Journal of the Knowledge Economy
https://doi.org/10.1007/s13132-024-02116-3

Permanently Rotate the Winning Team

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Received: 11 May 2023 / Accepted: 17 May 2024

Abstract

International business is highly dynamic, diverse, and innovative. In such an environment, the institution of a single CEO exhibits several major drawbacks: The interests and strategies of the CEO and other top managers are often not well aligned, allocating so much power to one person is risky, and the change of a CEO entails large costs due to discontinuities in strategy. The standard alternative to a single CEO is a top management team working collectively. Its decisions tend to be poorly focused and insufficiently implemented as its members often cater more to the interests of their department or service unit than to the success of the whole firm. Based on a comparative economic analysis of the top-managers' incentives, we argue that a novel governance institution of a rotating chief executive officer is better adapted to international business. Our proposal combines the two traditional systems by regularly rotating the CEO position among the members of a leadership team. The special interests of the various branch managers are checked as they are integrated into pursuing the overall goals of the firm. Rotation contributes to overcoming the specific interests and silo mentality of the various sections and departments in a firm. We discuss how the new institution can be designed, assess its most important advantages and the problems involved, and relate it to other rotating leadership systems in the modern economy, in history and in politics.

Keywords Corporate governance · Organization · Institutional economics · Political economics · Leadership

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Published online: 27 September 2024

JEL Classification P12 Capitalist Enterprises · P16 Political Economy · M12 Personnel Management · Executives · Executive compensation

Introduction

In the increasingly dynamic and diverse international business environment, the concentration of power and responsibility on the CEO as a single leading person is progressively problematic. While one individual is often overburdened by the huge diversity of issues to be solved and tasks to be fulfilled, strong leadership is still required. Thus, returning to the formerly widely used more collective organization with a leading executive team is no solution. Given that both institutions have advantages and disadvantages, we propose a new combination of these two systems: *rotating chief executive officers* (R-CEOs). This is based on a small group of collective leaders, who rotate through the position of CEO, each for a short period. This institution overcomes several of the problems in the present system of a single CEO while retaining some of the advantages of a more equal and collaborative system.

This paper contributes to the literature by providing a comparative economic analysis of the R-CEO and the single CEO systems by focusing on the top-managers' incentives. It deciphers the many advantages of the R-CEO system, investigates why the system is despite of its potential not yet more widespread and discusses some important examples of rotating leadership in history and in politics, which illustrate that rotating leadership has been successful and sustainable in different environments and over long periods.

The remainder is organized as follows: the "Evolving Problems with CEOs" section discusses the problems arising with traditional CEOs in the currently evolving international business environment. The "Related Literature" section assesses some of the major proposals made in the academic economics and business literature and practice to deal with the problems of one single individual dominating a firm. The "Rotating Chief Executive Officers" section discusses how the institution of R-CEOs here proposed may be constructed. The "Rotating CEOs: A Fruitful Development" section argues how an R-CEOs system can mitigate or even solve the various shortcomings of the presently dominant arrangements of a CEO. The "Related Rotating Leadership Systems" section shows that rotation played a significant role in various leadership systems in the economy and the polity, including important historical cases. The "Conclusions" section presents an overview of our proposal and concludes.

Evolving Problems with CEOs

Current Situation

Establishing the position of a CEO is confronted with various problems, as innumerable media reports tellingly illustrate. Selecting one person to lead a firm is risky because his or her success in this role is difficult or even impossible to predict. Once in power, a CEO may exert excessive influence and may abuse it to his or her personal advantage rather than to the benefit of the firm. This results in very large salary differences between the CEO and other managers and employees of the firm. Due to their prominent positions, CEOs tend to overestimate their capabilities and fall prey to overconfidence (e.g., Malmendier & Tate, 2005). This may lead to the firms taking excessive risk. Open discussions within the management are not welcomed. Ideas and suggestions by other managers are not sufficiently fostered or are even disregarded, resulting in a loss of team spirit both in the management and among lower-level employees. Usually, the CEO is not the best in every possible aspect of management. The firm tends to be shaped to suit his or her specific strengths while productive interaction between managers with other skills is neglected. However, evaluating the performance of a CEO is difficult as there is rarely an obvious counterfactual. Thus, evaluations are often affected by an outcome bias (see, e.g., Camerer et al., 1989): the absolute performance of the firm is given too much weight in the assessment of the CEO's performance.

