

Director departure following political ideology (in)congruence with an incoming CEO

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Abstract

Research Summary: Political ideologies play a critical role in how individuals view the world and their social interactions. Management scholars have theorized about how executives' politics may influence their firms' activities, but organizational research has not yet fully embraced the political science logic that bidirectional ideological alignment is perhaps the most influential factor in crafting social circles. We incorporate this perspective by theorizing about how political ideology (in)congruence between an incoming CEO and directors impacts whether those directors retain their seat or depart from the board. Coalescing political research with the socio-behavioral view of directorships, we argue that ideological incongruence is related to departure and congruence enhances retention. In post hoc analyses, we also uncover preliminary evidence that the salience of ideological incongruence supersedes congruence in director departure.

Managerial Summary: Executives' political ideologies have a profound impact on the organization, so it is imperative to understand whether the political views of those in the upper echelons play a role in cultivating who sits at the apex of the firm. In this study, we find that directors are inclined to remain on the board when they share a political ideology with an incoming CEO, but that they are also apt to depart from their positions when their political views do not align with the incoming CEO. In intriguing quantitative analyses, we also unearth that, like most individuals in society, directors

are perhaps more repelled by a CEO with an opposing political ideology than they are attracted to a CEO with similar political leanings.

KEY WORDS

board of directors, director departure, political intolerance, corporate governance, Bayesian modeling

1 | INTRODUCTION

Individuals' political ideologies play increasingly pervasive roles in shaping how they interact with others (Baldassarri & Gelman, 2008; Morey, Eveland Jr., & Hutchens, 2012). Scholars have begun to demonstrate that people not only have a preference for those who share their ideals, but they also have a distaste for others with dissimilar political ideologies, which could even surpass their affinity toward those with similar ideologies (Morey et al., 2012). The tendency to avoid incongruent political perspectives is apparent in several areas of social life: Actors have requested their colleagues' political affiliations so they can decline to work with individuals who hold opposing views (e.g., Ellefson, 2019); dorm applicants avoid roommates with conflicting ideologies (e.g., Arnsdorf, 2010); people refuse to cohabit with others who have opposite political values (e.g., Economist, 2019); students increasingly repress speech by public figures with incongruent views (e.g., Lukianoff & Haidt, 2018); and executives are disinterested in collaborating with peers who display an antithetical ideology to their own (Nelson, 2015).

The prevalence of political ideology on individuals' behaviors is not lost on management scholars. Based on the premise that political ideologies reflect enduring values that influence "nearly every domain of a person's life" (Jost, Glaser, Kruglanski, & Sulloway, 2003, p. 347), a growing body of research has shown how executives' ideologies manifest in organizational decisions and outcomes (e.g., Carnahan & Greenwood, 2017; Chin, Hambrick, & Treviño, 2013; Chin & Semadeni, 2017; Gupta, Briscoe, & Hambrick, 2018; Gupta & Wowak, 2017). Although this research has made important contributions, there exist at least two critical shortcomings, both of which stem from the fact that political ideologies permeate the ways people think about and craft their social circles.

First—and with the exception of a few recent studies (e.g., Bermiss & McDonald, 2018; McDonnell & Cobb, 2020)—political ideology in organizations has largely been treated as unidirectional, wherein scholars tend to focus on how the ideology of top actors influences organizational outcomes and activities (Gupta et al., 2018; Gupta & Briscoe, 2019). This is contrasted against political science, which emphasizes the salience of bidirectional interactions and how the ideologies of multiple parties manifest in social outcomes (Halperin, Canetti-Nisim, & Hirsch-Hoefler, 2009; Morey et al., 2012). We argue this bidirectional perspective is perhaps especially informative as it relates to crafting professional circles of top actors, such as the board of directors.

Second, research on executive networks leans heavily on theories about homophily, or the idea that those in the upper echelons prefer to surround themselves with others who share similar characteristics (Westphal & Zajac, 1995; Zhu, Shen, & Hillman, 2014). The logical conclusion from this work is that top actors seek to associate with others who share an ideology. The emerging research on political incongruence, however, suggests the avoidance of others with

dissimilar ideologies may also play a role in homophily preferences (Glaeser, 2005; Morey et al., 2012). By and large, management research has treated the acceptance of similar executives and avoidance of dissimilar executives as equivalent, but the two effects may be distinct. This distinction could provide salient insights on executive relationships and (in)congruence in organizational groups.

In this study, we seek to address these limitations by considering how the (in)congruence of political ideologies shapes executive groups, particularly by studying how the political (in)congruence between an incoming CEO and extant directors influences whether a director remains on the board or departs from the position. We build our theory by coalescing research on the behavioral motives of directors (e.g., Boivie, Withers, Graffin, & Corley, 2021; Harrison, Boivie, Sharp, & Gentry, 2018) with scholarship on the role of political ideologies in groups (e.g., Halperin et al., 2009; Morey et al., 2012). Scholars increasingly suggest that directors view their positions on the board as a means of accruing social capital, so they avoid conflict that may damage their status among the corporate elite (McDonnell & Cobb, 2020; Westphal & Stern, 2006). We couple this behavioral view of directorships with research that suggests political ideological intolerance is one of the most visceral areas for disagreement and creates intense conflict (Glaeser, 2005; Halperin et al., 2009). Taking these perspectives together, we theorize that directors prefer to remain on the board if the CEO shares their ideology, and they consider leaving if the CEO does not.

We further examine our contentions by theorizing about the contextualizing role of familiarity with the incoming CEO. Research on homophily routinely emphasizes the conditional effect of exposure to dissimilar others (Lee, Farrell, & Link, 2004; Moreland & Zajonc, 1982; Westerlund, Santtila, & Antfolk, 2020), arguing that individuals attend to in- and out-group distinctions to a lesser degree when they are familiar with the opposing party. In our case, we posit that the preference for CEOs with a similar political ideology—and the distaste for CEOs with a dissimilar ideology—are less salient in directors' decisions to remain on or depart from the board when they have more experience with the CEO. Owing to the prominent position of this "exposure" hypothesis in research on homophily and corresponding social preferences (Oliver, Krause, Busenbark, & Kalm, 2018; Westerlund et al., 2020), we surmise this helps solidify our proposed core theoretical contentions.

In post hoc exploratory investigations of our empirical outcomes, we then turn our attention to the crucial divergent or asymmetric effects of ideological congruence versus incongruence in a director's decision to remain on or depart from the board. Specifically, we interpret parameter estimates from a Bayesian estimation system that allows us to disentangle and compare the disparate effects of ideological congruence and incongruence in director departure (Kruschke, 2014). Consistent with the ideas in the political psychology literature (Halperin et al., 2009), our post hoc exploration at least intimates that directors are more apt to depart from their roles in the face of political ideology incongruence with an incoming CEO than they are prone to retain their seats with political ideology congruence.

We contribute to several research domains with this study. Perhaps most notably, we advance the growing stream of research on political ideologies in organizations. Unlike prior studies that focus on the unidirectional influence of a specific individual or ideology, our study expands this scope by incorporating a bidirectional concept of (in)congruent political ideologies (e.g., Bermiss & McDonald, 2018; McDonnell & Cobb, 2020). We thus enhance management research by considering the dynamic interplay of multiple individuals' ideologies rather than the unidirectional influence of a single individual.

We also expound on recent research that re-conceptualizes the board of directors as being inclined toward individual social advancement rather than strictly a governance mechanism geared toward monitoring managers (Boivie et al., 2021; Boivie, Bednar, Aguilera, & Andrus, 2016; McDonnell & Cobb, 2020). Whereas this scholarship has made improvements in understanding what motivates directors to accept and remain in those roles, our research moves forward the crucial role of ideologically (dis)agreeing with the CEO. Relatedly, we enhance the decades-old research on the role of homophily in the boardroom (Westphal & Zajac, 1995; Zhu et al., 2014). Research has increasingly propelled the notion that directors prefer to surround themselves with others who possess similar characteristics (McDonald, Keeves, & Westphal, 2018; Zhu et al., 2014), but to our knowledge, no research has examined how the (mis)alignment of core values between the CEO and individual directors influences the construction of this crucial group. Our work in this regard may thus have implications as it relates to the enhancing diversity in the upper echelons.

2 | POLITICAL IDEOLOGY (IN)CONGRUENCE AND DIRECTOR DEPARTURE

In this section, we focus on how political ideology speaks to extant research on similarity-attraction or homophily in the boardroom—ideas consistent with the role of political ideology *congruence*. However, we also go beyond these established perspectives to theorize about the impact of political ideology *incongruence* and the distaste for dissimilar others when directors consider their role on the board following CEO succession.

2.1 | Political ideology and its role in organizations

For decades, scholars have provided compelling theory and empirical evidence for the idea that political ideology is a reflection of individuals' values and beliefs (Jost, 2006). In particular, this research has identified a remarkable distinction between conservative and liberal political ideologies, suggesting an individual's position on the conservatism-liberalism spectrum is an appropriate and parsimonious way to capture these fundamental underlying value systems (Feldman, 2003; Graham, Haidt, & Nosek, 2009). With this in mind, political ideology helps “to explain why people do what they do” in a broad range of life choices that can extend to organizations (Jost, 2006, p. 653). Indeed, Tetlock et al. (2000, p. 322) humorously noted that “there is no ‘Chinese wall’ between attitudes toward work and toward politics.”

Over the course of the past decade, scholars in the organizational sciences have begun to consider the influence of political ideologies on organizational outcomes and strategies. This research has shown that CEO or organizational political ideology meaningfully affects a range of firm outcomes, including corporate social responsibility (e.g., Chin et al., 2013), employee activism at work (e.g., Briscoe, Chin, & Hambrick, 2014), resource allocation (e.g., Gupta et al., 2018), hiring and promotion practices (e.g., Carnahan & Greenwood, 2017), and executive compensation (e.g., Chin & Semadeni, 2017; Gupta & Wowak, 2017), among many others. While this work is impactful, there is only a nascent literature on how (mis)alignment or (in)congruence of political ideologies between people may play a factor in organizations. Most organizational research in the area is thus unidirectional—focusing on how managers' ideologies shape

outcomes—whereas broader scholarship on political views suggests the bidirectionality of ideologies between two parties is also important (Golder & Stramski, 2010; Morey et al., 2012).

There are three empirical studies in the management literature, however, that represent exceptions to this unidirectional perspective. First, Bermiss & McDonald (2018) explored the relationship between employees at private equity firms and how the congruence between their political ideologies and the organization's prevailing political ideology influences turnover. Second and similarly, Wowak, Busenbark, and Hambrick (2022) theorized about how the ideology of the totality of employees at a firm may influence how they collectively react to politically-tinged CEO activism. Finally, and most related to our context, McDonnell and Cobb (2020) examined director departure following social activism levied at their organizations. Much like Bermiss and McDonald (2018), McDonnell and Cobb (2020) theorized that directors are likely to leave their positions if the political activism highlights an issue with the firm that conflicts with the director's political leaning. Building on these contributions, we next consider the importance of ideological (in)congruence in director turnover following CEO succession.

