Received: 21 December 2015 | Revised: 9 June 2018 | Accepted: 23 June 2018 | Published on: 31 July 2018

DOI: 10.1002/smj.2922

WILEY STRATEGIC MANAGEMENT JOURNAL

RESEARCH ARTICLE

How stigmatized are dismissed chief executives? The role of character questioning causal accounts and executive capital in dismissed CEO reemployment

Donald J. Schepker[1] | Vincent L. Barker III[2]

[1]Department of Management, Darla Moore School of Business, University of South Carolina, Columbia, South Carolina

[2]School of Business, University of Kansas, Lawrence, Kansas

Correspondence
Donald J. Schepker, Darla Moore School of Business, University of South Carolina, 1014 Greene Street, Columbia, SC 29208.
Email: donald.schepker@moore.sc.edu

***Research Summary*:** Despite the prevalence of CEO dismissal, theory only briefly explores its consequences. Past research indicates few fired CEOs regain employment. We suggest dismissal stigmatizes executives; however, stigmatization is greatest when character questioning causal accounts exist, which affect the likelihood of regaining a CEO position. Furthermore, we argue that reputational and social capital provide signals of executive quality that moderate the level of stigmatization experienced when character questioning causal accounts exist. Following 280 dismissed CEOs, we find that social capital increases the likelihood of rehiring for those with character questioning causal accounts, but negatively impacts those without causal accounts. Alternatively, we find reputational capital positively influences those without causal accounts, while having a slight negative relationship for those with causal accounts.

***Managerial Summary*:** Dismissed CEOs often desire second chances to run companies; however, few are ever afforded the opportunity. We explore what allows some dismissed CEOs to regain employment as a CEO. We find that reasons surrounding a CEO's dismissal influence such prospects depending on the CEO's prior reputation and social capital. In particular, social capital through elite education increases the likelihood of regaining a position when the CEO's character is called into question. Alternatively, a strong reputation increases the likelihood of regaining a CEO position when a CEO's character has not been called into question. These findings suggest that dismissed CEOs can regain a CEO position; however, this likelihood is strongly influenced by how others perceive the executive and their concerns about prior behavior.

KEYWORDS
CEO dismissal, executive labor markets, reputation, social capital, stigmatization

Wall Street remembers failure. Tom Neff, Executive Recruiter (Cairncross, 2003)
Though [CEOs] are driven like few others to succeed, once they fail, many don't get a second chance to run a public company. (Lublin, 2009)

1 | INTRODUCTION

In recent decades, CEO tenure has declined with CEO dismissal more frequent (Huson, Parrino, & Starks, 2001). Despite its increasing prevalence, little is known about how dismissal impacts the careers of CEOs. Research finds that relatively few dismissed executives regain employment as a top executive (e.g., Cannella, Fraser, & Lee, 1995; Gilson, 1989, 1990). Furthermore, those that do often find an inferior new position (Fee & Hadlock, 2004). As illustrated in the opening quotes, many believe that failure for CEOs is difficult, if not impossible, to overcome. These findings suggest dismissal tarnishes a CEO's reputation, serving as a form of stigma on his or her career. Despite such negative effects, some CEOs overcome the stigma associated with failure to regain CEO employment (e.g., Gilson, 1990); however, existing theory falls short in explaining what makes these executives different in their ability to overcome such stigma.

A stigma is "an attribute that is deeply discrediting," reducing the individual from a "whole and usual person to a tainted, discounted person" (Goffman, 1963, p. 3). In management research, stigma has been described as the "denigration or stain the person experiences, which negatively impacts his or her image and reputation" (Wiesenfeld, Wurthmann, & Hambrick, 2008, p. 232). This denigration forms a basis for reduced social interaction (Carter & Feld, 2004). A stigma associated with perceived executive failure may be difficult to overcome, as potential employing firms have limited visible information regarding the CEO, of which a major piece is that the CEO was fired. We believe, however, that executives experience differing degrees of stigmatization associated with attributions of the executive related to their dismissal.

Attributions that dismissal was caused by poor character may be especially stigmatizing. Character is the habitual qualities within individuals that both constrain and lead them to desire and pursue personal and societal good. As such, those said to have high character show moral discipline and self-restraint (Wright & Goodstein, 2007, p. 932). Because poor character is seen as a stable aspect of a person, causal accounts for dismissal that indicate a lack of character are likely to be particularly damaging for an executive's future career prospects (c.f., Mishina, Block, & Mannor, 2012). Causal accounts (Bies & Shapiro, 1987) provide information that frames an account for why the CEO failed. While some accounts may excuse a CEO (e.g., a dying industry), others may present the CEO negatively (e.g., accusations of fraud). When causal accounts related to character issues surround dismissal, we suggest stigmatization is greater as such framings delegitimize the ability of other firms to engage in interaction with the executive.

Causal accounts are narratives that lead to attributions about the executive; however, the degree to which accounts correspond to the facts is often unknown. Thus, we suggest causal accounts alone are equivocal signals, as decision makers may evaluate additional information to inform their opinions (Crawford, 2003). Salient characteristics of the executive's capabilities, such as a known reputation, can inform evaluative judgments to determine whether the stigma associated with the causal account is consistent with other knowledge of the executive (Fiol & Kovoor-Misra, 1997; Mishina & Devers, 2012). Such factors may disassociate the executive from stigma by illustrating the executive positively. Thus, when the stigma of dismissal is greater, executives may use such assets to distance themselves from the stigmatizing event (Wiesenfeld et al., 2008). We focus on two characteristics that reduce evaluative uncertainty regarding the character and capability of dismissed CEOs: reputational and social capital.