Another unhealthy consequence of such a prominent position is that many CEOs are unwilling to invest time and effort in developing managers who are capable to succeed them. They cannot imagine that anybody else can do the job as well or even better, and they fear that identifying potential successors early could endanger their own position. Therefore, CEO succession planning is a critical process that many companies either neglect or mishandle. The succession is therefore often reactive and separated from the wider system of management and talent development (see, e.g., Bilgili et al., 2020). This approach bears significant risks: potentially good candidates may not be given sufficient time or opportunities to develop their abilities, unpolished talent can be overlooked, and companies may gain a bad reputation for not developing their management.

Evolving Variety

So far, the widespread use of the CEO model implies that the disadvantages of having a CEO have been overcompensated by the respective advantages. But there are many arguments for the disadvantages to grow and the advantages to shrink.

The increasing dynamics and diversity of problems which are typical for international business in quickly growing world markets make it increasingly difficult for one person to take the most important decisions correctly. The more complex and the less clearly structured problems become, the more important is an open-minded search for opportunities, a balanced evaluation of all possible solutions, and a failure-correcting decision process.

With such developments, it is likely that the role of leadership is also changing. Thus, the old institutional structures of leadership must be suitably adapted. An open discourse within firms is becoming more important. However, an open discourse only evolves when power structures and dependencies can be overcome, thus undermining the CEO system, which relies on high centralization of power.

As it is unlikely that a specific person is the best CEO for all likely states of the world, it is to be expected that with increasingly dynamic markets and environments

CEOs will be changed more often to try to optimize the CEO's fit with the problems facing the firm. This is already clear from the fact that the time span of CEOs tenures is diminishing. Comparing the period 1992–2000 with 2000–2007, Kaplan and Minton (2012) find that a CEO's average tenure decreased from below 7 to less than 6 years, i.e., by about 14% over 8 years. While this is quite a large change, it seems to reflect a general and ongoing trend of decreasing CEO tenures. For outgoing CEOs, the mean tenure was 6.6 years in 2010 versus 8.1 in 2000. In particular, the length of planned tenures—in which the CEO departs on a date that has been prearranged with the board—has dropped by 30% over 11 years, from 10 to 7 years (Favaro et al., 2011). During the more recent 5-year period 2013–2017, the median of CEO tenure at US large-cap companies decreased by a full year—from 6.0 years to 5.0 years (Marcec et al., 2018).

Growing cultural diversity within firms strengthens centrifugal forces. To integrate the various parts of firms, it is becoming more important not only to monitor and incentivize decentralized units and their members but also to strengthen their intrinsic motivation to serve the common interest within the firm.

The next section considers whether, and to what extent, these issues and potential countermeasures have been discussed in the academic economics and business literature.

Related Literature

In economics, Shleifer and Vishny (1997) provide a valuable survey of the general issues of corporate governance, but they only indirectly discuss the specific role of CEOs. The broad review by Bertrand (2009) argues that entrenched and cognitively biased CEOs may cause the activities of a firm to deviate systematically from the maximization of firm value. Literature on leadership in management science also suggests that a single CEO in a firm may be destructive, bad, or abusive (e.g., Aasland et al., 2010; Akbar et al., 2021; Bligh et al., 2011; Hasija et al., 2017; Kellerman, 2004, 2012; Schyns & Schilling, 2013; Shi et al., 2020; Verstein, 2020). Overall, the CEO selection mechanism by boards might not be the best choice in contrast to principals choosing the CEO (Khurana, 2004). In various organizational structures, especially with lower organizational complexity, principals take this decision (Federo et al., 2021). R-CEOs have the potential to compensate for adverse effects in both approaches.