2.2 | Ideological intolerance and the effects of political (in)congruence

Scholars in political science and political psychology have paid attention to the salience of incongruence in political ideologies (Baldassarri & Gelman, 2008; Halperin et al., 2009; Marcus, Sullivan, Theiss-Morse, & Stevens, 2005). The central idea in this literature is that people prefer to avoid others with incongruent (or dissimilar) political ideologies, maybe even more so than they favor others with similar ideologies (Golder & Stramski, 2010; Morey et al., 2012). Research has considered several reasons for this effect, which extend far beyond the principles of similarity-attraction.

Some researchers proffer that emotions play an important role in ideological intolerance, arguing that people experience anxiety about political disagreements, so they are apt to avoid others who might hold opposing views (Marcus et al., 2005; Morey et al., 2012). As Halperin et al. (2009, pp. 94–95) point out, political intolerance stems from “emotion-cognition...[and] the relations between affect or emotions,” such that intolerance for others with opposing political views can even surpass preferences for individuals with similar views. The idea is that people experience visceral affective responses to individuals whose views conflict with theirs. Others suggest the effect is driven by institutional or social factors that emphasize the negative characteristics of people with opposing perspectives (Glaeser, 2005; Halperin et al., 2009). Researchers argue that political intolerance stems from external factors that simply do not exist for propagating in-group favoritism, such as “the supply of hate-creating stories from politicians and the willingness of [people] to listen to hatred” (Glaeser, 2005, p. 45). To this point, Baldassarri and Gelman (2008, p. 408) documented “a substantive increase in issue partisanship...[so political parties] are now better at sorting individuals along ideological lines.”

Regardless of what specifically informs individuals' distaste for others who do not share their political perspectives, this research contends that people are implicitly (and often explicitly) inclined to possess a dislike for individuals who exhibit an antithetical ideology (Halperin et al., 2009; Marcus et al., 2005). Halperin et al. (2009, p. 93) even argue there is a profound “hatred” of other individuals who do not share political ideologies. This hatred (or at least distaste) for dissimilar others is crucial in better understanding how homophily shapes groups. Management scholars often invoke the notion of similarity-attraction to help explain the

demographic homophily observed in boardrooms (Westphal & Zajac, 1995; Zhu et al., 2014), but research from the political realm suggests dissimilarity-intolerance also plays an important role.

2.3 | The board of directors and political ideological (in)congruence

2.3.1 | A socio-behavioral view of directors

The board of directors sits at the apex of the organization and is traditionally viewed as a front-line governance mechanism that is “well-positioned to be effective monitors of management” (Boivie et al., 2016, p. 319). Historically, research on the board presumed that directors perceive their roles primarily as being comprised of overseeing top managers, upholding shareholder interests, and more-or-less “being the CEO’s boss” (Krause, 2017, p. 697). However, scholars have begun to question whether directors tend to have other motives (Boivie et al., 2021; Campbell, Busenbark, Graffin, & Boivie, 2021; Withers, Hillman, & Cannella, 2012). Specifically, researchers have recently argued that many directors’ primary motivation for serving in that role involves the ability to accrue social capital in the corporate elite, allowing them to develop a personal reputation they can leverage for individual benefits (Boivie et al., 2021; McDonnell & Cobb, 2020). By and large, accomplishing this involves directors endearing themselves to counterparts and avoiding conflicts in the boardroom that could undermine their reputations (Boivie et al., 2021; McDonnell & Cobb, 2020; Westphal & Stern, 2006).

One way this socio-behavioral approach to the boardroom affects directors’ behavior pertains to when and why they choose to depart from the board. In particular, scholars suggest directors are inclined to abandon their posts when there is conflict in the boardroom, which undermines their imperative to build relationships that can reap social rewards. For instance, directors might depart from their positions when their personal reputation is compromised by negative coverage from the media or financial analysts (Harrison et al., 2018). Similarly, directors might seek to leave or avoid boards of firms in dire financial straits, or those with prior fraud, because they are concerned about how others in corporate elite might perceive them or how their social standing could be impacted (Marcel & Cowen, 2014). And more relevant to our context, directors at firms that have drawn the ire of social activists are prone to leave their positions when they hold similar political views of the activists because they are worried in part about what their position on the board could signal to others (McDonnell & Cobb, 2020).

2.3.2 | Director departure following ideological (in)congruence

Building on this research about the socio-behavioral motivations of directors, we theorize about the dual roles of political ideological congruence and incongruence between extant directors on the board and an incoming CEO. We specifically argue that directors may look to the political ideology of the CEO as an indicator of whether they should remain on the board (in the case of congruence) or depart their positions (in the case of incongruence). Our theory here is built on the premise that directors have a relatively stable social structure in the boardroom that essentially confers lifetime appointments barring exogenous shocks (Withers, Hillman, & Cannella, 2012). An instance of CEO succession, however, can invoke such a shock that sends ripples

through this social structure of the boardroom and can prompt directors to reconsider their membership on the board.

As a baseline, and consistent with classic arguments of similarity-attraction or homophily, we expect that directors are inclined to remain on the board when they share an ideology with the incoming CEO. In contrast, when an incoming CEO possesses an incongruent political ideology to any given director, we argue those with an opposing view are likely to leave their posts due to their conflicting values with the most powerful executive at the firm.

As noted above, perhaps the most salient reason why directors may depart their organizations when there is incongruence with the new CEO involves the role of possessing an intolerance for individuals with opposing political views, especially when the person with those views is in a position of authority (Glaeser, 2005; Halperin et al., 2009). Because directors must interact frequently with the CEO, and are often in a position of deference to the CEO's preferences (Boivie et al., 2016; Westphal & Zajac, 1995), we theorize they are more likely to experience a dislike for CEOs who do not hold their views and leave their positions.

Directors may also depart their organizations when ideological incongruence exists because of incompatible views about the strategic direction of the firm. Since the political ideology of the CEO influences the firm's activities (Chin et al., 2013; Gupta & Briscoe, 2019; Gupta & Wowak, 2017), directors may disagree with the direction of the firm and recognize they are unable to change the strategic course. More, the CEO is often in a position of power and directors are socialized to act subservient in many ways (Boivie et al., 2016; Zajac & Westphal, 1996), so it may prove more plausible for directors to resign their positions than create conflict in the boardroom.¹ Formally stated:

Hypothesis (H1). *There is a positive relationship between political ideology incongruence of a director and an incoming CEO and the likelihood of that director departing from the board.*

Hypothesis (H2). *There is a negative relationship between political ideology congruence of a director and an incoming CEO and the likelihood of that director departing from the board.*

It is important to note that we are particularly (and empirically) interested in the effects of incongruence and congruence as directors and the incoming CEO shift from both being politically neutral to either (a) possessing opposing political views or (b) sharing an ideology. This perspective is consistent with research in political psychology that conceptualizes politically neutral individuals as being relatively unmotivated by ideology, instead suggesting that polarization or moving closer to either extreme invokes the outcomes associated with (in)congruence (Baldassarri & Gelman, 2008; Iyengar, Lelkes, Levendusky, Malhotra, & Westwood, 2019). Although it may appear, *prima facie*, that an instance of a politically neutral director and CEO represents congruence, research and popular surveys on the topic contend this situation actually reflects political ambivalence and the absence of political ideology as a salient influence (Pew, 2014; van Prooijen & Krouwel, 2019). Accordingly, and as we will describe later, we focus

¹We recognize it may seem tenuous to argue that a director will depart after ostensibly playing a role in the selection of the incoming CEO. However, any given director may or may not have meaningful influence in this decision, and their preferences may or may not have been heeded. Additionally, the conflict associated with incongruence may only manifest after the hiring decision when the CEO's views become clearer.

our empirical endeavors on the effects of incongruence and congruence as both parties shift away from political neutrality toward either ideology.

2.3.3 | Asymmetry in the effects of incongruence and congruence on director departure

In addition to our predictions about the impacts of incongruence on director departure and congruence on director retention, building on political science/psychology research about the role of ideological intolerance (Halperin et al., 2009; Morey et al., 2012), it also remains possible that the effect of incongruence is stronger than the effect of congruence. Research on the topic has compellingly argued that the emotional and cognitive factors that underlay dissimilarity-intolerance may actually evoke more visceral reactions than the social forces that stimulate similarity-attraction. Although we do not formally make predictions in this regard, we explore this idea in a post hoc discussion of our empirical analyses.

3 | THE CONDITIONAL EFFECT OF FAMILIARITY

3.1 | The exposure effect

We next seek to further expound on our theoretical mechanisms by infusing the contextual role of familiarity with the incoming CEO. Research on the topic consistently documents the mechanisms underlying both similarity-attraction and dissimilarity-intolerance are dampened when individuals evaluate others based on past personal experiences rather than judgments derived from ideological (mis)alignments (Oliver et al., 2018; Westerlund et al., 2020; Zhu & Westphal, 2014). Accordingly, we suggest that theorizing about and examining the prevalence of familiarity with, or exposure to, a CEO may help illuminate our core theoretical mechanisms.

3.1.1 | Exposure in political and social psychology

Research in political and social psychology leans heavily on what scholars refer to as the exposure effect (Moreland & Zajonc, 1982; Westerlund et al., 2020), or synonymously the contact hypothesis (Lee et al., 2004). This exposure effect is based on the premise of familiarity with another individual, and it involves the extent to which “exposure may increase the perceived similarity of others to ourselves” (Moreland & Zajonc, 1982, p. 396). Stated simply, the central notion is that familiarity with, or exposure to, another individual dampens the extent to which people rely on cues about in- or out-group statuses and thus reduces preferences for homophily or avoidance (Moreland & Zajonc, 1982; Morey et al., 2012). In other words, “contact between members of an in-group and an out-group is expected to improve the attitudes of the former toward the latter” (Lee et al., 2004, p. 40).

Although the exposure effect—or contact hypothesis—permeates numerous domains, it is often invoked in the literature on how people evaluate others based on political (dis)similarity. For instance, Morey et al. (2012) argued individuals may actually embrace political discord when they are more familiar with the opposing individual, welcoming these differences in order to learn about the out-group. Westerlund et al. (2020) reiterated that people tend to view

political out-group individuals with negative emotions and prejudice, but exposure to opposing views can evoke a reappraisal of these negative emotions and a reduction of “disgust” toward the out-group (p. 357). Relatedly, Halperin et al. (2009) posited that people not exposed to others with opposing political views are particularly disposed to out-group hatred.

3.1.2 | Exposure in the boardroom

Research on directors has also incorporated elements of the exposure effect. For instance, Zhu and Westphal (2014) noted the tensions associated with appointing directors who are dissimilar to the board, but they argued selecting dissimilar directors with social ties to the board dampens the pernicious effects on boardroom dynamics. Relatedly, scholars argue that the perceptual penalties incurred by directors who exhibit dissimilar (or out-group) characteristics are minimized when the evaluating audience has more exposure to other directors who possess those same features (Naumovska, Wernicke, & Zajac, 2020; Oliver et al., 2018). Even more, Zhu et al. (2014) theorized that social ties to director candidates in the out-group can create a re-categorization of these individuals into the in-group. This research on exposure in the boardroom thus contends that familiarity not only reduces deleterious outcomes but can also change the fault lines along which in- and out-group statuses are construed.