An executive's reputation is the "collective judgment of observers regarding the quality or capabilities of a focal actor within a specific domain that is earned over time" (Graffin & Ward, 2010, p. 331). Reputational capital signals that others positively evaluate the executive (Graffin & Ward, 2010; Rindova, Williamson, Petkova, & Sever, 2005; Washington & Zajac, 2005). Social capital refers to the ability of individuals to extract resources from relationships (Burt, 1992; Kor & Sundaramurthy, 2009) and can enhance one's position (Belliveau, O'Reilly, & Wade, 1996). In particular, social capital may alter how observers react to and interact with stigmatized executives (Wiesenfeld et al., 2008). Thus, an executive may deploy reputational and social capital as fungible assets to reduce negative information communicated by causal accounts.

In this study, we explore why some executives regain employment as a CEO following dismissal. In so doing, we make two contributions to research on CEO dismissal and career outcomes. First, we illustrate how stigmatization is affected by attributions of the executive's character through the framing of causal accounts (Bies & Shapiro, 1987). Research primarily examines these relationships anecdotally. Second, we illustrate how reputational and social capital take on greater importance for executives who face causal accounts that call into question their character. To regain employment following such causal accounts, executives must convince decision makers that their positive attributes outweigh negative character cues. We suggest that executive capital buffers executives who face negative causal accounts through disconfirming information. Our research has strong implications for boards and executives to understand decision biases and constraints that are associated with rehiring dismissed CEOs.

2 | DISMISSAL AS A STIGMATIZING EVENT

Stigma is "an attribute that is deeply discrediting" that reduces the bearer "from a whole and usual person to a tainted, discounted one" (Goffman, 1963, p.3). Most importantly, stigma negatively affects the image and reputation of the associated individual (Goffman, 1963). Stigma thus represents an attribute that makes others less apt to deal with the associated individual (Carter & Feld, 2004). Associating with stigmatized individuals reduces the legitimacy of the associating individual or group (Wiesenfeld et al., 2008).

Dismissal may stigmatize CEOs through "singling out," or assigning blame to one individual who then warrants denigration (Wiesenfeld et al., 2008). This "singling out" implicates the individual and his or her qualities directly. Once singling out occurs, individuals may be subject to a "shunning" process, which may include pressure from others to reject the shunned individual and pushes the executive to "the dark recesses of the business world" (Wiesenfeld et al., 2008, p. 242). At that point, hiring the tarnished person is at odds with requirements for legitimacy, even if the stigma is believed to be unfair (Wiesenfeld et al., 2008).

Research provides evidence that dismissal reduces the willingness of others to employ the executive. Studies find nearly unanimous support that dismissed top executives suffer negative career consequences (Cannella et al., 1995; Gilson, 1989; Sutton & Callahan, 1987; Ward, Sonnenfeld, & Kimberly, 1995).[1] Further, Fee and Hadlock (2004) find that when executives do regain employment, it is in inferior positions with lesser pay. A 2003 *Economist* article quotes an executive recruiter who notes that fired chief executives are nearly unemployable (Cairncross, 2003), likening attempts by dismissed CEOs to regain employment as "returning from the dead." Finally, Ward et al. (1995) note that dismissed executives have a stigma associated with them as "damaged goods" and appear as unsuitable. In short, research suggests that negative career events in a CEO's life significantly reduce the likelihood of future CEO employment due to perceived failures, which we suggest is evidence of stigmatization.

Despite the perception of failure that tarnishes dismissed executives, researchers note that some executives do manage to regain employment (Cannella et al., 1995; Ward et al., 1995). However, it is unclear why these executives overcome the stigma of failure. We argue that two factors influence whether dismissed executives can regain employment as a CEO. First, we suggest that felt stigma via singling out is greater when causal accounts for an executive's dismissal suggest the executive's character is questionable. When negative accounts exist, such framing singles out the executive as lacking character or integrity, tarnishing perceptions of the executive. We further argue that executives may deploy accumulated reputational and social capital as fungible assets to signal positive aspects of their character and capabilities. Such capital allows stakeholders to determine whether the stigma communicated by causal accounts is consistent with other qualities known of the executive (Fiol & Kovoor-Misra, 1997). Reputational and social capital should have their most positive influence when stigmatizing information exists that might delegitimize the executive (Wiesenfeld et al., 2008).

2.1 | Causal accounts for dismissal and executive stigmatization

CEOs are dismissed for many reasons; however, such reasons are rarely publicly and directly communicated by either the executive or the dismissing firm. Instead, media reports provide contextual information related to dismissal to provide causal accounts. Causal accounts serve as statements made to explain unexpected behavior and provide a causal reason for why the event occurred (Bies & Shapiro, 1987); however, they do not have to be true in order to persuade public opinion. Instead, they provide a plausible story or narrative. For instance, accounts may discuss a CEO's departure in the wake of an investigation into stock option backdating practices. In such cases, readers often infer the departure was closely related to such an investigation.