CEO positions in many firms have become so complex that they seem to have outgrown their traditional one-person boundaries. Modern CEOs must address multiple escalating and often conflicting economic and social expectations that vary both within and between stakeholders over time. Under the traditional dominant singular CEO system of top firm leadership, however, significant gaps have grown between firm performance and societal expectations (Hasija et al., 2017, Tan, 2022). We suggest that one way to increase the chances that CEOs may make both more responsible decisions and fewer irresponsible ones is to share the CEO position. Such collaboration reduces the isolation of the singular CEO and thus offers better commercial and social outcomes. However, frequent CEO changes have been found not to be conducive to firm performance (Akbar et al., 2021).

Reviews of the literature in management science (e.g., Bennett et al., 2003; Bolden, 2011; Denis et al., 2012; Gronn, 2002, 2008; Kocolowski, 2010; Pearce et al., 2008) show that shared leadership has been practiced in various forms for centuries (Sally, 2002), but indicate that research on the subject is still in its infancy. A large proportion of studies on shared leadership are in healthcare (Jackson, 2000; Konu & Viitanen, 2008; Merkens & Spencer, 1998; Spooner et al., 1997; Steinert et al., 2006) and education (Boardman, 2001; Hall, 2001; Meyers & Johnson, 2008; Prather et al., 1988; Rice, 2006; Wallace, 2001). There are a few studies outside these two domains, in new ventures (Ensley et al., 2006), road maintenance teams (Hiller et al., 2006), churches (Wood, 2005; Wood & Fields, 2007), equipment and engine manufacturing (Anderson et al., 2008), technology (Hsu & Sharma, 2008), local government (Berman, 1996), consulting teams (Carson et al., 2007), sales teams (Mehra et al., 2006; Perry et al., 1999), police departments (Steinheider & Wuestewald, 2008), and banks (Walker et al., 2008).

In this literature, the commonly cited benefit of shared leadership is the synergy and expertise derived from a shared leadership model. Leaders can concentrate on their individual strengths, while their weaknesses can be compensated for (Miles & Watkins, 2007), and organizations can benefit from diversity of thought in decision-making (Bligh et al., 2006). More leaders are better than one when a corporation faces highly complex issues that require a set of skills too broad to be possessed by any one individual (O'Toole et al., 2002: 68). If these leaders think independently and discuss the issues to be solved with different sets of people, they may profit from the wisdom of the crowd (e.g., Kremer et al., 2014). Moreover, shared leadership helps to overcome the silo mentality, a mindset which prevents the employees of some departments to share information with others in the same company.

Another advantage of shared leadership is reduced stress levels for key leaders (Pearce, 2007). Furthermore, shared leadership exploits the multitude of talent present in an organization and so creates competitive advantage (Lee-Davies et al., 2007). With shared leadership, creativity seems to flourish (Hooker & Csikszentmihalyi, 2003), and teamwork seems to improve (Carson et al., 2007; Mehra et al., 2006). Finally, shared leadership is particularly important in the case of new ventures (Ensley et al., 2006).

The literature on shared leadership also discusses the disadvantages of such a model. It is sometimes difficult for a group of leaders to reach consensus, so decisions can take longer (Miles & Watkins, 2007). Turf wars and individual career goals are other possible obstacles to efficient decision-making (Jackson, 2000). Commitment to team performance and team member accountability may become unclear in shared leadership (Katzenbach, 1998). Consequently, shared leadership benefits group performance only under certain conditions (Bligh et al., 2006; Seibert et al., 2003). The literature on shared leadership affirms that more research is needed to examine the spectrum of relevant issues (Conger & Pearce, 2003; Yukl, 2006).

There is a small literature dealing with co-CEOs, i.e., "two executives who, over time, perform the top job together in a coordinated fashion and are held jointly accountable for the company or unit's results" (Alvarez & Svejenova, 2005: 115).

It is closely connected with the theory of dual leadership (Etzioni, 1965). Complex organizations can be successful when a team as a whole rather than a single individual leads a firm (Pearce & Conger, 2003a, 2003b). Shared leadership can foster greater commitment and information sharing among team members. Using multiple leaders' complementary knowledge and skills, teams can bolster creative decision-making (Cox et al., 2003). Several empirical studies have found that teams with shared leadership outperformed teams led by a single leader (e.g., Carson et al., 2007; Ensley et al., 2006; Hmieleski et al., 2012).