3.2 | Familiarity with the CEO and director departure following ideological (in)congruence

Building on these arguments, we theorize that a director's familiarity with the incoming CEO attenuates the extent to which political ideology (in)congruence engenders departure or retention. We argue there are several reasons for this softening effect. First, familiarity with the incoming CEO may help overcome the distaste (or even hatred) directors may experience when the CEO holds an opposing political view. Whereas directors may depart their positions in the face of ideological incongruence because they simply cannot stand to hear the espoused views of the incongruent CEO, scholars explicitly suggest this type of “disgust” is ameliorated or abandoned altogether with more exposure to the opposing party (Westerlund et al., 2020). In this way, if the director is more familiar with the individual and their political ideology, they may have actively elected to overlook that area of disagreement in favor of other characteristics.

Second, we contended previously that political incongruence might breed a divergence of ideas about how to navigate the organization, which could motivate directors to abandon their positions. But scholars also suggest that exposure to alternative ideas, which can derive from familiarity with an individual who possesses them, can promote the benefits of thought-diversity (Morey et al., 2012; Zhu et al., 2014). Stated differently, this research suggests that exposure to incongruent ideas through shared ties with the opposing individual can help individuals hone in on the beneficial aspects of that diversity rather than fixate on areas of disagreement. With this in mind, directors' avoidance of dissimilar CEOs, and attraction to similar CEOs, may not play such a pervasive role when they are more familiar with the selected incoming CEO candidate.

Finally, directors may gravitate toward or avoid CEOs owing to their own internal prejudices or assumptions about people in their political out- or in-group. At the same time, scholars

suggest that such prejudices are often sidelined or entirely discarded in the face of familiarity because individuals are able to find areas of agreement and re-categorize that person into some other dimension of an in-group (Lee et al., 2004; Zhu & Westphal, 2014). In this case, rather than assuming that CEOs with similar political views uphold the “right” values, and CEOs with dissimilar ideologies are inherently “wrong,” experience with that CEO may supersede these types of categorical definitions and thus dampen the effect on director departure.

Taken together, we theorize that a director’s shared time with the incoming CEO prior to appointment attenuates the positive association between political ideology incongruence and the likelihood of that director departing, as well as the relation between political congruence and the likelihood of that director remaining on the board. We thus hypothesize:

Hypothesis (H3). *A director’s familiarity with the incoming CEO attenuates the positive relationship between political ideology incongruence of a director and an incoming CEO and the likelihood of that director departing from the board.*

Hypothesis (H4). *A director’s familiarity with the incoming CEO attenuates the negative relationship between political ideology congruence of a director and an incoming CEO and the likelihood of that director departing from the board.*

4 | EMPIRICAL METHODOLOGY

4.1 | Sample

Our sample is comprised of directors at firms in the S&P 500 with CEO succession events between 2008 and 2012. We selected this time period because it aligns with research that validated our political ideology measure along several dimensions (Bonica, 2019; Chin et al., 2013). We identified CEO successions using a combination of Execucomp, ISS, BoardEx, MSCI, and documents filed with the SEC. After accounting for missing data, which we attempted to locate manually via examining firms’ filings and executive profiles, and retaining only those CEO successions when a permanent CEO was named (i.e., not an interim), our sample is comprised of 1,456 directors across 203 firms.

4.2 | Variables

4.2.1 | Dependent variable

Director departure is a binary variable that reflects whether (1) or not (0) any given director left that position before or when their term was set to expire, meaning when they were available for re-appointment (Marcel & Cowen, 2014; McDonnell & Cobb, 2020). Focusing on election cycles for director departure is important because directors are unlikely to leave their positions outside of formally scheduled election windows, instead preferring simply to not seek a nomination if they intend to end their tenure at the firm (Harrison et al., 2018; Marcel & Cowen, 2014; Withers, Hillman, & Cannella, 2012). In our sample, fewer than half of the firms featured a staggered election cycle such that directors were scheduled for re-election within three years, and over half of the firms held annual elections. Consistent with recent research on the topic

(McDonnell & Cobb, 2020), we thus examined whether a director sought re-election in the year following the CEO succession for most of the directors, and in some instances we looked 2 or 3 years out depending on the stage of the election process.²

Owing to our theoretical interest in directors leaving (or remaining in) their positions following CEO succession, our variable takes a value of 1 only when the director ostensibly voluntarily exited. This is critical because some directors are involuntarily ousted in elections either by their counterparts or shareholders (Boivie, Graffin, & Pollock, 2012; Cowen & Marcel, 2011; Withers, Corley, & Hillman, 2012). We determined voluntary departure by consulting ISS documents, resignation letters, the requisite 8-K document for mid-term resignations, and corresponding press releases (Harrison et al., 2018; Withers, Corley, & Hillman, 2012).³

4.2.2 | Independent variables

As we describe below, we empirically operationalize political ideology (in)congruence between a director and the incoming CEO using a polynomial quadratic specification in our empirical estimation procedure. The chief advantage of this approach is that it allows us to mathematically dissect the effect of congruence versus incongruence in political ideologies between the two individuals (Edwards, Drasgow, & Schmitt, 2002; Edwards & Parry, 1993). Accordingly, our independent variables capture both *director political ideology* and the incoming *CEO political ideology*, which we measure using an identical procedure for all individuals.

The measure for political ideology—which applies to the director or the incoming CEO—is a continuous variable that ranges from 0 to 1, where higher values represent a more liberal executive and lower values represent a more conservative executive. We measured political ideology for directors and incoming CEOs using the technique that has become the de facto standard in management and political science, and that has been extensively validated by scholars in the area (Bonica, 2019). In particular, we employ the donation-based technique adopted by an overwhelming consensus of scholarship on the topic (e.g., Bermiss & McDonald, 2018; Briscoe et al., 2014; Carnahan & Greenwood, 2017; Chin & Semadeni, 2017; Gupta, Briscoe, & Hambrick, 2016; Gupta & Wowak, 2017; McDonnell & Cobb, 2020).

Following this corpus of research, we accessed political donation records for each executive in our sample to create an individual score based on four indicators: (1) the number of donations to the Democrat party relative to total donations, (2) the dollar amount of donations to the Democrat party relative to the total dollar value of donations, (3) the number of discrete years in which the executive made donations to the Democrat party relative to total years in which a donation was made, and (4) the number of distinct Democrat recipients relative to total recipients.⁴ Since these four indicators demonstrate high reliability ($\alpha = 0.95$) and have similar means and standard deviations (Chin et al., 2013), our measure follows suit with convention in the literature and is the average of the four. In stride with this research, we add a value of 0.1 to the numerator of all the dimensions and 0.2 to the denominator. Accordingly, individuals with no political donations are assigned a score of 0.5, which reflects a neutral political ideology.

²In supplementary analyses reported in our appendix and described later, we also examined director turnover only in the year or 3 years following the succession event (and our results remain similar).

³Including the rare involuntary departures in our sample does not materially alter our causal inference.

⁴The donation records we incorporated in our measures occur in the years 1998–2008, encompassing three presidential election cycles and six congressional elections. We retrieved these donations from Open Secrets, which is a repository that houses Federal Election Committee (FEC) data.

4.2.3 | Moderator variable

Time shared with the CEO is a continuous variable that calculates the number of years the focal director has spent at the same organization as the individual selected for the role of CEO—either at the firm in question or in previous organizations. This approach is consistent with the broader literature on familiarity or exposure in the boardroom, which often relies on capturing either the number of years individuals have been exposed to others in their network or exposure to those in the out-group (Westphal & Milton, 2000; Zhu et al., 2014). As we will describe with respect to our empirical estimation procedure, measuring the variable this way—reflecting different values across all the directors on the same board—is requisite given that we employ a firm fixed-effects approach (Hsiao, 2014). Our variable therefore detects variance within the same board.

4.2.4 | Control variables

For the sake of conservative parameter estimation and to minimize bias from unexplained heterogeneity (Baum, 2006; McNeish & Kelley, 2018), we test our hypotheses using a fixed effects procedure that examines variance only for directors within the same firm, which helps account for critical but often unmeasurable factors that vary across firms (McFadden, 1973). Accordingly, our estimator can feature only variables that change across directors within the same firm.

Age is a continuous variable that depicts the age (in years) of any given director on the board (McDonnell & Cobb, 2020; Westphal & Zajac, 1995). *Tenure* measures the number of years the director has served on the focal board. *Board chair* is a binary variable that reflects whether (1) or not (0) any given director is the board chair. Since scholars point to competing commitments as a salient force in how directors perceive their role (Boivie et al., 2016), we control for several factors that may speak to a director's obligations. Specifically, we control for whether (1) or not (0) the director is the *board vice chair*, *autonomy* as the number of formal positions a director holds, *number of boards* as a reflection of the number of outside board appointments a director holds, and the *number of committees* on which a director serves. We further control for several factors that scholars connect to a director's interest in maintaining an effective governance role (Daily, Dalton, & Rajagopalan, 2003; Finkelstein, Hambrick, & Cannella, 2009). We particularly control for whether (1) or not (0) the director is *independent*, *dependent*, or related to an employee via an *employee connection*. Following work on directors' inducements or motives (Marcel & Cowen, 2014; McDonnell & Cobb, 2020), we also capture the *percentage of shares held* in the firm.

Finally, we control for variables that some research on boards suggests may reflect the extent to which the director is accepted by their counterparts on the board, perhaps especially as it relates to the CEO (Oliver et al., 2018; Westphal & Zajac, 1995; Zhu et al., 2014). To this end, we include an indicator that captures whether (1) or not (0) the director is a non-white *ethnic minority* or *female*. We also specify whether there is *ethnicity alignment* or *gender alignment* with the incoming CEO, meaning whether (1) or not (0) that director is considered in the CEO's in- or out-group based on a shared ethnicity or gender, respectively. Similarly, we seek to control for whether the director is in the political in- or out-group of the extant board by measuring the absolute political ideology difference between that director and the board average (Gupta & Wowak, 2017). We also include *year fixed effects* in all of our models (Certo & Semadeni, 2006).

4.3 | Analytic technique

We test our hypotheses with Bayesian extended fixed effects logit estimation, featuring a polynomial quadratic specification. Although we employ and report the results from myriad supplementary analyses, we move forward with our model described here because the precision of our estimates is paramount in determining the relative strength of effects between incongruence and congruence, which we consider in a post hoc discussion.