A causal account may single out a CEO as responsible for a negative event or situation and attach the account to the executive's image. This, in turn, reduces the likelihood of others to interact with the executive (Wiesenfeld et al., 2008). The singling out process occurs when causal accounts attribute negative problems directly to a dismissed CEO. Causal accounts are likely to be most damaging when they call into question the integrity of an executive (Mishina et al., 2012). Such violations indicate a lack of character (Wright & Goodstein, 2007), which is considered a stable attribute of an executive's personality and behavioral repertoire. Character questioning causal accounts are likely to be associated with particular indignation by observers and stakeholders (Tetlock, 2002) and norms of legitimacy call into question firms who hire executives perceived to lack character. Such character

[1]For a review, please see Table S1.

questioning causal accounts often indicate an executive has violated fiduciary duty (e.g., accounting fraud) or engaged in personal conduct that violates strongly shared societal norms (e.g., resume falsification, illicit affairs).

Violations of ethical and legal standards are often viewed with particular indignation and result in a large backlash against the violator (Tetlock, 2002), which enhances the degree of stigmatization (Wiesenfeld et al., 2008). Character questioning causal accounts suggest executives lack integrity through violating fiduciary duty or behaving in ways that cross moral and legal boundaries. For CEOs, this is problematic, as they are placed in a position where they may profit from asymmetric information and power (Fama, 1980). Violation of trust exemplifies an absence of moral discipline or self-restraint in the pursuit of personal objectives (Wright & Goodstein, 2007). Personal behavior that violates societal norms reflects negatively on the firm because the CEO is often the firm's most publicly recognized executive. CEOs perceived to have violated norms of legitimacy are poor candidates to be placed in such a situation again due to concerns about the executive's trustworthiness.

Character questioning causal accounts single out the CEO as responsible for the violation itself or failure to prevent the violation and suggest a lack of personal character. For individuals, trust is more difficult to restore for those perceived to lack integrity than for those who lack competence (Kim, Ferrin, Cooper, & Dirks, 2004). Because violations may be seen as a permanent indication of character, the CEO who violates trust is not a strong candidate to be returned to a position where trust is required. Further, firms may find that choosing to hire such an executive is at odds with expectations for legitimacy (Wiesenfeld et al., 2008).

The limited research on this topic provides evidence that CEOs fired for such violations are less likely to regain employment as a top executive. For instance, managers of firms with earnings restatements (Desai, Hogan, & Wilkins, 2006) or those involved in personal mismanagement or scandal (Fee & Hadlock, 2004; Ward et al., 1995) are less likely to find reemployment in an executive capacity. Thus, we propose:

> **Hypothesis 1 (H1)** *The existence of a character questioning causal account reduces the likelihood that a dismissed CEO will be reemployed as a CEO.*

3 | OVERCOMING THE STIGMA OF DISMISSAL: THE ROLE OF EXECUTIVE CAPITAL AS A SIGNAL OF EXECUTIVE QUALITY

The degree to which the stigma of causal accounts affects career prospects is likely to be influenced by how others perceive the executive (Mishina & Devers, 2012). Causal accounts, however, are often ambiguous. To prevent singling out and shunning, dismissed CEOs may convey information that both disconfirms a negative narrative (Fiol & Kovoor-Misra, 1997) and signals positive character (Mishina et al., 2012). As such, attributions for dismissal may shift from permanent sources, such as the executive's character, to the specific situation at the prior firm. As noted by research in social cognition, decision makers tend to discount causes of behavior that are perceived as temporary or caused by external forces as being less likely to recur in the future (Weiner, 1985, 1995). Hence, decision makers at potential new employers may be influenced by information suggesting the causes of the dismissal may not reoccur.

Individuals who are well regarded are likely to face fewer fears of sanctions (Goffman, 1963). Thus, we suggest that an executive's reputational and social capital provide information inconsistent with the causal account that influence stakeholder evaluations (Fiol & Kovoor-Misra, 1997), disassociating the executive from the causal account. We argue accumulated reputational and social capital operate as fungible personal resources to avoid stigmatization. Beliefs about the ability to perform are likely to be built on positive information and resilient to negative information (Pfarrer, Pollock, & Rindova, 2010), suggesting that executive capital helps to counterbalance information contained in negative causal accounts.

3.1 | Reputational capital and executive stigma

Executive reputation is the "collective judgment of observers regarding the quality or capabilities of a focal actor within a specific domain that is earned over time" (Graffin & Ward, 2010, p. 331). Reputation is the result of information exchanges and social influences among various actors (Rao, 1994; Rindova & Fombrun, 1999) and is based on the belief that the executive will deliver value over time, which reduces uncertainty regarding the executive's future actions (Graffin, Pfarrer, & Hill, 2012). As reputation grows, stakeholders are induced to engage in transactions with the actor (Rindova et al., 2005).

One means by which executives gain reputation is through certification contests (Graffin & Ward, 2010; Rao, 1994; Rindova et al., 2005). Certification contests are competitions in which actors in a given domain are ranked based upon performance criteria accepted previously as credible or legitimate by stakeholders (Wade, Porac, Pollock, & Graffin, 2006), such as a CEO of the Year award. Certification contests provide cues about the executive's ability when uncertainty exists (Wade et al., 2006) by generating information from reputable observers that evaluate and endorse actors in a given domain (Rao, 1994; Wade et al., 2006). For CEOs, certifications are likely to be one of the few independent sources of information regarding capabilities (Wade et al., 2006).

We argue that executive reputation can serve as a positive signal of capabilities to disassociate an executive from a character questioning causal account for three reasons. First, beliefs about an individual's ability to perform are more greatly enhanced by positive information and are likely to become resilient to contradictory negative information (Pfarrer et al., 2010). Certifications by reputable organizations signal the executive's quality. Second, certifications serve as proof the executive possesses valuable capabilities and expertise. This allows hiring firms to legitimize hiring a dismissed executive to stakeholders. Third, reputable individuals are likely to act in ways that are credible and reliable (Mishina & Devers, 2012). A reputation is likely to buffer an executive against negative allegations that are inconsistent with the known reputation (Mishina et al., 2012; Rhee & Valdez, 2009). Alternatively, dismissed executives may not be able to overcome negative causal accounts without a reputation to signal why firms should associate with them (Wiesenfeld et al., 2008).