Co-CEOs are important in family businesses and in smaller firms, which tend to have a more limited corporate focus, less independent board structure, fewer advising directors, lower institutional ownership, and greater levels of merger activity (Arena et al., 2011). Their numbers are also growing rapidly in public firms (Hasija et al., 2017). The average tenure reported for co-CEOs in US public firms of 4.7 years (Arena et al., 2011) is similar to the 5.4 years average tenure of single CEOs (Quigley & Hambrick, 2015), indicating that the co-CEO system is quite stable. A study by Arena et al. (2011) finds that co-CEOs tend to complement each other in either educational background or executive responsibilities.

Job rotation has been extensively discussed in management studies (Arya & Mittendorf, 2004; Kampkötter et al., 2018). This practice is increasingly used, and the effect of this human resource innovation on performance has been documented (e.g., Ichniowski & Shaw, 1999; Ichniowski et al., 1996, 1997). It bolsters employees' learning, helps them to accumulate human capital, and fosters their motivation, because boredom is reduced. Another benefit of job rotation is that the superiors receive information about the quality of several job-employee matches rather than just one (Jovanovic, 1979; Ortega, 2001).

To the authors' knowledge, rotating CEOs have not been treated in the scientific literature. Davis and Eisenhardt's (2011) paper uses the term "rotating leadership" but does not explicitly deal with a rotation of a group of top managers through the CEO position and does not link to the literature on shared leadership. Rather, it deals with the effect on innovation of revolving decision control between two partner organizations. The results of their empirical analyses are nevertheless relevant to our topic. The extremes of domineering leadership or consensus leadership processes produce fewer innovative collaborations. In contrast, rotating leadership between the partners over time fosters innovative activities. While Davis and Eisenhardt's (2011) results apply to the relationship between two organizations, the insights may be relevant for rotating CEOs within the same firm.

Rotating Chief Executive Officers

Today, the firms' boards try to counteract the problems pointed out with the position of single CEOs by making great efforts to choose future CEOs. Usually, they appoint special selection committees that devote considerable time to making good choices, and they search the advice of specialized outside firms. However, most companies perform no better after they dismiss their CEO than they did in the years leading up to the dismissal (Wiersema, 2002). The organizational disruption created can leave a company in deep trouble. Boards often lack the strategic skills necessary to choose new and better CEOs.

Usually, it is attempted to make the contract with the CEO incentive compatible by offering incentives such as (deferred) stock options and bonuses for good outcomes. This measure certainly reduces the problems of the regular CEO system but in many cases seem to fail. We therefore suggest a more fundamental change, the institution of rotating CEOs. Rotation is a procedure in which the members of the top management team regularly become chief executive officer for a restricted period such as a year. The members of the management team occupy the chief position at pre-determined intervals but keep responsibility for the tasks they perform as members of the management. Thus, the concept of R-CEOs combines two ideas: having one person in charge and responsible for the firm and having a collective, well-motivated interacting team in which everyone has a say. This combination seeks to combine the advantages of both systems.

There are various rules according to which the rotation of the top management team can take place.

Speed of rotation Rotation may automatically follow according to given characteristics, most importantly seniority within the top management team. But there may also be a fixed sequence according to, for instance, departments of the firm, nationality, or gender.

The top management team The group from which the R-CEO is chosen should have some degree of stability to ensure that the managers taking this position have sufficient firm-specific human capital. Its size should be restricted to three to six members, so that they all can expect to occupy the chief position within a reasonable period of time. This prospect supports identification with the firm as well as fair behavior.

Length of tenure If R-CEOs are changed quickly, they cannot exert much influence on the management of the firm; if R-CEOs stay in this position for too long, the other members of the top management team see little prospect of filling the job in the future. In many cases, a yearly change may be appropriate.