4.3.1 | Logistic fixed effects (i.e., conditional logit) element of the model

The logit portion of the estimation procedure recognizes our dependent variable is binary and constrained to values of 0 or 1 in a way that necessitates a model that accounts for a probabilistically distributed error term (Hoetker, 2007; Long & Freese, 2014). That is, our model is designed to accommodate the fact that our dependent variable reflects a likelihood and is not continuous (Baum, 2006; Wooldridge, 2020). The fixed effects element of the model—or what some refer to as conditional logit (McFadden, 1973)—creates a firm fixed effect (Greene, 2018; McFadden, 1973; StataCorp, 2019), such that our model captures variance between directors within the same firm while isolating all variance from directors at different firms. We employ a fixed effects estimator because there are undoubtedly a great number of unmeasurable factors that vary between firms, which might include factors that may have driven CEO succession, so our procedure inherently controls for these variables (Greene, 2018).

4.3.2 | Extended element of the model

The extended portion of our procedure is a two-step instrumental variable technique that helps address potential bias from unexplained variance between the directors at the same firm (Semadeni, Withers, & Certo, 2014; Wooldridge, 2020). Owing to the well-documented challenges associated with locating instruments that are mathematically and theoretically relevant and exogenous (Kennedy, 2008; Semadeni et al., 2014), we employ the heteroskedastic identified instrument technique that can create appropriate instruments in the right circumstances (Baum & Lewbel, 2019; Lewbel, 2012). Stated differently, we recognize it is ideal to unearth external instruments for two-stage modeling (Lewbel, 2012), but it has proven an insurmountable task to locate such variables that are theoretically and mathematically unrelated to the structural error term, yet predict CEO and director political ideology. Accordingly, we turn to internal instruments via the heteroskedastic identified procedure.

We provide extensive and detailed information about this technique in Appendix A, including diagnostic statistics that test requisite assumptions of the procedure. In brief, though, the heteroskedastic identified instrument approach involves transforming the heteroskedasticity of the residuals in a first stage regression that features all the control variables as regressors and the potentially endogenous independent variables (i.e., director or CEO ideology) as dependent variables. To this end, the heteroskedastic identified instrument transformation creates as many instruments as there are control variables, which are then all included in the first stage of the estimator that predicts potential exogenous independent variables (Lewbel, 2012).

As with any estimation design, the heteroskedastic identified approach has limitations, and at best, we can only work to interpret diagnostics that provide insight as to whether it may be appropriate. That said, conventional diagnostic statistics for relevance and exogeneity—the two requisite conditions for valid instruments (Greene, 2018; Kennedy, 2008; Wooldridge, 2020)—suggest our heteroskedastic identified instruments may be appropriate. The partial F-statistics associated with director ideology and incoming CEO ideology are 81.04 and 21.62, respectively, each of which dramatically exceeds thresholds for relevant instruments (Stock, Wright, & Yogo, 2002). More, the Hansen J test statistics for both director and incoming CEO ideology are indicative of exogenous instruments ($\chi^2 = 11.886$; $p = 0.455$, $\chi^2 = 17.628$; $p = 0.128$, respectively). And as we describe in Appendix A, our data appear to conform to the necessary assumptions associated with the heteroskedastic identified instrument approach.

4.3.3 | Bayesian element of the model

The Bayesian portion of our estimation procedure is advantageous for our purposes over a frequentist approach because it allows us to compare the effects of political ideology incongruence and congruence on director departure against one another. Among myriad advantages associated with Bayesian estimation, scholars indicate that the estimates (or more accurately, posteriors) derived from a Bayesian procedure represent a mean coefficient and a standard deviation of that coefficient (Certo, Albader, Raney, & Busenbark, 2022; Kruschke, 2014; McCann & Schwab, *forthcoming*). Whereas estimates from conventional techniques without a Bayesian design are often misinterpreted to reflect the probability distribution of the coefficients, they actually reflect the probability of relationships in repeated samples and are not directly comparable to each other (Bradlow, Wainer, & Wang, 1999; Kruschke, 2014). In our case, though, we are interested in juxtaposing the effects of political ideology incongruence and congruence, an endeavor that is impractical and untenable without Bayesian estimation.

Bayesian modeling requires numerous specifications to employ the model. Among these are the anticipated relationships between variables (i.e., priors), the number of iterations in the simulations that underlay the technique, and the functional distribution of the dependent variable in the model (i.e., likelihood function). We established the priors as possessing an uninformed uniform distribution that extends from negative to positive infinity, which is precisely the assumption associated with non-Bayesian techniques (Certo et al., 2022; McCann & Schwab, *forthcoming*). Perhaps owing to the fact that priors have a negligible impact when sample sizes are sufficiently large (Certo et al., 2022), our extensive sensitivity analyses in this regard produced no noticeable differences in the posteriors (i.e., estimates).⁵ The same is true for altering the number of chains in the Bayesian simulation procedure, so we followed the recommendations of researchers and employed 20,000 iterations with a burn-in period of 10,000 (Certo et al., 2022; Kruschke, 2014). Finally, we specified the likelihood function using all of the other elements of our modeling, meaning it reflects a fixed effects logit procedure.

⁵Indeed, and following guidance of research in the area (McCann & Schwab, *forthcoming*), we experimented with an array of priors in terms of the distribution and the potential values (i.e., mean and standard deviation) of the relationship. A bit surprisingly, none of these notably increased the k-fold statistics that suggests better model fit.

4.3.4 | Polynomial quadratic specification

We specify our model consistent with polynomial quadratic regression, a technique born out of the literature on fit between individuals (Bermiss & McDonald, 2018; Edwards et al., 2002; Matta, Scott, Koopman, & Conlon, 2015). Polynomial regression is especially appealing because it allows us to isolate the effect of congruence compared to incongruence of two variables (e.g., director and CEO political ideologies) on an outcome parameter (e.g., director departure). Indeed, Bermiss and McDonald (2018, p. 2192) examined (in)congruence of political ideologies using polynomial regression, noting “the method was chosen because it provides a direct test of [in]congruence.” To our knowledge, this procedure represents the only specification that can simultaneously disentangle the potentially distinct impacts of congruence and incongruence in two separate effects without making subjective decisions that bifurcate variables (Edwards et al., 2002; Edwards & Cable, 2009; Edwards & Parry, 1993).

The specification equation for polynomial regression is depicted as follows for the main effects (Equation (1)) and moderation (Equation (2)) hypotheses:

$$Z = \beta_1(x) + \beta_2(y) + \beta_3(x^2) + \beta_4(xy) + \beta_5(y^2) + \beta_n(c) \quad (1)$$

$$\begin{aligned} Z = & \beta_1(x) + \beta_2(y) + \beta_3(x^2) + \beta_4(xy) + \beta_5(y^2) + \beta_6(m) + \beta_7(xm) + \beta_8(ym) + \beta_9(x^2m) + \beta_{10}(xym) \\ & + \beta_{11}(y^2m) + \beta_n(c) \end{aligned} \quad (2)$$

In these equations, Z represents director departure; x represents director political ideology; y represents incoming CEO political ideology; m represents shared time with the CEO; and c represents a vector of all our control variables.

Using the specifications in Equations (1) and (2), and as research on the topic advocates (Edwards & Parry, 1993; Shanock, Baran, Gentry, Pattison, & Heggestad, 2010), we calculate the requisite slopes and curvatures of the lines of congruence and incongruence to interpret our results. The slopes and curvatures of the lines of congruence and incongruence offer four different, but quite interrelated, outcomes associated with the polynomial specification. The slope of the line of congruence reflects the extent to which director departure is informed by whether both parties are conservative versus liberal. In our case, a positive (negative) coefficient for the slope of the line of congruence means the likelihood of director departure increases (decreases) as both parties move from each being conservative to each being liberal. The slope of the line of incongruence involves what happens when directors and incoming CEOs have opposing political views. A positive (negative) coefficient means the probability of director departure increases (decreases) as directors are more conservative while incoming CEOs are more liberal.

Although the slopes for the lines of congruence and incongruence are intriguing, particularly for research concerned about the influence of conservatism versus liberalism (e.g., Bermiss & McDonald, 2018; McDonnell & Cobb, 2020), neither is sufficient to test our hypotheses. Our predictions do not involve any specific political ideology, but rather what happens when the ideologies become more or less congruent. We thus turn to the curvature of the lines of congruence and incongruence. The curvature of these lines demonstrates how the likelihood of director departure changes as the two individuals start at political neutrality and move in the same or different ideological directions (Edwards & Parry, 1993). Our estimates thus

capture director departure as a function of shifting away from ideological neutrality, whether in different (i.e., incongruence) or the same (i.e., congruence) political direction.

As it relates to testing our hypotheses, a positive value for the curvature of the line of congruence means that the likelihood of director departure increases as the two individuals share the same political ideology, and a negative value for this curvature reflects that directors are less apt to depart when they share the same ideology as the incoming CEO. A positive value for the curvature of the line of incongruence is interpreted as directors being more likely to depart their positions as they do not share the same political ideology as the incoming CEO, and a negative value for this curvature means they are less apt to leave their positions when the incoming CEO has an increasingly opposing political ideology.

5 | RESULTS

5.1 | Primary results

Table 1 displays the descriptive statistics and correlations for the variables in our study. Of particular note is that the correlations are sufficiently low that we do not anticipate biased estimates from multicollinearity. It is also imperative to indicate that there exists a reasonable degree of political ideology incongruence between incoming CEOs and directors. Although we do not report this statistic explicitly in Table 1 because we operationalize (in)congruence via a polynomial specification, the average absolute difference in director and CEO political ideology is 0.29, with a standard deviation of 0.25.

Table 2 depicts the parameter estimates from our Bayesian extended fixed effects logit estimation procedure. Panel I in Table 2 presents the estimates from a controls-only model that does not feature any of our hypothesized variables. Panel II in Table 2 depicts the Bayesian posteriors (i.e., parameter estimates) corresponding to our polynomial specification of the main effects to test Hypotheses H1 and H2. As scholars describe, the estimates from a polynomial estimation are virtually unintelligible in isolation (Bermiss & McDonald, 2018; Edwards et al., 2002; Shanock et al., 2010). We therefore test our hypotheses using the slopes and curvatures of the lines of congruence and incongruence, which represent more decipherable outcomes that we can calculate via the formulas in Appendix B. These requisite slopes and curvatures of the lines of congruence and incongruence to test Hypotheses H1 and H2 are displayed in Panel I of Table 3. It is imperative to reiterate that we are especially interested in the curvatures of these lines.

In Hypothesis H1, we theorized a positive relationship between the incongruence of political ideologies of a director and incoming CEO and the likelihood of director departure. The curvature of the line of incongruence, shown in Panel I of Table 3, offers support for this hypothesis (curvature = 34.330; S.D. = 0.067). In Hypothesis H2, we posited a negative relationship between the congruence of political ideologies of the director and incoming CEO and the likelihood of director departure. The curvature for the line congruence, also depicted in Panel I of Table 3, supports this hypothesis (curvature = -32.502; S.D. = 0.364). As we will address later, these results appear to intimate that the effect of ideological incongruence is stronger, in absolute terms, than the impact of ideological congruence on the likelihood of director departure. Again, the ability to compare the probability of overlap (or lack thereof) between the two effects represents one vital advantage of Bayesian modeling.