> **Hypothesis 2 (H2)** *Reputational capital moderates the relationship between character questioning causal accounts and likelihood a dismissed CEO regains employment as a CEO, such that greater levels of reputational capital increase the likelihood of reemployment as a CEO when a character questioning causal account exists.*

3.2 | Social capital and executive stigma

Social capital refers to resources available through relationships and ties that individuals can use to enhance their positions (Belliveau et al., 1996; Burt, 1992; Kor & Sundaramurthy, 2009). Executives are likely to develop social capital through relationships built with high-status actors. Social capital engrains the executive in the network of corporate elites (Useem, 1984). As an executive's network grows, it may provide access to information regarding new opportunities and better career outcomes

(Granovetter, 1995). Familiarity through such relationships also allows individuals in the network to vouch for the executive, reducing potential information asymmetries. Firms also value social capital as it provides access to information and resources to which the firm may not have otherwise had access (Hillman & Dalziel, 2003; Kor & Sundaramurthy, 2009). Thus, social capital provides information, influence, and solidarity to limit the likelihood of singling out and prevent shunning (Adler & Kwon, 2002).

Social capital can overcome stigma associated with character questioning causal accounts through several means. First, social capital allows the executive to call on favors from others within a network (Adler & Kwon, 2002; Useem & Karabel, 1986), particularly when a career is at risk (Wiesenfeld et al., 2008). Second, CEOs with higher levels of social capital may be seen as more competent or trustworthy (D'Aveni, 1990; Giordano, 1983). Third, as executives become ingrained in the corporate elite, other elites are less likely to judge them on a single instance of failure (Wiesenfeld et al., 2008) or perceptions of why such an instance occurred. Social capital thus alters the way that others react to the executive. Fourth, firms may value executives with social capital as they provide access to new resources or valuable knowledge bases to which the firm does not have access (Brown & Duguid, 1998). Thus we propose:

> **Hypothesis 3 (H3)** *Social capital moderates the relationship between character questioning causal accounts and likelihood a dismissed CEO regains employment as a CEO, such that greater levels of social capital increase the likelihood of reemployment as a CEO when a character questioning causal account exists.*

4 | METHODS

4.1 | Sample

The sample for this study is all CEOs who were dismissed from 2003 to 2012 in US-based publicly traded firms with more than 1,000 employees and not in banking or finance. Financial firms were excluded due to unique industry regulations. It was important for our study to identify CEO dismissals within a larger set of turnover events. Dismissal allows us to capture the stigmatization that may happen when a CEO is fired. If a CEO leaves a firm to take a higher paying job at a more prestigious firm or chooses to retire as part of a defined plan, such turnovers are typically voluntary and should not be confused with dismissals, which may be stigmatizing failures. Using data from Execucomp, we identified 1,120 CEO turnover events.

Two independent coders examined each of the 1,120 turnover events to determine if the event was a dismissal. Identifying dismissals represents a significant challenge, as firms do not often disclose why CEOs depart (Denis & Denis, 1995; Fredrickson, Hambrick, & Baumrin, 1988; Shen & Cannella, 2002). This study follows the initial approach used by Shen and Cannella (2002), examining company press releases and news reports from the media at the time of the turnover event for information relating to why the CEO position turned over.

Successions that were the result of a CEO's death, health reasons, acceptance of a similar position at another firm, or an acquisition were not coded as dismissals. Four criteria were used to classify dismissals. First, a CEO was reported as fired or forced out; however, this is rare. Second, a CEO was reported as resigning unexpectedly, under pressure, or immediately, due to performance, personal reasons, or to pursue "other interests." Third, the CEO was reported as choosing early retirement, but discussion of performance problems is reported. Fourth, this study adds to Shen and Cannella's criteria for identifying dismissals by identifying any situation where problems of any kind (e.g., SEC investigation, inappropriate relationship) are noted. Turnover was classified as a dismissal if any of the four criteria were met.

The two coders agreed on 1,076 of 1,120 turnover cases (96%, Cohen's Kappa = 0.89). Disagreements were resolved between the coders through discussion to reach consensus. After analyzing the 1,120 CEO turnover events, 834 turnovers were classified as voluntary and were dropped from the study. The remaining 286 CEO turnovers (25.5%) were classified as CEO dismissals; however, of these dismissals, six executives were either in jail or awaiting trial following their dismissal. These CEOs were removed from the sample because they were not in the labor market for rehiring, leaving a final sample of 280 dismissed CEOs.

4.2 | Dependent variable

The dependent variable, *Rehired as a CEO,* is a binary measure of whether the dismissed executive regained employment as a CEO of any firm. Executives were considered rehired as a CEO in a given year if they were listed as CEO on a publicly traded firm's SEC filings or were named CEO by an existing privately held company.[2] This metric is similar to prior research examining executive rehiring (e.g., Gilson, 1989) and is indicative of whether firms are willing to reemploy the manager in a top position. Furthermore, as noted in our opening quotes from public press, it is considered nearly impossible for fired managers to overcome failures. Despite this, as noted by the *Wall Street Journal*, many dismissed CEOs have a strong desire to return to the CEO position to prove their worth (Lublin, 2009). This measure was captured dichotomously for each year for an executive until the point where each executive regained a CEO position or 5 years passed after their dismissal. Of the 280 dismissed CEOs identified, only 58 regained a position as a CEO.

