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WILL PRESENT A RESEARCH SEMINAR ON

Institutional Logics in Corporate Governance:
Attributing for Poor Performance and Insider versus Outsider CEO Succession in Large U.S. Firms, 1960-2007

ABSTRACT

This research proposes that outsider CEO succession represents a board of directors’ activism against the incumbent leadership in the combined situations of the firm’s poor performance and non-conformity to institutional logics. Under these situations, directors are likely to attribute performance problems to management, withdraw support from the current strategic leadership, and consider selecting outsider CEOs for strategic change toward logics. I examine large U.S. Fortune companies from 1960 to 2007, when the field in which these firms were embedded featured the successive dominance of two institutional logics, namely a finance logic emphasizing conglomerate growth for short-term earnings and a shareholder-value logic emphasizing corporate refocusing for firm market values. The quantitative analysis shows that the shift in logics led to different antecedents and consequences of CEO succession. Under the finance logic, directors selected an insider CEO even during poor performance in cases where the departing CEO focused attention on conglomerate growth, and they maintained support for the existing growth strategy. Under the shareholder-value logic, directors tended to select an outsider CEO during poor performance, but they did so particularly in cases where the departing CEO focused on conglomerate growth, redirecting firm strategy to implement refocusing. Therefore, this research shows that the characteristics of institutional logics constitute an environmental contingency for board involvement in strategic management.

ALL ARE WELCOME
Short Bio of Dr. SHIN Shoonchul

Shoonchul Shin is a sociologist with research and teaching interests in organizational theory, macro-organizational behavior, business strategy, and entrepreneurship. He studies how organizations, the fields in which they are embedded, and their interests and practices evolve. He is currently working on three major research projects. The first explores how chief executive succession and its consequence for strategy can be influenced by historically prevailing conceptions about what an efficient firm is and does. The second examines the historical contingency of shareholder primacy by demonstrating temporal variations in the benefits that a firm and its managers can obtain from promoting shareholder value-friendly strategies. The third explores how public news media can help new kinds of organizations to get categorized, legitimated, and survived. He received his Ph.D. in sociology from the University of California at Berkeley in 2016. At present, he is a postdoctoral fellow at Western University Ivey Business School in Canada.