TABLE 1 Correlations and descriptive statistics

Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1 Director departure	0.11	0.31																			
2 Director political ideology	0.47	0.28	-0.02																		
3 Incoming CEO political ideology	0.39	0.27	0.00	0.09																	
4 Time shared with the CEO	2.90	2.63	-0.02	0.02	0.05																
5 Age	63.92	6.89	0.30	-0.05	0.03	0.10															
6 Tenure	8.84	6.83	0.18	-0.07	-0.05	0.20	0.37														
7 Board chair	0.02	0.14	0.00	-0.02	0.02	0.09	-0.01	0.08													
8 Board vice chair	0.01	0.08	0.02	-0.04	-0.01	-0.02	-0.05	-0.04	-0.01												
9 Autonomy	1.03	0.87	-0.06	0.09	0.07	0.09	-0.13	0.02	-0.01	0.00											
10 Number of boards	1.12	1.11	0.00	-0.03	0.02	-0.01	0.10	-0.06	0.02	-0.04	-0.12										
11 Number of committees	1.73	1.13	-0.05	0.00	-0.03	0.01	0.10	0.04	-0.14	-0.09	-0.03	0.06									
12 Independent	0.92	0.28	-0.08	0.02	0.00	-0.07	0.04	-0.21	-0.27	-0.13	0.01	0.08	0.40								
13 Dependent	0.04	0.20	0.00	-0.02	0.00	0.00	-0.16	-0.09	-0.01	0.03	-0.02	-0.07	-0.09	-0.14							
14 Employee connection	0.03	0.17	0.06	-0.07	-0.03	-0.01	0.01	0.15	0.01	0.04	-0.07	-0.06	-0.18	-0.47	-0.04						
15 Percentage of shares held	0.27	0.34	0.06	-0.01	-0.04	0.05	0.04	0.23	0.10	0.03	0.01	-0.06	-0.04	-0.20	0.01	0.12					
16 Ethnic minority	0.13	0.34	-0.02	0.20	0.00	-0.03	-0.13	-0.09	-0.04	0.00	0.09	0.07	0.00	0.05	-0.01	-0.04	-0.03				
17 Female	0.19	0.39	-0.07	0.15	0.00	-0.02	-0.22	-0.07	-0.07	-0.02	-0.03	0.06	0.10	0.02	-0.08	-0.05	0.01				
18 Ethnicity alignment	0.71	0.46	0.01	-0.10	-0.04	0.06	0.03	0.01	0.05	-0.01	-0.05	-0.01	0.01	-0.03	0.02	0.06	0.03	-0.34	-0.02		
19 Gender alignment	0.78	0.41	0.06	-0.14	-0.03	0.01	0.19	0.07	0.08	0.00	-0.03	0.03	-0.04	-0.10	-0.02	0.08	0.05	-0.01	-0.81	0.00	
20 Ideological board difference	0.21	0.17	-0.04	0.04	0.06	0.01	-0.06	0.01	-0.01	-0.02	0.13	0.01	0.00	0.02	0.05	-0.06	-0.01	0.05	0.10	-0.03	-0.06

Note: $n = 1,456$. When $r > |0.05|$, $p < .05$.

TABLE 2 Bayesian extended fixed effects logit estimation

	(I) Controls only		(II) Main effects, Hypotheses H1 and H2		(III) Moderator: time shared with the CEO, Hypotheses H3 and H4	
	Mean coeff.	S.D.	Mean coeff.	S.D.	Mean coeff.	S.D.
Direct effects						
Director political ideology			-0.484	0.090	-0.534	0.218
Incoming CEO political ideology			-14.164	0.196	-14.198	0.206
Director ideology ²			0.670	0.171	1.294	0.119
Director × CEO political ideology			-33.416	0.253	-33.912	0.135
CEO ideology ²			0.244	0.198	-0.301	0.244
Moderated effects						
Time shared at the firm			-0.034	0.056	0.037	0.045
Director ideology × time shared					0.252	0.125
CEO ideology × time shared					0.474	0.120
Director ideology ² × time shared					-0.260	0.111
Director × CEO ideology × time shared					0.736	0.127
CEO ideology ² × time shared					0.005	0.104
Controls						
Age	0.104	0.011	0.106	0.011	0.107	0.011
Tenure	0.045	0.011	0.050	0.012	0.045	0.010
Board chair	-0.753	0.251	-0.720	0.206	-0.639	0.083
Board vice chair	1.006	0.260	1.180	0.087	1.194	0.199
Autonomy	-0.083	0.068	-0.098	0.068	-0.115	0.060
Number of boards	-0.072	0.057	-0.079	0.058	-0.035	0.046
Number of committees	-0.110	0.059	-0.109	0.061	-0.104	0.050
Independent	-0.464	0.141	-0.475	0.184	-0.375	0.053
Dependent	1.112	0.207	1.074	0.119	1.022	0.184
Employee connection	0.532	0.295	0.228	0.194	0.604	0.232
Percentage of shares held	0.066	0.147	0.156	0.120	0.157	0.114
Ethnic minority	0.125	0.201	0.034	0.103	0.045	0.129
Female	0.064	0.234	-0.021	0.245	0.022	0.125
Ethnicity alignment	-0.028	0.146	-0.208	0.109	-0.065	0.059
Gender alignment	0.214	0.220	0.158	0.215	0.174	0.098
Ideological board difference	-0.548	0.305	-0.697	0.253	-0.842	0.179
Acceptance rate	0.284		0.141		0.217	
Efficiency	0.037		0.026		0.021	
Log marginal-likelihood	-771.585		-807.285		-936.184	

Note: Year fixed effects are included in all models. The parameter estimates in all panels reflect the Bayesian posteriors, which capture means and standard deviations of the effects.

TABLE 3 Slopes and curvatures of the lines of congruence and incongruence

	(I) Main effects, Hypotheses H1 and H2		(II) Moderator: Time shared with the CEO, Hypotheses H3 and H4			
	Coefficient	S.D.	Coefficient (low)	S.D. (low)	Coefficient (high)	S.D. (high)
Slope of the line of incongruence	13.680	0.215	13.665	0.090	12.509	0.245
Curvature of the line of incongruence	34.330	0.067	34.905	0.055	29.753	0.092
Slope of the line of congruence	-14.647	0.128	-14.732	0.090	-10.958	0.245
Curvature of the line of congruence	-32.502	0.364	-32.920	0.092	-30.419	0.295

Note: All of the coefficients and standard deviations for the lines and curvatures of the slopes of congruence and incongruence are calculated using the formulas in Equations (B3)–(B10). In Panel II, “low” refers directors with one standard deviation lower than the mean experience with the CEO, and “high” refers to directors with one standard deviation greater than the mean experience. All of the differences in the slopes and curvatures of the lines of incongruence and congruence from “low” to “high” conditions of the moderator are significant at $p < .01$.

We also visualize the results from Panel II of Table 2 and Panel I of Table 3 in the response surface graphic depicted in Figure 1. In this Figure 1, the vertical axis represents the probability of director departure, the left side of the graphic reflects director political ideology, and the right side of the graphic details incoming CEO political ideology. The dotted line associated with “ $Y = X$ ” that runs from the front of the response surface to the back is the slope of the line of congruence, whereas the dotted line associated with “ $Y = -X$ ” that runs from the left to the right of the response surface is the slope of the line of incongruence. More importantly for our hypotheses, the small curved dotted line running from the front to the back of the graphic reflects the curvature of the line of congruence, whereas the larger curved dotted line moving from the left to right of the figure depicts the curvature of the line of incongruence.

Consistent with our calculations in Panel I of Table 3, Figure 1 demonstrates a positive impact of incongruence on the likelihood of director departure and a negative relationship between congruence and the likelihood of departure. To this point, our model estimates a nearly 25% likelihood of departure when the director is conservative and the incoming CEO is liberal, a 17% likelihood when the director is liberal and the CEO is conservative, a 12.5% chance of departure when both parties are politically neutral, and near-zero percent chances when both parties share an ideology.

We display the results corresponding to the moderating impact of familiarity with the CEO, about which we theorized in Hypotheses H3 and H4, in Panel III of Table 2. We examine this moderating impact by consulting the curvatures of the lines of incongruence and congruence for high and low conditions of the moderator (i.e., when directors have shared one standard deviation more than average and less than average time with the CEO, respectively). In particular, and following research on polynomial regression in the presence of moderation (Edwards, 1996; Vogel, Rodell, & Lynch, 2016), we specify our model consistent with Equation (2), which adapts the polynomial formula in Equation (1) to also incorporate a moderator. We then adhere to the formulas provided by this scholarship on the topic to calculate the slopes and curvatures of the lines of incongruence and congruence at both high and low conditions of the moderator. This information is contained in Panel II of Table 3.

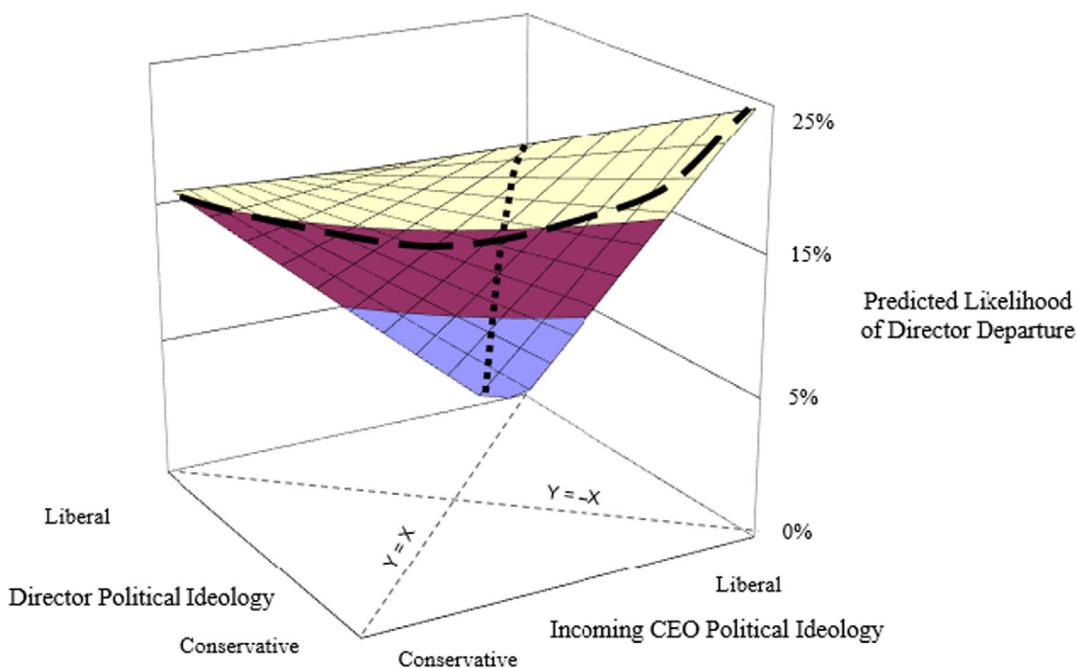


FIGURE 1 Polynomial response surface for Hypotheses H1 and H2

In Hypothesis H3, we predicted that the positive impact of political ideology incongruence on director departure is weaker for directors who have shared more time (or are more familiar with) the incoming CEO. In Panel II of Table 3, which is calculated using the estimates from Panel III of Table 2, we display the curvature for the line of incongruence at both low and high conditions of the shared experience moderator. The curvature of the line of incongruence for directors more familiar with the incoming CEO (curvature = 29.753; S.D. = 0.092) is significantly weaker (*p*-value of difference in effects <0.001) than this curvature for directors who have spent less time with the incoming CEO (curvature = 32.905; S.D. = 0.055), which supports Hypothesis H3.