4.3 | Independent variables

4.3.1 | Character questioning causal accounts for dismissal

Character questioning causal accounts were identified based on media portrayals of a CEO's departure. Two coders examined the Factiva database for news articles using the executive's name near the dismissal date, as well as other searches to identify media sources discussing the CEO's departure. The coders only attempted to understand how media accounts portrayed reasons as to why the executive was removed as CEO.

Three primary causal accounts were identified in coding (violations of fiduciary duty, personal conduct violations, and performance related dismissal) with a fourth subset of executives belonging to a group that could not be classified (e.g., strategic disagreement with the board). Given that all executives were fired, presumably for failure to perform, we focused on the causal accounts that implicated character problems, rather than accounts that implicated an executive's capabilities or that could be attributable to a firm.

Character questioning causal account represents a dichotomous variable equal to 1 if news reports at dismissal indicate the executive was involved in an ethical or legal violation relating to the firm's operations or for personal conduct related transgressions or scandals and 0 otherwise.[3] Coders

[2]We excluded executives who founded their own firm and named themselves as CEO following dismissal to focus on the construct of interest: whether organizations were willing to employ a CEO who had suffered a dismissal.

[3]The vast majority of executives who had causal accounts for fiduciary duty violations were never legally punished. Thus, while media accounts suggested transgressions, many did not meet standards for authorities to indict the CEO. As noted earlier, six executives who were convicted or indicted awaiting trial were dropped from the sample.

examined all media coverage of the executive's departure to identify information suggesting that the executive committed negative acts or that the firm was engaged in work designed to investigate potential transgressions. Examples include fraudulent behavior, stock option backdating, an affair with a company employee, or falsification of resumes.

All coding was conducted by an independent rater and the study's first author. The coders agreed on 97.5% of all observations (Cohen's Kappa = 0.918), which suggests a very good level of agreement. Any discrepancies were resolved through discussion. The coders identified 52 character questioning causal accounts.[4] In 228 cases, dismissals were due to other reasons, primarily related to poor firm performance.

4.3.2 | Reputational capital

Each CEO's reputation was measured based on a certification contest: whether the CEO was included on *Institutional Investor* magazine's Best CEOs list, which began identifying top CEOs in 2003. *Institutional Investor* asks buy- and sell-side analysts to identify the best executives from the companies they follow. The surveys reflect the opinions of more than 1,300 analysts across 550 investment firms. The magazine names a top CEO for each industry. *Institutional Investor* has a circulation of more than 130,000 and its list of Best CEOs has been reported on by outlets such as CNN and CNBC. *IIM top CEO,* therefore, is a dichotomous variable based on whether the CEO has been named the top CEO in his or her industry as reported by *Institutional Investor* in any year prior to the observation year. The use of the *Institutional Investor* list to indicate CEO reputation is consistent with research using similar lists (e.g., Wade et al., 2006).

4.3.3 | Social capital

Social capital was measured by examining the executive's place in an elite network based on his or her education. Elite education has value for organizations (Miller, Xu, & Mehrotra, 2015) and allows individuals to access a network of corporate elites with whom they share a common background. *Elite education* is a dichotomous variable equal to 1 if the CEO attended either an Ivy League institution or one of the *US News and World Report* top 25 institutions as designated in 2011 for either undergraduate or graduate education and 0 otherwise. These institutions represent those with national recognition for prestige.[5] CEO educational and board service information was gathered through GMI Ratings, Dun & Bradstreet's Reference Book of Corporate Management, and Forbes, as well as from other company and executive profiles.

4.4 | Control variables

We also controlled for several variables likely to predict whether dismissed executives would find reemployment. *Current age* represents the CEO's age in the observation year. Older executives may not desire to reenter the workforce. Long-tenured CEOs may have become obsolete for their firms or have too much firm-specific human capital. *Tenure as CEO*, therefore, represents the length of the CEO's tenure in years at the dismissing firm. *Years since dismissal* represents the number of years since a CEO was dismissed from his or her prior firm, as executives' capabilities may be perceived as more obsolete the longer they are unemployed. *Firm size* uses the natural log of assets of the firm from which the CEO was dismissed. Experience at large firms is valuable, as such firms impart

[4]Of these, 41 accounts suggested fiduciary duty violations and 11 were related to personal conduct violations.

[5]Alternative conceptualizations were also analyzed, including using the list of institutions developed by Finkelstein (1992) and the *US News* top 50 with results being similar. Results are available from the authors upon request.

lasting knowledge and experiences on individuals (Hamori, 2006). *Industry performance* is the average of the median level of ROA in the dismissing firm's two-digit SIC code in the 3 years prior to the CEO's dismissal to control for industry-level effects that might not be attributed to the CEO. *Prior firm's performance* measures the performance of the CEO's dismissing firm measured as a 3-year average of return on assets (ROA) adjusted for industry median performance prior to dismissal. *Prior firm's performance volatility* is the standard deviation of the dismissing firm's ROA over the 3 years prior to the CEO's dismissal.[6] *CEO was firm founder* is a dichotomous variable equal to 1 if the CEO was dismissed from a firm of which he or she was a founder. Founder CEOs may have greater tarnish, as they were unable to retain control over their own company or may desire to start a new firm. *Prior CEO experience* is a dichotomous variable representing whether the executive served as a CEO of a public company prior to being named CEO at the company from which he or she was dismissed. Prior CEO experience may signal an ability to adapt to multiple firms, as well as indicates likely prior success as a CEO. *Industry experience* is a count of the number of years of experience the executive had in the industry of the firm from which he or she was dismissed. Industry experience is often highly valued by firms who seek knowledgeable executives who understand their operating environment (Harris & Helfat, 1997). All information was gathered from CompuStat, GMI Ratings, and proxy statements.