The competencies of the R-CEOs As in a more collective organization, they may simply organize and preside over the meeting of the top management team and formally represent the firm without holding any other formal decision power. They may be *primus inter pares*. At the other extreme, R-CEOs may have the full competencies of a single CEO – but only for a limited period. R-CEOs may be instituted for the firm as a whole or for subunits, say for national subsidiaries.

Compensation of the R-CEOs It must be determined relative to that of the members of the top management team among whom the future R-CEOs are to be chosen. The specific solution must again depend on the competencies given to R-CEOs and the situation of the firm.

Rotating CEOs: A Fruitful Development

Advantages

Rotation counteracts the problems pointed out with the position of a single CEO via several mechanisms: Every member of the top management team has the prospect of leading the firm. His or her special skills can come to the fore when in the CEO position. At the same time, the regular rotation favors close interaction and fairness within the team, as any R-CEO knows that he or she must continue to work with his colleagues once leaving the chief position and has a good chance to come back into the R-CEO position after some few years.

Therefore, we hypothesize that the practice of rotating CEOs would offer a number of benefits to the firms relying on the system.[1]

Smaller Selection Risk The tasks of a chief executive officer are distributed over several individuals. There is a larger variance of abilities and strengths than with one single CEO. An R-CEO is less subject to overconfidence because he or she cannot establish a position in which all other managers are dependent on him or her and, therefore, tend to refrain from challenging the CEO's positions. Moreover, there is a smaller risk of burnout than with a single CEO who suffers from work-overload during many years but clings to his or her position.

More Equality and Team Spirit R-CEOs are part of a team to which they return when their tenure has elapsed, and the members of the top management group are not in a fixed position subordinate to a single CEO. The rotation supports open discourse among the top management team, broadens views, opens new alternatives, and furthers agility. R-CEOs and the members of the management team are well aware that they need the support of their colleagues after changing roles, which incentivizes them to cooperate. Regular rotation creates a feeling of bonding with the firm's goals. The specific interests of departments and their managers lose prominence. Greater equality among the top management team results in smaller income differences than in a system with one dominant CEO.

More Diversity The areas in which CEOs have decision rights are distributed among a larger group with more diverse specialized knowledge, skills, personal characteristics and responsibilities within a firm. The greater diversity provides a good opportunity to integrate various perspectives, sometimes even contrasting ones. This enables the top management team to go beyond the particular interests of the various departments. They are better aware of overall aspects of the firm, which otherwise are mainly handled by a single CEO.

[1] Some of these aspects are also discussed in a research note in German (Authors, 2021).

Higher Performance A regular rotation of chief executive officers allows comparing their effort and many important aspects of their performance. R-CEOs who are not up to the task are likely to leave the firm because their shortcomings have been revealed. This contrasts with single CEOs who can hide their failures in many ways.

Reduced Exposure to Outside Pressures As the CEOs rotate regularly, a particular R-CEO is more immune to threats from competing firms, the government administration, suppliers, and stakeholders than is one single CEO, who may be more strongly influenced from outside the firm.

Longer Time Horizon Traditional CEOs often lose assertiveness and a longer-term perspective when the end of their term becomes foreseeable. In addition, the change of CEO tends to produce fundamental breaks in strategy. R-CEO teams, on the other hand, have an unlimited time horizon. While the composition of the team is constantly evolving, the majority of members still have many years of tenure ahead of them. Thus, the system simultaneously brings continuous change and a longer-term strategy. During their tenure, single CEOs are able to establish a network of contacts important to the firm. Such networks need time to be established. However, the recent shortening of the time that single CEOs are in office reduces their capacity to establish firm-specific networks. In contrast, a team of R-CEOs can effectively establish such contacts as it consists of several individuals who often remain longer in office than a single CEO normally does.

Mitigated Succession Problem New members of the top management team can be more easily integrated into the firm. They are first part of the general management team and only later may serve as R-CEOs. The members of the R-CEO team as well as other top managers who aspire to become R-CEOs are less threatened by high-performing newcomers and have more effective incentive to develop new potential members for the R-CEO team than a single CEO. As they are closely integrated and bonded, they have an interest in acquiring capable colleagues.

