, a complex task involving significant start-up or learning time would give a decided advantage to an internal leader with task experience.

PROCEDURE

Subjects arrived at the experimental room in same-sex groups. A male experimenter informed them that the purpose of the study was to investigate how people interact and form strategies on group tasks. They were told that decision making was a critical component of many work groups in organizational settings and that they would be engaging in two decision-making tasks.

After this brief introduction, the subjects were informed that they would be assigned to work teams, but before doing this, they were to complete a questionnaire designed to measure leadership potential. They were told that a leader would be assigned to their group based on responses to this questionnaire. Actually, the questionnaire was bogus and did not influence leader selection. However, it was important that subjects believe that the group leader was chosen on the basis of personal traits rather than on the basis of group or individual performance. This procedure avoided disagreements about who had contributed to group productivity and eliminated the possibility of members campaigning for the leader position.

After subjects completed the questionnaire, the experimenter introduced the NASA Moon Survival task. This task has been used in previous research on group leadership, and pretesting found it to be involving to subjects. The goal was to rank-order 14 items that a team would need to survive after it crashed on the moon. Subjects were requested to develop their own individual ranking while the experimenter formed work groups and chose leaders. When the experimenter returned, he divided the subjects into teams of five or six people. Although there were several teams, subjects were

informed that the teams were not in competition, and the responses of the various teams would not be compared. The leader was then designated in each group; the choice of leader was actually accomplished by random assignment. Subjects were told that they would work under this leader for the first task and that a new leader would be assigned for the second task.

Leaders were instructed that their primary goal was to direct the group in ranking the first seven items of the NASA form with the aim of achieving a final group decision. No instructions were given as to the procedure to be used for arriving at the group decision. On completion of the task, group members completed individual questionnaires on which they rated the task, their attraction to the group, and the leader. The task was rated on three 7-point bipolar adjective pairs (interesting/not interesting, easy/difficult, engaging/not engaging). With regard to the group, subjects were asked to respond on 7-point scales to two questions: "How attracted are you to your group?" (*very attracted—not at all attracted*), and "How much do you desire to work with your group on future tasks?" (*very much—not at all*). Finally, subjects rated the group leader on several 7-point bipolar adjective pairs (*democratic/autocratic, efficient/inefficient, successful/not successful, task oriented/people oriented, intelligent/not intelligent, competent/not competent*).

At the start of the second task, a new leader was assigned to the group, and the group was told to rank-order the remaining items on the NASA Moon Survival task. Depending on the condition, new leaders were either promoted from within the group (internal succession) or brought in from an outside group (external succession). The ex-leader either remained in the group (remain) or was taken out of the room (leave). A control condition was included to examine the overall impact of leader change. In this condition, groups worked on the second task under the direction of the same leader they had on the first task. All other procedures in this condition were similar to the leader change conditions.

The second task proceeded as did the first. The instructions to the second leader were the same as the instructions given to the first leader. After completion of this task, the subjects again completed a questionnaire indicating their rating of the group, task, and leader.

Following completion of the questionnaire, the subjects were debriefed and dismissed. The design, therefore, was a 2×2 factorial with a control condition. Groups worked on the second task with a leader who had either been promoted from within the group or came from outside the group. The ex-leader either remained in the group as a group member or left the group. The control condition involved the group working on the second task with the same leader who had presided over the group on the first task.

RESULTS

Overview. Because groups were randomly assigned to conditions and group members interacted during the session, group means served as the unit of analysis. No differences were found for sex of subject or group size (5 or 6 people). There were also no differences between the conditions with regard to group, task, or leader ratings on the first task. Therefore, the groups were comparable prior to the leader succession manipulations, and analyses were collapsed across group composition.

Group performance. A major point of interest was in how change in leaders affected group performance. As can be seen in Table 1, several interesting patterns emerged from the overall 2×2 (with an external control group) ANOVA. First, in groups where there was a change in leader, the internally promoted leader created a better performing group than the leader who was imported from the outside, $F(1, 40) = 5.06, p < .01$. There was a trend for ex-leader assignment, $F(1, 40) = 2.33, p < .10$, indicating that group performance was higher when the ex-leader remained in the group as opposed to leaving the group. The interaction between the four leader-change conditions was not significant ($F < 1, p = \text{n.s.}$). Internal comparisons employing a Duncan's Multiple Range test revealed that when the ex-leader remained in the group, performance was significantly ($p < .05$) higher when the leader was promoted from within than when he or she came from outside.