4.5 | Analysis

Given that our sample only includes dismissed CEOs, sample selection bias may be a problem. Thus, we employed a Heckman selection model (Heckman, 1979) to control for the likelihood of a CEO's dismissal in a given year. In the first stage, we included observations for all nonbanking and finance firm years from 2003 to 2012 upon which our original sample was constructed (n = 5,234) in a probit regression predicting the likelihood of CEO dismissal in a given year. Using prior research, first-stage predictors of CEO dismissal included variables that represent characteristics of the CEO, the firm's governance, and firm performance. For the CEO, these included tenure, age, base salary and total compensation, and ownership percentage. We also controlled for firm performance using industry-adjusted ROA. To ensure that our first-stage model was unrelated to our second-stage dependent variable, we employed measures of the firm's governance environment as exclusion restrictions, each of which was uncorrelated with regaining CEO employment. The governance environment is likely to impact the board's ability and willingness to dismiss a CEO. These included CEO duality, the board's proportion of independent directors, and the percent of the firm's ownership held by large blockholders. All variables were lagged by 1 year. Results of the first-stage model are available in the Appendix. Among the exclusion restrictions, duality ($\beta = -0.20$, $p = .001$) and independent director proportion ($\beta = -0.47$, $p = .009$) were both negatively related to dismissal, while the blockholder ownership was positively related ($\beta = 0.43$, $p = .005$). The change in chi-square for including these variables was 23.76 ($df = 3$, $p = .000$). Following Bascle (2008), we tested for normality in the error terms of the selection model using a Lagrange multiplier test and failed to reject the null hypothesis that the error terms were normally distributed (Chi-square = 3.43, $df = 2$, $p = .18$). Thus, we feel our model incorporates strong exclusions to control for selection bias. The

[6]We conducted additional analyses without controlling for (a) all controls and (b) industry performance, prior firm's performance volatility, and prior firm size (as well as removing each control variable individually) and results were substantively unchanged from those reported. All results are available from the authors upon request.

first-stage model then generated the *Inverse Mills* ratio, which was included as a control variable in our second-stage model predicting the likelihood of regaining employment as a CEO.[7]

For the second stage, we used event history analysis. An event history model allows for us to examine the likelihood of an event occurring in a given period based on a set of independent variables. We specified an exponential distribution for odds of the event (e.g., being rehired) occurring across the time a dismissed CEO is observed. Event history models allow the use of time-varying covariates (Benner & Tripsas, 2012; Box-Steffensmeier & Jones, 2004). These advantages are important as the likelihood of reemployment may change as the CEO becomes further removed from their position and changes in variables, such as an executive's age, may influence reemployment. These advantages make event history analysis superior to prior studies that examine likelihood of reemployment as a singular dichotomous variable 5 years following dismissal using logistic regression. Analyses reported represent coefficients from STATA's *streg* procedure specifying the exponential model and include the use of robust standard errors to account for interdependence between observations from the same executive.[8]

5 | RESULTS

For our analyses, our data is broken up into annual "spells" to determine the likelihood of reemployment as a CEO in a given year (for a similar discussion on the usage of spells, see Benner & Tripsas, 2012; Hayward & Shimizu, 2006). The first spell for each executive is an observation calendar year following the dismissal year, with each CEO having up to five spells in the dataset.[9] An executive drops out of the sample when he or she is rehired as a CEO. Each CEO was tracked for up to 5 years following dismissal to identify their employment positions based on news reports and biographies. The final analyses for the 280 subjects resulted in 1,120 observations, with 58 executives regaining a CEO position (20.7%). On average, executives were rehired as CEO within 1.92 years of dismissal, with 26 of the 58 regaining CEO positions in the calendar year following dismissal. Additionally, 124 of the sample executives assumed non-CEO positions within 5 years. Thus, nearly two-thirds of dismissed CEOs were reemployed. Of those who did not regain a CEO position, eight became non-CEO executives of public firms, eight were named executives in private firms (vice president or higher), 28 were a top executive of a company they founded, and 77 assumed positions in other fields (e.g., academia, venture capital). This data indicates a large number of executives chose to be reemployed in some capacity following dismissal with many seeking top executive positions.[10]

Further, Tables 1 and 2 illustrate the frequency by which sample executives fell into the conditions of interest. Of the 52 executives with a character questioning causal account, only five regained a CEO position. For those with such causal accounts, Table 1 indicates that only one of the eight such executives with a top CEO award was rehired, while four of the 44 without such an award regained employment. Table 2 illustrates, however, that four of the 15 CEOs with character questioning causal

[7]Additional two-stage Heckman analyses were conducted with a first-stage model that incorporated our independent variables of *IIM top CEO* and *elite education* to create the inverse mills ratio for second-stage analyses. Both the first- and second stage-results are substantively similar to those reported in the tables.

[8]To test the sensitivity of results to alternative model specifications, we also conducted analyses using a Gompertz model. Results were largely the same to those reported and are available from the authors upon request.

