

## **Strategic Action After Succession: The Behavioral Governance of CEO Trait Divergence**

### **ABSTRACT**

#### Research Question/Issue

CEO succession is a pivotal governance event that can entrench existing strategies or catalyze renewal. This study examines how psychological trait divergence between outgoing and incoming CEOs—across conscientiousness, openness, extraversion, agreeableness, and locus of control—shapes strategic change versus continuity in firms' competitive actions. Conceptualizing succession as a relational behavioral-governance process, we analyze how trait alignment and divergence jointly condition post succession outcomes.

#### Research Findings/Insights

Using dyadic data from 304 Kenyan enterprises, we find that divergence in extraversion, openness, and locus of control is associated with greater post succession strategic change, whereas similarity in conscientiousness sustains stability but may constrain flexibility. Curvilinear effects indicate diminishing returns at very high trait levels, whereas agreeableness exhibits context-dependent effects, underscoring the nonlinear nature of trait interactions.

#### Theoretical/Academic Implications

The study extends Upper Echelons Theory by advancing a dyadic, trait-divergence framework that conceptualizes succession as a relational cognitive process rather than an individual effect. It also refines imprinting theory by showing how predecessor dispositions embed behavioral norms that condition successor adaptation.

#### Practitioner/Policy Implications

Boards and nomination committees can actively manage psychological continuity and selective divergence to balance institutional memory with strategic flexibility and long-term competitiveness.