In Hypothesis H4, we posited the negative effect of political ideology congruence on director departure is dampened when directors have more experience with the incoming CEO. The curvature of the line of congruence for directors who are more familiar with the incoming CEO (curvature = -30.419; S.D. = 0.295) is significantly weaker (*p*-value of difference in effects <0.001) than for directors with less experience with the incoming CEO (curvature = -32.920; S.D. = 0.092). This provides support for Hypothesis H4.

5.2 | Supplementary results

The estimates, results, and inferences described in the preceding paragraphs are all derived from an estimation technique designed to help ameliorate bias from elements of our data that may induce challenges in more conventional modeling. Our aim in doing so was to ensure our causal inference remains intact even with several adjustments, but certainly not because of our estimator. At the same time, we also recognize there exist several limitations of our model

(e.g., challenges with instrumental variable modeling, other sources of unexplained heterogeneity, issues with Bayesian estimation, and decisions about variable measurement). Accordingly, in Appendix C, we summarize several different robustness checks and sensitivity analyses with respect to our analytic modeling and measurement of our dependent variable.

In particular, and as we explicate in detail in Appendix C, in these supplementary analyses we examine results from models with no extended specification (i.e., no instrumental variables), Heckman estimators geared toward address sample selection issues, our procedure without Bayesian estimation, and alternative measures of our dependent variable. We present the inferences from these results across several different panels in Table C1, which reveal that our causal inference remains remarkably similar across all of our different approaches.

5.3 | Post hoc discussion of results: Relative salience of incongruence and congruence

Owing to research in the political science and political psychology realms (Glaeser, 2005; Halperin et al., 2009; Morey et al., 2012), we alluded previously that there are some emerging views about the relative salience of political incongruence versus congruence. Specifically, scholars have begun to at least intimate that, in the context of political ideology, individuals may be more disposed to avoid political incongruence than they are to embrace ideological congruence (Crawford & Pilanski, 2014; Halperin et al., 2009). The general idea in this regard is that individuals possess a “hatred,” “disdain,” “disgust,” and general “intolerance” for others who hold opposing political views, whereas they do not necessarily “love” or “adore” others with similar ideologies, at least to the same extent as their intolerance (Glaeser, 2005; Halperin et al., 2009; Morey et al., 2012; Westerlund et al., 2020).

While this notion in the literature is at least implied in several studies, to our knowledge, no research seeks to directly examine the relative salience of incongruence and congruence in an organizational setting. To this end, then, our results that disentangle the effects of incongruence and congruence using an empirical approach that allows for direct comparisons may prove valuable in helping offer a contribution to future research. Indeed, across our several analyses (in Tables 2, 3, and C1), we consistently found that the absolute effect of political ideology incongruence was statistically significantly stronger than that of congruence in director departure (difference in absolute effects of the curvatures of the lines of incongruence and congruence in Panel I of Table 3 = 1.985; *p*-value of difference = .000).

This finding implies that dissimilarity-avoidance is more pressing in the minds of directors than is the oft-examined role of similarity-attraction. Research on boards as social and professional groups regularly theorizes that directors prefer to interact with others who are in their in-group on one dimension or another (Westphal & Zajac, 1995; Zhu et al., 2014; Zhu & Westphal, 2014), although scholars have not yet examined political ideology as such a characteristic. But our findings imply that perhaps directors' motives are driven even more by avoiding those in the out-group than attending to those in their in-groups, at least as it related to the political ideologies of those who comprise the board.

6 | DISCUSSION AND CONCLUSION

Intrigued by emerging research in the political science and political psychology realms, we endeavored to examine how political ideology (in)congruence between directors and the incoming CEO might manifest in directors' decisions to participate on the board. By integrating a socio-behavioral view of directors with research on political intolerance, we theorized that board members may be compelled to leave their posts when they do not share a political view with the CEO, and they may be motivated to stay in their positions when their politics align. In post hoc discussions of our results, we then noted the effect of incongruence appears more salient than the effect of congruence.

6.1 | Contributions and implications for future research

Our study offers a number of contributions and implications. Perhaps most apparently, we advance the longstanding and quite pervasive literature on homophily or similarity-attraction in the boardroom (e.g., Datta & Guthrie, 1994; Westphal & Zajac, 1995; Zhu et al., 2014; Zhu & Westphal, 2014). Scholarship on the topic has largely equivocated whether preferences for similar others, sometimes called in-group bias, is an attraction toward similarity or a distaste for dissimilarity. Conversely, we build from emerging ideas in the political science domain to theorize that there is a salient effect associated with avoiding dissimilar individuals, which may even prove more pressing to directors than attraction to similar others. Our findings are crucial because they help establish how social circles in the corporate elite are formed and sustained.

Although our work does not necessarily call into question the taken-for-granted idea that directors exhibit homophily, we open the door for more nuanced investigations into precisely what it means for top actors to surround themselves with others who think or look similarly. This is integral given the societal and academic encouragement for those in the upper echelons to exhibit more inclusion and consider diverse perspectives (Dwivedi, Joshi, & Misangyi, 2018; McDonald et al., 2018). Without recognizing the dual (and potentially asymmetric) effects of congruence and incongruence, it will be challenging to offer compelling and accurate theory about how to advocate for diversity in the corporate elite.

Relatedly, our research moves forward the increasingly pervasive view that directors are driven by socio-behavioral motives more so than the strictures of corporate governance (Boivie et al., 2016; Campbell et al., 2021; Harrison et al., 2018). This research has offered notable implications about what factors influence directors to remain on or depart from any given board, arguing that forces such as social reputation or conflict in the boardroom may inform their decisions (Marcel & Cowen, 2014; McDonnell & Cobb, 2020). In addition to these motivators, we propose and find that ideological fit with the CEO (specifically an incoming CEO) plays a vital role in whether directors seek to participate on the board. This is imperative because, in conjunction with the notion that the effect of incongruence is stronger than congruence, it is difficult to comprehensively offer insights on how to attract and retain directors.

In this vein, our research also enhances work on CEO selection. This is particularly the case as it relates to the extent to which directors consider the CEO's political ideology in succession processes. Over the past few years, scholars and practitioners have noted how a CEO's political ideology is increasingly scrutinized. This is perhaps partially owing to the fact that the CEO's ideology can inform substantive organizational activities (Gupta et al., 2018), but also because CEOs now engage in political and social activism on behalf of their firms (Wowak et al., 2022).

It is thus fruitful for directors to at least consider the political leanings of CEO candidates. Based on our research, it may be the case that directors are apt to eschew candidates with opposing political ideologies more so than to accept candidates with similar views.⁶

We also advance the growing body of scholarship on the role of political ideologies in organizations. We specifically expound on three recent studies that have theorized about the bidirectional impact of political ideologies in groups (Bermiss & McDonald, 2018; McDonnell & Cobb, 2020; Wowak et al., 2022), thus breaking stride with the pervasive unidirectional approach in the management literature. Our study, though, represents the first to our knowledge to theorize about how the convergent or divergent political ideologies in a small group of crucial organizational actors—that is, directors and the CEO—impact participation at the firm. This is critical because it is otherwise unclear whether employees and directors are concerned with the ideology of the organization at large, or if political views of more close-knit groups in the firm can also engender outcomes. More, we contribute to this emerging perspective in post hoc discussions that disentangle the potentially asymmetric effects of congruence and incongruence.

6.2 | Limitations

Like all research, our study is not without limitations. Perhaps most notably, there exist potential confounding factors that could drive our statistical inferences. Although political ideologies are relatively exogenous traits that develop over time starting at adolescence (Feldman, 2003), it stands to reason that directors and CEOs may have been selected at least in part because of their ideological bent. We worked to attenuate empirical bias from this with an extended model that uses a heteroskedastic identified instrument approach, but it is impossible to eliminate all skepticism about unexplained heterogeneity.

Further, we examined the relative salience of congruence versus incongruence using an analytic procedure that allows us to empirically estimate the differences. At the same time, our model does just that—*estimate* the differences in effects. Given our reliance on empirical estimation and secondary data over surveys or other more obtrusive indicators, it is impossible for us to offer anything more than inferences about the relative effects of congruence and incongruence. Ideally, and as a path for future research, scholars could interview or survey directors about their perspectives on the new CEO to gauge both acceptance and intolerance. In fact, Westerlund et al. (2020) endeavored in this direction via experiments in which they captured the political leanings of participants and asked them to discuss their thoughts about dissimilar others in order to gauge potential intolerance.

6.3 | Conclusion

Political ideologies permeate nearly every aspect of life, including organizational activities. Building on ideas from the political science and political psychology literatures, we argued that

⁶In fact, in unreported supplementary and post hoc empirical analyses, our data suggest this is precisely the case. We examined whether the congruence and incongruence of political ideologies between the directors in aggregate and CEO candidates substantively influenced whether a given CEO was selected. The results from these analyses suggest congruence and incongruence matter, but that incongruence again seems to have a more salient impact.

directors leave their positions on the board when they politically disagree with an incoming CEO, perhaps even to a greater degree than they seek to remain in their positions when they share a political view. Our findings open several doors for new areas of research about how political ideologies manifest in organizations.

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DATA AVAILABILITY STATEMENT

The data from our study are available from the authors upon request.

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APPENDIX A: HETROSKEDEASTIC IDENTIFIED INSTRUMENTS

As we describe in the primary manuscript, our Bayesian extended fixed effects logit estimator is a two-stage instrumental variable analytic model. Owing to difficulties locating valid external instruments that are predictive of director and CEO political ideology, but not theoretically or empirically connected to the structural error term, we employ the heteroskedastic identified instrument procedure. This is a technique that transforms the heteroskedasticity of the residuals in a first stage regression—which features the endogenous independent variable from the structural model as the dependent variable and then all of the control variables as regressors—into instruments that hopefully demonstrate appropriate validity (Baum & Lewbel, 2019; Lewbel, 2012). In this way, and since every regressor has its own residuals, there are as many instruments generated from the technique as there are control variables that get included in the first-stage equation (i.e., Equation (A2)).

Although the heteroskedastic identified instrument procedure can generate appropriate instruments when external variables are unavailable to function in the model, such as is the case with our data, it is only able to create valid instruments when specific assumptions are upheld. Owing to the novelty of the technique in strategic management research, the purpose of this appendix is to delineate the mathematical theory unpinning the approach and to discuss the extent to which our data adhere to the requisite assumptions. To do so, we heavily consult the research that both introduced this technique conceptually (Lewbel, 2012) and formally integrated it in popular statistical software (Baum & Lewbel, 2019). To this end, we reproduce language and equations from these published works. In other words, we did not create any of the below information for our own purposes, and we instead help translate the language from econometrics research on the topic.