Table 1: Group Performance on NASA Task

		<i>Origin of New Leaders</i>	
		<i>Internal</i>	<i>External</i>
Predecessor	Remains	13.33 _a	16.67 _b
		<i>SD</i> = 2.01 (<i>n</i> = 9)	<i>SD</i> = 2.00 (<i>n</i> = 9)
Reassignment	Leaves	15.78 _{a,b}	17.79 _b
		<i>SD</i> = 1.40 (<i>n</i> = 9)	<i>SD</i> = 1.90 (<i>n</i> = 9)
	Control	16.00 _{a,b}	
		<i>SD</i> = 1.60 (<i>n</i> = 9)	

NOTE: Performance score computed by computing the absolute difference between group decision and correct answer. Higher means denote poorer performance. Means without a common subscript are significantly different using Duncan's Multiple Range Test ($p < .05$).

However, when the ex-leader exited the group, there was no significant performance difference due to the origin of the new leader.

Turning to the question of the overall impact of leader change, there were no significant differences between the control condition, in which there was no leader change, and those conditions where the leader did change. However, a trend, $F(1, 40) = 3.86, p < .07$, in the data did indicate that groups performed better in the Internal Origin-Ex-leader Remains condition than in the condition where no leader change occurred.

Group and task ratings. The literature on leader change posits several possible results that might be associated with change and performance. One is that the disruption that accompanies change may reduce members' attraction to the group and reduce their appreciation of the group task. To examine these possibilities, subjects were asked to rate the task on three dimensions (interesting, difficult, engaging). The analysis of these responses revealed no differences ($p > .20$) between any of the conditions, leading to the conclusion that leader change and the structural conditions surrounding the change had no impact on perceptions of the task.

Two questions asked subjects to rate their attraction to the group. Subjects indicated that they were significantly more attracted to their group, $F(1, 40) = 4.30, p < .05$, and had greater desire to work with the group in the future, $F(1, 40) = 5.32, p < .01$, when there was a change in leaders than when there was no change in leaders. There were no significant differences in subjects' responses between the conditions involving leadership turnover ($F < 1, p = \text{n.s.}$). Although leader change did not necessarily enhance group performance, the change, regardless of the type of change, increased attraction to the group. Of further interest is that there were no significant correlations between attraction to the group and group performance.

Perceptions of leader behavior. Subjects were asked to rate the leaders on several dimensions (democratic/autocratic, efficient/inefficient, successful/not successful, task oriented/people oriented, intelligent/not intelligent, competent/not competent). There were no differences in the ratings of the first leader in the initial session. However, in the second session, the new leader was seen as significantly more people oriented when the ex-leader remained in the group than when he (she) left the group, $F(1, 40) = 3.99, p < .05$. Furthermore, the new leader in the Internal Origin-Ex-leader Remains condition was viewed as most people oriented ($p < .05$). There were no other significant differences on other leader-trait rating questions.

There were, however, some interesting patterns in subjects' ratings of the perceived contributions of the leaders. Overall, the ex-leader was viewed as contributing more in the first session than in the second session, $F(1, 16) = 46.52, p < .01$; computed only for Ex-Leader Remains conditions. And the new leader was seen as contributing more to the group in the second session than in the first session, $F(1, 16) = 48.44, p < .01$; computed only for inside promotion conditions. These differences were expected and reveal that the person was seen as contributing more when he or she was in the leader role than when not in this role. However, it is striking to note that the smaller the reduction in the perceived contribution of the ex-leader from first to second session, the greater the perceived contribution of the external new leader in the second session

($r = -.65, p < .01$). There was no relation between the difference in contribution of the ex-leader and contribution of the internal new leader in the second session ($r = -.01$). In other words, subjects seemed to perceive some competition between the ex-leader and new external leader. This perception was further evident in the fact that subjects viewed higher contributions from the ex-leader in the second session as positively related to ratings of how well the group worked together ($r = .70, p < .01$) with an internally promoted leader. However, there was a nonsignificant reversal ($r = -.25$) in this relationship when the new leader came from outside the group.

Related to these results were the correlations between the perceived contributions of the ex-leader and attraction for the new leader. Greater contributions by the ex-leader in the second session were associated with lower ratings (satisfied, like, intelligence) of the new external leader ($r = -.64, p < .05$). However, there was no association between the contributions of the ex-leader and rating of the new internal leader ($r = .19$). Furthermore, the degree of perceived contribution of the ex-leader was not significantly associated with group performance in either internal or external new leader conditions. Overall, subjects seemed to feel that contributions from the ex-leader were beneficial to the group with an internally promoted new leader. On the other hand, contributions from the ex-leader were not beneficial to the group, and they were associated with the behavior of the new leader, in the external promotion condition. And a high contributing ex-leader was associated with lower ratings of the new external leader.