[9]In unreported models, we also explore whether our findings are robust to 2-, 3-, and 4-year windows. Results are substantively similar to those reported in the article and are available from the authors upon request.

[10]We were able to follow the executives in all but eight of the cases. For instance, Carly Fiorina went on to run for Congress, while other former CEOs accepted board positions that indicated their status as a former CEO. For the remaining eight cases, no information could be obtained following the executive's dismissal.

TABLE 1 Breakdown of dismissed CEOs by character questioning causal account and whether they won a Top CEO award (number that regained CEO positions / number of CEOs dismissed)

	Top CEO	Not top CEO	Total
Fiduciary violation	0 / 4 (0%)	2 / 37 (5.41%)	2 / 41 (4.88%)
Personal conduct violation	1 / 4 (25%)	2 / 7 (28.57%)	3 / 11 (27.27%)
Other (poor performance or other narrative)	8 / 16 (50%)	45 / 212 (21.23%)	53 / 228 (23.25%)
Total	9 / 24 (37.5%)	49 / 256 (19.14%)	58 / 280 (20.71%)

TABLE 2 Breakdown of dismissed CEOs by character questioning causal account and whether they had elite education (number that regained CEO positions / number of CEOs dismissed)

	Elite education	Not elite education
Fiduciary violation	2 / 11 (18.18%)	0 / 30 (0%)
Personal conduct violation	2 / 4 (50%)	1 / 7 (14.28%)
Other (poor performance or other narrative)	10 / 71 (14.08%)	43 / 157 (27.39%)
Total	14 / 86 (16.28%)	44 / 194 (22.68%)

accounts and elite education were rehired. Alternatively, only one of the 37 CEOs with a character questioning causal account and no elite education was rehired.[11]

Tables 1 and 2 illustrate an opposite story when character questioning causal accounts do not exist. For these CEOs, eight of the 16 with a top CEO award regained a CEO position, while only 45 of the 212 (21.23%) did not. Further, 10 of the 71 with an elite education regained employment, while those without were almost twice as likely to regain a CEO position (43 out of 157, 27.39%). In short, the data strongly suggest that reputational capital has a negative influence for executives with character questioning causal accounts and a positive influence for those without accounts. Tables 1 and 2 also suggest that social capital is beneficial for executives whose character has been called into question, but not for those without such accounts.

Table 3 shows descriptive statistics and correlations among all variables. Table 4 presents the results of the event history analysis with Model 1 presenting only control variables. Among controls, being rehired as a CEO is negatively related to the CEO's *current age* ($\beta = -0.08$, $p = .000$), *tenure as CEO* ($\beta = -0.10$, $p = .04$), *years since dismissal* ($\beta = -0.34$, $p = .001$), *founder status* ($\beta = -13.94$, $p = .000$), and *industry experience* ($\beta = -0.04$, $p = .006$), while positively related to *prior CEO experience* ($\beta = 0.68$, $p = .009$). *Prior firm's performance* also exhibits a moderately negative relationship with regaining a CEO position ($\beta = -1.89$, $p = .07$), which suggests concerns arise to delegitimize hiring a CEO dismissed by a firm with stronger performance.

Models 2 through 5 present the results of our hypothesis tests. First, Model 2 illustrates a positive main effect of *IIM top CEO* on likelihood of rehiring as a CEO ($\beta = 1.17$, $p = .000$), suggesting that reputational capital assists dismissed CEOs in regaining employment. Hypothesis 1 suggests that *character questioning causal accounts* reduce the likelihood of reemployment as a CEO; however,

[11]Analyses were also conducted examining likelihood of reemployment as any executive, based on inclusion on a proxy statement or hired as a private company VP or above. Results are nearly identical to those presented.

TABLE 3 Correlations and descriptive statistics for reemployment of dismissed CEOs

	Mean	*SD*	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Rehired as any CEO	0.05	0.22														
2. Inverse mills	1.94	0.20	−0.06													
3. Current age	57.94	6.49	−0.17	0.15												
4. Tenure as CEO	6.53	6.22	−0.10	0.48	0.34											
5. Years since dismissal	2.78	1.41	−0.14	0.02	0.23	0.03										
6. Firm size	7.33	1.56	−0.03	0.20	0.12	−0.05	0.02									
7. Industry performance	0.05	0.03	0.03	0.00	−0.09	−0.02	0.01	−0.06								
8. Prior firm's performance	0.02	0.11	−0.04	0.39	−0.01	−0.01	0.03	0.18	−0.04							
9. Prior firm's performance volatility	0.07	0.10	0.02	0.03	−0.10	−0.04	−0.02	−0.20	−0.15	−0.09						
10. CEO was firm founder	0.04	0.19	−0.05	0.09	0.10	0.13	0.01	−0.09	−0.07	0.01	−0.05					
11. Prior CEO experience	0.19	0.39	0.09	−0.03	0.09	−0.12	−0.03	0.10	0.04	−0.02	−0.03	−0.09				
12. Industry experience	21.4	10.37	−0.16	0.17	0.37	0.33	0.03	0.18	−0.14	0.02	0.02	0.15	−0.09			
13. Character questioning causal account	0.14	0.35	−0.05	0.11	0.10	0.24	0.04	0.15	0.11	0.14	−0.06	0.05	−0.09	0.11		
14. IIM top CEO	0.05	0.22	0.15	0.10	−0.01	−0.07	−0.03	0.32	0.12	0.09	−0.09	−0.06	0.15	−0.03	0.01	
15. Elite education	0.24	0.43	−0.03	0.03	0.00	0.03	0.00	0.20	0.00	0.01	−0.05	0.02	0.04	−0.01	−0.05	−0.09