A.1. | The heteroskedastic identified instrument approach

In the following equations, Y_1 represents the dependent variable, Y_2 represents an endogenous independent variable, X reflects a vector of control regressors, e_1 is the error term associated with the structural model, and e_2 represents the error term associated with a first-stage model predicting Y_2 . Equation (A1) is a structural model that seeks to test the relationship between Y_2 and Y_1 , and Equation (A2) is a first-stage specification that recognizes Y_2 is endogenous (meaning it is correlated with the error term, reflected by e_1).

$$Y_1 = B_1 Y_2 + B_2 X + e_1 \quad (\text{A1})$$

$$Y_2 = B_3 X + e_2 \quad (\text{A2})$$

Conventional two-stage instrumental variable techniques require variables called instruments that are predictive of Y_2 in Equation (A2), but are unrelated to the structural error term e_1 in Equation (A1). As is often the case, locating variables that adhere to both of these properties is sometimes untenable. We argue this is true of our data, as we are unable to find variables that predict director and CEO political ideology, but are theoretically and mathematically unrelated to anything unmeasured which could influence the likelihood of director departure. Accordingly, we employ the heteroskedastic identified instrument approach to create instruments for Y_2 since we cannot ascertain any external variables that meet the requirements. As

Baum and Lewbel (2019: 758) describe the heteroskedastic identified instrument approach “consists of constructing valid instruments for Y_2 by exploiting information contained in the heteroskedasticity of e_2 .”

This technique consists of two broad steps. First, it involves estimating B_3 , which represents a vector of coefficients for a vector of control variables (X), in Equation (A2). This allows scholars to compute the estimated residuals for each control variable, which are reflected by $e_2 = Y_2 - B_3X$. Second, it involves creating instruments from the heteroskedasticity of the residuals. Assuming Z represents some or all of the elements of X , the technique estimates B_1 and B_2 from a model that predicts Y_1 , such as Equation (A1), and then uses X and (Z —the mean of Z) e_2 .

A.2. | Assumptions for the technique

There are three assumptions associated with employing the heteroskedastic identified instrument approach, two of which are testable in Stata using the integrated command `-ivreg2h-` and then post estimation commands.

The first assumption of this procedure is that there exists unexplained heterogeneity which is correlated with the focal independent variable. Stated differently, the first assumption is that $\text{Cov}(e_1, Y_2) \neq 0$. Unlike with the second and third assumptions, and as scholarship on endogeneity has continuously reiterated (Baum & Lewbel, 2019; Frank, 2000; Kennedy, 2008; Lewbel, 2012; Semadeni et al., 2014), there is no definitive mathematical means to test whether this first assumption is upheld. In other words, conjecture on whether endogeneity exists is a theoretical or conceptual endeavor. As it relates to our research, we reason that some unmeasured factors are apt to influence whether a director departs their position (i.e., e_1 in Equation (A1)) and also the director's (or the CEO's) political ideology (i.e., Y_2 in Equation (A1)). For instance, perhaps that director or the CEO was selected because of their political ideology, donations, lobbying efforts, or similar core values to the extant board, the process for which we simply cannot model. Therefore, we suggest the first assumption is upheld. If it is not upheld, then our estimates are unbiased from unexplained heterogeneity, and our inference from supplementary analyses without the extended portion of the model—which we report in Table C1—best reflect our data.

The second assumption is that the heteroskedasticity of the residuals is not conditional, meaning the residuals associated with e_2 are homoskedastic. This assumption specifically seeks to determine whether X is predictive of the squared residuals, so the diagnostic test to determine whether this assumption is upheld works to examine whether there is indeed no relationship. Research on the topic specifically suggests consulting the Pagan-Hall statistic (Baum & Lewbel, 2019; Lewbel, 2012), or employing the command `-ivhettest-` in Stata after the specification equation. This assumption remains intact if the Pagan-Hall test statistic fails to reject the null, or is statistically insignificant at desired thresholds. Our data appear to conform to this second assumption, as the Pagan-Hall statistics for both CEO political ideology ($\chi^2 = 18.908$; $p = .274$) and director political ideology ($\chi^2 = 23.703$; $p = .962$) fail to reject the null.

The third assumption for this technique is that the constructed instruments are relevant, meaning they are correlated with Y_2 . Stated differently, the third assumption is that $\text{Cov}(Z, e_2^2) \neq 0$. Although we examine this in our manuscript using conventional techniques from the econometrics literature (i.e., the relevant partial F -statistics), Lewbel (2012) posits that scrutinizing this assumption in the context of the heteroskedastic identified instrument procedure can

also involve using a Breusch and Pagan diagnostic statistic to test Y_2 in Equation (A2). Much like the p -values associated with the relevant partial F -statistics, this third assumption is upheld if the outcome suggests the null is rejected, or that there may exist a substantive relationship between the instruments and Y_2 . Perhaps unsurprisingly given the partial F -statistics we report, the Breush and Pagan statistics for both CEO political ideology ($\chi^2 = 43.956$; $p = .000$) and director political ideology ($\chi^2 = 30.314$; $p = .016$) suggest the instruments are strongly related to those respective endogenous independent variables (i.e., the third assumption is upheld).

Research on the heteroskedastic identified instrument procedure also contends that the crucial assumption of instrument exogeneity from the broader literature on endogeneity is paramount here as well. Specifically, “one can apply standard overidentification tests such as the Hansen and Sargan J test...failing to reject the overidentification tests provides additional evidence in support for the model and estimator” (Baum & Lewbel, 2019, p. 761). Given that we have several instrumental variables derived from this technique, such that we can employ the appropriate tests for overidentification, we report in our manuscript that the Hansen J tests for both CEO political ideology ($\chi^2 = 17.628$; $p = .128$) and director political ideology ($\chi^2 = 11.886$; $p = .455$) suggest the instruments are exogenous (i.e., $\text{Cov}(e_2^2, e_1) = 0$).

APPENDIX B: POLYNOMIAL SPECIFICATION FORMULAS

In our primary empirical modeling, we specify our estimator consistent with a polynomial approach. As we describe, such a specification is crucial for our purposes since it represents the only procedure to our knowledge that can simultaneously differentiate the effects of congruence and incongruence of two variables on an outcome parameter (without transforming the variables in subjective ways). Accordingly, and like we emphasize in our manuscript, we rely heavily on the slopes and curvatures of the lines of congruence and incongruence to both test our hypotheses and explore relationships in our post hoc discussion. In this appendix, we thus explicate the formulas for calculating the slopes and curvatures of the lines of congruence and incongruence, both of which we conceptually explain in our manuscript.

Although we indeed produce the formulas for the polynomial specification in Equations (B1) and (B2) of our main document, we reproduce them here for the benefit of interpreting the formulas for the slopes and curvatures of the lines of congruence and incongruence.

$$Z = \beta_1(x) + \beta_2(y) + \beta_3(x^2) + \beta_4(xy) + \beta_5(y^2) + \beta_n(c) \quad (\text{B1})$$

$$\begin{aligned} Z = & \beta_1(x) + \beta_2(y) + \beta_3(x^2) + \beta_4(xy) + \beta_5(y^2) + \beta_6(m) + \beta_7(xm) + \beta_8(ym) + \beta_9(x^2m) + \beta_{10}(xym) \\ & + \beta_{11}(y^2m) + \beta_n(c) \end{aligned} \quad (\text{B2})$$

In Equations (B1) and (B2), Z reflects director departure (i.e., takes a value of 1 or 0), x represents the political ideology of the director in question, y indicates the political ideology of the incoming CEO, m is our moderator variable that captures shared time with the CEO, and c is a vector of all our control variables.

Equations (B3) and (B4) below demonstrate the calculations for the slope of the line of congruence and the standard error of that slope, respectively. Equations (B5) and (B6) below illustrate the slope of the line of incongruence and the standard error of that slope, respectively. As

is evident in these equations, the slopes of the lines of congruence and incongruence rely on the main effects of director and CEO political ideologies. This is the case since these slopes are linear, meaning they depict the likelihood of director departure as both parties move from conservative to liberal (the slope of the line of congruence), or as CEOs become more liberal while directors become more conservative (the slope of the line of incongruence).

Slope of the line of congruence

$$\text{Coefficient} = \beta_1 + \beta_2 \quad (\text{B3})$$

$$\text{S.E.} = \text{square root} [(\text{S.E.}\beta_1)^2 + (\text{S.E.}\beta_2)^2 + (2 \times \text{Cov}(\beta_1\beta_2))] \quad (\text{B4})$$

Slope of the line of incongruence

$$\text{Coefficient} = \beta_1 - \beta_2 \quad (\text{B5})$$

$$\text{S.E.} = \text{square root} [(\text{S.E.}\beta_1)^2 + (\text{S.E.}\beta_2)^2 - (2 \times \text{Cov}(\beta_1\beta_2))] \quad (\text{B6})$$

While the outcomes associated with these slopes are undoubtedly insightful, our conceptual and theoretical interests are not whether conservative or liberal directors are more apt to depart from the board. By contrast, our theory involves the likelihood of director departure as both parties move away from political neutrality. Stated differently, we are interested in how directors respond to scenarios when both the director and the incoming CEO have political ideologies that shift away from political neutrality toward conservatism or liberalism (congruence) or when one party is more liberal while the other is more conservative (incongruence). Accordingly, we consult the curvatures of the lines of congruence and incongruence to test our hypotheses, as these curvatures calculate the outcomes as both parties start at political neutrality and move in either ideological direction. We display the formulas to calculate the curvature of the line of congruence and the standard error of that curvature in Equations (B7) and (B8), respectively. Similarly, we produce the formulas to compute the curvature of the line of incongruence and its standard error in Equations (B9) and (B10), respectively.

Curvature of the line of congruence

$$\text{Coefficient} = \beta_3 + \beta_4 + \beta_5 \quad (\text{B7})$$

$$\begin{aligned} \text{S.E.} = & \text{square root} \left[(\text{S.E.}\beta_3)^2 + (\text{S.E.}\beta_4)^2 + (\text{S.E.}\beta_5)^2 + (2 \times \text{Cov}(\beta_3\beta_4)) + (2 \times \text{Cov}(\beta_4\beta_5)) \right. \\ & \left. + (2 \times \text{Cov}(\beta_3\beta_5)) \right] \end{aligned} \quad (\text{B8})$$

Curvature of the line of incongruence

$$\text{Coefficient} = \beta_3 - \beta_4 + \beta_5 \quad (\text{B9})$$

$$\text{S.E.} = \text{square root} \left[(\text{S.E.}\beta_3)^2 + (\text{S.E.}\beta_4)^2 + (\text{S.E.}\beta_5)^2 - (2 \times \text{Cov}(\beta_3\beta_4)) + (2 \times \text{Cov}(\beta_4\beta_5)) - (2 \times \text{Cov}(\beta_3\beta_5)) \right] \quad (\text{B10})$$

Equations (B7)–(B10) detail the formulas to test Hypotheses H1 and H2, which do not involve a third (i.e., moderating) focal variable. In other words, although Equations (B7)–(B10) involve moderation in the sense that they feature interactions between both focal variables, they ultimately provide tests of the “direct effects” of congruence or incongruence on our outcome variable. Accordingly, we must adapt these equations to examine the moderating impact of time shared with the CEO on both congruence and incongruence. With this in mind, we test Hypotheses H3 and H4 by applying the parameters from Equation (B2) in ways that expand Equations (B7)–(B10) in order to examine the impact of a moderating variable (identical to the appendix of Vogel et al., 2016).