Stronger Performance Incentives for Lower Management Levels To second- and third-level managers, the R-CEO system provides positive performance incentives. With the R-CEO system promotions to the top level are more frequent than with a single CEO. Moreover, there are usually several potential candidates for the position of an R-CEO. In such multi-person contests it pays less to obstruct other candidates and damage their reputation than in a two or few candidates race which are typical for the single CEOs. Instead, everyone must try to stand out themselves by performing as well as possible.

Better Selection for Supervisory Bodies Former CEOs often sit on supervisory committees. This means that company-specific knowledge can be put to further use. However, there is a risk that former CEOs may overly preserve their old corporate strategy and try to cover up old mistakes. With an R-CEO team, the number of people with extensive company knowledge and thus the set of candidates for the supervisory boards increase, and the pressure on them to present the past as rosy as possible decreases.

Why Is It Not Common?

In view of the advantages of the R-CEO system outlined, the question arises as to why the system has not yet gained acceptance in management. We see two explanations: First, the R-CEO system is not advantageous over traditional CEOs under all conditions, but mainly under conditions that have developed recently and are likely to further develop in the future. Second, firms that switch to the R-CEO system early on risk a certain brain drain. Particularly successful R-CEOs might migrate to other firms aiming at traditional CEO positions. However, this risk quickly diminishes when other firms also switch to the R-CEO system. Moreover, companies could even use manager churn to their advantage by implementing the solution common in team sports: R-CEO team members could be contractually committed to pay compensation if they move companies. Such contracts would give companies incentives to develop managers more strongly and in a more targeted manner. At the macroeconomic level, this would make good top managers less scarce and reduce income inequality (Eichenberger, 2013).

Related Rotating Leadership Systems

In contrast to modern management, rotation systems have been used for several leading positions. In the following, we therefore discuss the evidence for the success of systems with rotating leadership in business and politics.

Rotating CEOs

Huawei Technologies Co. operated a rotating CEO system, under which the CEO served as the highest-ranking executive responsible for the company's operation management and crisis management. They were also responsible for convening and presiding over the meetings of senior executives. The rotating CEOs were served by three vice-chairmen with tenures lasting 6 months. Huawei ended its chief executive rotation system, with Ren Zhengfei remaining CEO following the most recent board election. The Shenzhen-based firm has switched the rotation element from the position of CEO to the position of chairman. Under the new rotating chairman system, three currently rotating CEOs will continue to serve as rotating chairmen. The rotating chairman will be the company's highest-ranking leader, and he or she now leads the board of directors and managing board of directors for 6-month tenures (Dong et al., 2023).

Other less well-known examples of rotating CEO systems have been implemented at the Zino Innovation Hub (Hero Hub) in Auckland, New Zealand, at CSPC Pharmaceutical (Reuters, 2017), at Jingdong mall (iMedia, 2024), at the

Swiss Health and Happiness Group (Nutraingredients, 2023), and at an insurance stock startup in Paris (Lovy's, 2022). The latter introduced the rotation system in order to better promote innovation and development. The company expects to improve the organization's synergy efficiency, stimulate the innovative vitality of the team, and provide a broad stage for leading talents. Last but not least, rotating CEOs are often found in consultancy firms. A prominent example is McKinsey, where the managing director is elected for three years by the senior partners. However, as he or she can be re-elected twice, the rotation principle is compromised in this case.

In History

Consuls of the Roman Republic (509 BC to 27 BC) The Republican constitution existed, and was successful, over almost five hundred years. Every year, two consuls with civil and military responsibilities were elected. This was the peak of a political career (*cursus honorum*). The two consuls served together, each having a veto power over the other's decisions. The presidency of the Senate rotated between the consuls, with each holding the post for 1 month at a time. During wars, each consul commanded an army, normally two legions. In rare cases, they marched together, in which case each one commanded the unified army for 1 day, and then, the other consul took over. The Roman Republican consuls are an extreme example of power rotating over 1 month, or even 1 day (for an extensive discussion see Sally, 2002).