DISCUSSION

Overall, the results of the study support the position (Gilmore, 1988) that leadership turnover will not necessarily have a noticeable impact on group performance. However, group members were more attracted to groups when turnover occurred than when there was no leader turnover. Why attraction increased is not immediately clear, but some previously proposed explanations can be addressed. Agency theory posits that turnover will have a positive impact on group cohesion because it allows for the removal of

incompetent leaders and offers groups an opportunity to set new goals (Fama, 1980; Jensen & Meckling, 1976). There was no support for these explanations in the present situation, given that ratings of the previous leader were not related to attraction under the new leader and group goals did not change with the introduction of a new leader. On the other hand, several investigators (Fama, 1980; Moreland & Levine, 1982; Worchel, Coutant-Sassic, & Grossman, 1992) have suggested that any signal that the group is in transition from one phase to another will often generate increased interest in and commitment to the group. Leader turnover may be one of the events that signal a group transition period. Regardless of the reason, the data suggest group performance and attraction to the group may be affected differently by leader turnover.

When groups are faced with a change in leader, the present study suggests that the combination of an internally promoted leader and the ex-leader remaining in the group will have the most positive effect on group performance. Furthermore, when the ex-leader remains in the group, the promotion of an internal leader leads to better group performance than the introduction of an outside leader. These data support the smooth transition approach that argues that the most positive impact on group productivity occurs when leadership turnover creates the least disruption in the group. The internal leader/ex-leader remains condition maintains stable group membership, while requiring only a change in roles. Furthermore, Cannella and Rowe (1995) have argued that the ex-leader (who remains in the group) will be especially influential with an internal leader, encouraging him or her to honor existing commitments and develop a concern for group structure. The relationship between the ex-leader and outside leader will be more contentious and competitive, however. This position was also supported by the finding that when the ex-leader remained in the group, the members perceived the new internal leader as more people-oriented. The ex-leader remaining in the group did not have this effect on the external new leader. Furthermore, the fact that the level of contribution by the ex-leader was positively associated with the perceived contributions of the outside new leader but negatively related to ratings of the outside leader may indicate subjects' perception of an uneasy relationship between these two members. The ex-leader's

perceived contribution was not related to ratings of the new internal leader.

Having made these points, a number of cautions are in order to place the study in its proper perspective. One issue concerns the task used in the study. The modified NASA Survival task was used for several reasons. It ensured that the groups would be working on the same task under both leaders, and the task requirements were not so pervasive that they would necessitate significant start-up time. The task allowed the group to develop a work procedure (how decisions would be made) that might or might not be continued by the second leader. Pretesting found that the task was interesting, and fatigue over time was not a factor. There are, however, several limitations of this task that must be noted. First, the product is a group decision rather than tangible output. The individual behavior and group structure required to achieve a decision are different from those involved in creating a tangible product. Second, the decision rule (unanimous, majority rules, leader rules) adopted by the group can affect the performance; depending on the decision rule, for example, a single person can affect whether or not the group produces a correct solution. In addition, the similarity between the tasks in the two phases made it unlikely that the new leader could implement sweeping changes in the group structure or task approach. Finally, little role differentiation was necessary to produce a group product in the present task. Hence, there was no need to determine individual expertise or to create training opportunities for group members. These task characteristics make it difficult to apply the present results to groups whose goal is a tangible product. Clearly, additional research should be aimed at determining how task requirements influence the impact of leadership turnover.

It is also important to recognize the nature of the groups and the rules of leadership turnover in the present study. The group's tenure was one of short duration. Leader change was required by the situation and not based on a group decision or the performance of the initial leader. The leader was chosen by the group. The power of the leader was limited so that he or she could not punish or remove

members from the group. Although these conditions can be found in some situations, they do not characterize many other group situations. It, therefore, is important to expand this research to other types of groups, operating under various structures and leader roles.

Given these caveats, the present study is best cast as an exploratory examination of several of the issues raised by previous field and case studies on leadership turnover. The results emphasize the need to examine both the origin of the new leader and the disposition of the ex-leader within the same framework and to consider group performance and member attitudes simultaneously. Overall, the precautionary notes that must be raised with this approach illustrate the complexity of leader turnover but do not diminish its importance for understanding group behavior. Controlled research under more minimal conditions can be employed in conjunction with case studies to identify and examine the effects of variables central to leadership turnover.

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