APPENDIX C: SUPPLEMENTARY ANALYSES

In the space below, we delineate the procedures and rationale underlying several supplementary analyses/robustness checks that we employ to help address potential limitations or deficiencies of our primary empirical estimation procedure. We summarize the results from all of these empirical approaches in Table C1, which is an analog to Table 3 in our primary document in the sense that it delineates the slopes and curvatures of the lines of congruence and incongruence.

C.1. | No extended specification

In Panel A of Table C1, we depict the results derived from a model that does not feature two-stage instrumental variable estimation via extended regression. In other words, these outcomes are calculated from a Bayesian fixed effects logit estimator that does not specify multiple stages or instrumental variables in any capacity. We argue this supplementary analysis is crucial because instrumental variables can actually induce more bias if invalid (Semadeni et al., 2014). And although we sought to rigorously scrutinize the veracity of our instruments, it remains possible that they violate assumptions of the model. This is perhaps especially the case given that we were unable to locate external instruments and thus relied on the heteroskedastic identified instrument technique. The outcomes displayed in Panel A of Table C1, though, are consistent with our primary analyses.

C.2. | Heckman sample selection models

We adopted a two-stage instrumental variable extended technique as our primary estimator owing to the fact that there may exist confounding factors that influence both the director's and CEO's political ideology and the likelihood of director departure. Although scholars suggest political ideologies themselves are exogenous since they represent constellations of values

derived over a person's lifetime (Chin et al., 2013; Jost, 2006), the ideologies of the executives in the boardroom may have been endogenously selected via a process with omitted factors that also predict the likelihood of director exit. Research on topic refers to this as incidental truncation—meaning every executive has a score for political ideology, but the dependent variable can only take values for those selected—and suggests such truncation can induce sample selection bias (Certo, Busenbark, Woo, & Semadeni, 2016; Wooldridge, 2010). In our case, there could exist two sources of sample selection bias, each of which we summarize here.

The first source of potential sample selection bias arises because, while every firm has directors with political ideologies, our sample only captures those organizations that experienced CEO turnover (which is consistent with the nature of our theory). Accordingly, we can model the population of all public firms in a first-stage equation that predicts the likelihood of any given firm entering our sample, and then adjust our structural model using the inverse Mills ratio from that first-stage sample selection model (Certo et al., 2016; Heckman, 1979). As research on the topic describes, the first-stage model should feature all relevant control variables from the structural model, and then multiple exclusion restrictions that are apt to influence inclusion in the sample but not the structural error term (Certo et al., 2016; Wolfolds & Siegel, 2019). We specifically adopted the mean financial analyst stock recommendation for the organization and the firm's market-to-book ratio as two indicators that are apt to predict whether there is CEO turnover but not the structural error term (they cannot predict our structural error term because they vary between firms and our error term captures only within-firm variance). The results from this procedure are in Panel B of Table C1, and they are consistent with our primary analyses.

The second source of potential sample selection bias involves the individual who was selected as the CEO from a broader population of candidates. In this scenario, the first-stage selection equation models the population of potential candidates; it then predicts selection into the structural model as a function of their political ideologies, all relevant structural control variables, and exclusion restrictions. The reason we did not adopt this approach as our primary estimation technique is that it is all but impossible to comprehensively model the population of potential CEO candidates since firms almost never report this information. So, we instead leaned heavily on the idea that the CEO's ideology may have played a substantive role in their appointment to the position and modeled their ideologies as a potentially endogenous regressor.

Nevertheless, to offer a best-faith effort in constructing a potential selection model, we collected data (including political ideologies) for all top managers and selected CEOs at all the firms in our sample. Although it is almost certain that the firms considered other individuals beyond these executives for the CEO position, we surmise the firms at least entertained the idea of promoting one of their top managers and/or may have also spoken with executives selected as CEOs at other firms in the same industry-year. With this in mind, we included these executives as the population for the selection equation. We then specified the exclusion restrictions as the person's experience as a top manager at all firms, as well as whether they had served as a CFO in the past (the top management position most likely to get promoted to CEO). Interestingly, it does appear as though political ideology is a substantive factor in being selected as CEO, as conservative CEOs are about 1.25 times more likely to get selected than moderates, and about 1.5 times as likely to get selected as compared to liberals. Further, the absolute difference between the CEO candidate's political ideology and the average board political ideology is negatively related to the likelihood of selection, suggesting directors tend to appoint executives to the CEO position when they have increasingly similar political ideologies to the extant board.

The results from this Heckman specification are available in Panel C of Table C1, and they are again aligned with our primary outcomes.

C.3. | No Bayesian specification

Econometricians and statisticians alike often trumpet the superiority of Bayesian estimation compared to more conventional (i.e., frequentist) techniques—namely owing to the fact that it can incorporate empirical data about relationships, features much more accurate standard deviations, and produces probability distributions of coefficients (Certo et al., 2022; Leon-Gonzalez & Montolio, 2015; Lopes & Polson, 2014; McCann & Schwab, *forthcoming*). Nevertheless, we recognize that Bayesian modeling is still somewhat novel in management research and may prove a bit foreign. And although we did not specify subjective information for the priors (as doing so did not noticeably enhance model fit, at least according to the corresponding k-fold statistics), the estimates could prove idiosyncratic based on model parameters. For these reasons, in Panel D of Table C1, we present the outcomes derived from a conventional fixed effects logit procedure. It is important to note that the magnitude of the slopes and curvatures here are much smaller because they require transformations to interpret the logit estimates (Bermiss & McDonald, 2018), but the general trends in the causal inference remain virtually indistinguishable from our primary modeling.

C.4. | Different departure cycles for our dependent variable

In measuring our primary dependent variable that captures director departure, we assigned the indicator a value of 1 if the director departed on or before their next election cycle and 0 if not. We adopted this approach both to be consistent with extant research on director exit (e.g., Marcel & Cowen, 2014; McDonnell & Cobb, 2020) and because directors rarely vacate their positions outside of simply declining candidacy in the next election (Withers, Hillman, & Cannella, 2012). That said, work in the area also employs robustness checks that calculate director exit in the year and 3 years following the focal event (McDonnell & Cobb, 2020, p. 1037). With this in mind, in Panels E and F of Table C1, we depict the slopes and curvatures of the lines of congruence and incongruence when capturing director departure only in the year following CEO succession, as well as anytime between the event and 3 years afterward, respectively.

In our sample, just over half of the firms featured annual elections, such that a supplementary version of director departures that captures exit within 1 year of the succession event is identical to our primary variable in over half of the cases. And all departures in our sample occurred within a three-year window, so the latter results looking at three-year departure windows reflect all of the directors who exited as well as others who left after their first election cycle following the CEO succession event. In both cases—and while the magnitude of the effects is smaller likely owing to contamination and increased measurement error in the variable—the general statistical inferences in Panels E and F of Table C1 are similar to our primary measure.

TABLE C1 Supplementary analyses and robustness checks

	(I) Main effects, Hypotheses H1 and H2		(II) Moderator: <i>Time shared with the CEO, Hypotheses H3 and H4</i>		
	Coefficient	S.E.	Coefficient (low)	Coefficient (high)	p-value of difference
Panel A: No extended specification					
Slope of the line of <i>incongruence</i>	13.839	0.350	11.478	13.384	$p < .01$
Curvature of the line of <i>incongruence</i>	34.570	0.298	38.390	35.132	$p < .01$
Slope of the line of <i>congruence</i>	-15.426	0.258	-12.866	-15.840	$p < .01$
Curvature of the line of <i>congruence</i>	-32.255	0.298	-36.902	-32.874	$p < .01$
Panel B: Heckman (CEO turnover)					
Slope of the line of <i>incongruence</i>	13.364	0.406	10.114	13.778	$p < .01$
Curvature of the line of <i>incongruence</i>	38.053	0.065	40.346	34.987	$p < .01$
Slope of the line of <i>congruence</i>	-14.806	0.329	-13.188	-15.918	$p < .01$
Curvature of the line of <i>congruence</i>	-36.336	0.377	-36.577	-32.494	$p < .01$
Panel C: Heckman (CEO selection)					
Slope of the line of <i>incongruence</i>	10.989	0.163	13.368	8.101	$p < .01$
Curvature of the line of <i>incongruence</i>	38.156	0.017	34.738	31.002	$p < .01$
Slope of the line of <i>congruence</i>	-11.616	0.142	-13.051	-10.670	$p < .01$
Curvature of the line of <i>congruence</i>	-37.306	0.218	-35.084	-28.430	$p < .01$
Panel D: No Bayesian specification					
Slope of the line of <i>incongruence</i>	0.176	0.063	0.154	0.183	$p > .10$
Curvature of the line of <i>incongruence</i>	0.482	0.110	0.528	0.478	$p < .05$
Slope of the line of <i>congruence</i>	-0.171	0.020	-0.146	-0.181	$p > .10$
Curvature of the line of <i>congruence</i>	-0.476	0.110	-0.527	-0.474	$p < .05$
Panel E: 1-year turnover					
Slope of the line of <i>incongruence</i>	-8.245	0.385	-7.616	-3.036	$p < .01$
Curvature of the line of <i>incongruence</i>	5.554	-0.059	5.197	0.597	$p < .01$
Slope of the line of <i>congruence</i>	8.925	0.332	8.886	7.981	$p < .01$
Curvature of the line of <i>congruence</i>	-6.430	0.600	-4.888	-6.634	$p < .01$
Panel F: 3-year turnover					
Slope of the line of <i>incongruence</i>	5.666	0.243	5.705	6.404	$p > .10$
Curvature of the line of <i>incongruence</i>	6.403	0.106	5.782	5.110	$p < .05$
Slope of the line of <i>congruence</i>	-6.032	0.219	-5.994	-6.458	$p < .05$
Curvature of the line of <i>congruence</i>	-4.125	0.399	-8.078	-6.441	$p < .01$

Note: All of the coefficients and standard deviations for the lines and curvatures of the slopes of congruence and incongruence are calculated using the formulas in Equations (B3)-(B10). In Panel II, “low” refers directors with one standard deviation lower than the mean experience with the CEO, and “high” refers to directors with one standard deviation greater than the mean experience. The column “p-value of difference” represents the statistical significance of the difference in effects between the “low” and “high” conditions based on the effect and its standard deviation (or standard error for models without the Bayesian specification).