Podestà in Medieval Italian Cities A fascinating example of rotating political leadership is the podestà system (Eichenberger & Funk, 2009; Greif, 1995). In the independent Italian city states of the twelfth and thirteenth century, the head of the government (i.e., podestà) was often not a citizen of the state but a foreigner who was invited to rule the city state for a short period, most often a year or 6 months. The podestà system developed because the city states often suffered from factionalism and civil wars. The podestà system was established in a large number of city states, leading to an open market for podestà, who rotated between Italian city states. However, the system proved to be unstable. The unprecedented economic expansion brought about a change of the power distribution in the city states, which again favored government by a member of one of the local factions instead of a neutral foreigner.

Switzerland In historical Switzerland, power sharing through rotation played a key role. While Switzerland was composed of various autonomous cantons, the federal authority was the *Tagsatzung*. This body was a meeting of the representatives of the cantons. The presidency of the *Tagsatzung* was taken by rotation by the *Vororte*, the most powerful cantons. However, the cantons decided using majority and unanimity rules. The most important joint project of the cantons was the ruling of the dependent regions, the *Gemeine Herrschaften.* Again, the presidency of these joint territories rotated among the cantons.

In Modern Politics

European Union Presidency of the Council of the European Union, also called Presidency of the European Union, rotates. The President determines the agenda and chairs the meetings of the Council, the upper house of the EU legislature. This position rotates among the member states of the EU every 6 months.

Swiss Federal and Cantonal Governments In Switzerland, the governments at the federal, cantonal, and municipal levels are consisting of teams of five to nine councilors which are either elected by the population (cantonal and municipal levels) or the parliament (federal level). Each councilor heads a government department. The decisions are made jointly according to the majority principle. At the federal level as well as in most cantons and many municipalities, there is no elected president of the government, but this position is rotating among the members of government on a yearly basis. The President chairs the Council meetings and carries out certain representative tasks. He or she keeps his or her department and is *primus inter pares*, having no additional power above and beyond the other councilors. Surveys among members of municipal governments show that this system results in a high satisfaction of government members with the decision processes within government and local democracy in general (Eichenberger et al., 2019).

Presidency of the United Nations General Assembly The Presidency rotates every year between five geographic groups: Africa, Asia–Pacific, Latin America and Caribbean Group, Eastern Europe, and Western Europe and other nations. The President chairs the yearly General Assembly of the UN.

Conclusions

This paper argues based on a comparative economic analysis of the top-managers' incentives that a group of rotating chief executive officers, the R-CEOs, are better adapted than regular single CEOs to the increasingly dynamic business environment. The crucial role of the CEO in securing the overall success of a firm is taken seriously. However, the members of the top management are often insufficiently integrated and their ideas little supported. Conversely, having a top management team working collectively tends to fail because the decisions taken tend to be poorly focused and insufficiently implemented in the organization. Our proposal combines the two systems by regularly rotating the CEO position. The special interests of the various branch managers are checked as they are integrated into pursuing the overall goals of the firm. Rotation contributes to overcoming the specific interests and silo mentality of the various sections and departments in a firm.

Although the institution of executive-CEOs promises to be economically and socially productive and rotation of leading decision makers is a system often used in politics, it has so far only rarely been implemented as a governance institution in management. However, its efficacy will increase with the further development of the management environment, most notably with increasing globalization and diversity, and with its own propagation. The more firms implement the system, the less they suffer from their R-CEOs being headhunted by firms who search for a single CEO. Therefore, we expect R-CEOs to be a model that spreads in the next decennia and recommend to all boards who doubt that the institution of a single CEO is ideal for their firms to thoroughly ponder to substitute their single CEO with a group of rotating CEOs.

Acknowledgements The authors thank Martin Beglinger, André Briviba, Heinz Buhofer, Christian Girardi, Beat Gygi, Gerard Hertig, Matthias Jermann, Beate Knecht, Kai Konrad, Bernd Menzinger, Margit Osterloh, Mark Schelker, Angel Serna, Christoph Schaltegger, Eric Scheidegger, Andreas Spillmann, and Klaus Wellershoff for their helpful comments and hints.

Funding Open access funding provided by University of Fribourg.

Declarations

Competing Interests The authors declare no competing interests.

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