n = 1,120

TABLE 4 Event history analysis for being rehired as a CEO following dismissal

	Model 1		Model 2		Model 3		Model 4		Model 5	
	Coeff.	**Robust *SE***	**Coeff.**	**Robust *SE***	**Coeff.**	**Robust *SE***	**Coeff.**	**Robust *SE***	**Coeff.**	**Robust *SE***
Inverse mills ratio	0.81	(0.79)	0.54	(0.78)	0.37	(0.80)	0.64	(0.89)	0.45	(0.91)
Current age	−0.08	(0.02)	−0.08	(0.02)	−0.08	(0.02)	−0.08	(0.02)	−0.08	(0.02)
Tenure as CEO	−0.10	(0.05)	−0.09	(0.05)	−0.08	(0.05)	−0.10	(0.05)	−0.10	(0.05)
Years since dismissal	−0.34	(0.10)	−0.30	(0.11)	−0.29	(0.11)	−0.28	(0.11)	−0.28	(0.11)
Firm size	−0.00	(0.08)	−0.07	(0.08)	−0.07	(0.08)	−0.04	(0.08)	−0.05	(0.08)
Industry performance	1.37	(4.64)	1.62	(4.39)	2.99	(4.87)	1.67	(4.67)	2.05	(4.79)
Prior firm's performance	−1.89	(1.06)	−1.84	(1.03)	−1.70	(1.01)	−1.95	(1.10)	−1.81	(1.09)
Prior firm's performance volatility	0.30	(1.09)	0.38	(1.11)	0.61	(1.10)	0.50	(1.10)	0.60	(1.10)
CEO was firm founder	−13.94	(0.55)	−13.81	(0.56)	−12.58	(0.54)	−12.46	(0.58)	−13.50	(0.57)
Prior CEO experience	0.68	(0.26)	0.63	(0.27)	0.68	(0.26)	0.73	(0.25)	0.73	(0.25)
Industry experience	−0.04	(0.01)	−0.03	(0.01)	−0.03	(0.01)	−0.04	(0.01)	−0.03	(0.01)
Character questioning causal account			−0.39	(0.53)	−0.14	(0.50)	−1.70	(0.74)	−1.43	(0.65)
IIM top CEO			1.17	(0.27)	1.27	(0.28)	1.18	(0.26)	1.26	(0.28)
Elite education			−0.20	(0.32)	−0.20	(0.32)	−0.39	(0.31)	−0.42	(0.32)
Character questioning causal account × IIM top CEO					−14.51	(1.17)			−15.36	(0.98)
Character questioning causal account × elite education							3.04	(0.86)	2.99	(0.79)
Constant	1.78	(1.66)	2.34	(1.61)	2.68	(1.61)	2.17	(1.75)	2.41	(1.74)
−Log Pseudolikelihood	163.46		157.97		156.94		154.21		153.41	
Pseudo-adjusted R^2	0.44		0.48		0.48		0.50		0.50	
Wald chi-square	924.04		981.37		1147.06		808.42		1357.80	
CEOs in data	280		280		280		280		280	
Observations	1,120		1,120		1,120		1,120		1,120	
Dependent variable (DV) = rehiring in any CEO position										

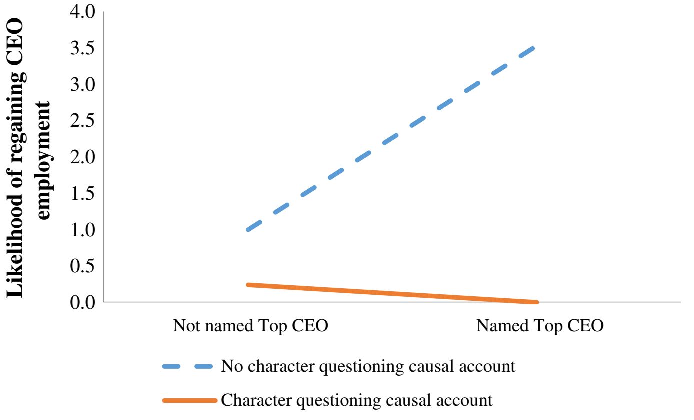

FIGURE 1 Plot of interaction between (a) character questioning causal accounts and (b) IIM top CEO on being rehired as a CEO

we find no support for this hypothesis in Model 2 ($\beta = -0.39$, $p = .46$). In additional analyses, we created separate variables for violations relating to fiduciary duty and personal conduct. Results indicated that executives with violations of fiduciary duty are significantly less likely to regain employment as a CEO ($\beta = -1.83$, $p = .04$), while we found no effect for CEOs with indicators of personal conduct violations ($\beta = 0.05$, $p = .93$). These results suggest that violations of fiduciary duty create greater stigma on an executive's career; however, we caution interpretation based on the limited observations in our data.

Hypothesis 2 predicts that an executive's reputation moderates the relationship between character questioning causal accounts and CEO reemployment. As seen in Models 3 and 5, *character questioning causal account* × *IIM top CEO* (Model 3: $\beta = -14.51$, $p = .000$; Model 5: $\beta = -15.36$, $p = .000$) exhibits a strong relationship with CEO reemployment. To interpret this interaction effect, we graphed the relationship in Figure 1 following Trevor (2001) to identify the change in the hazard rate across conditions. To create the terms in the interaction graphs, we first calculated the coefficient for each point in the dummy interaction.[12] We then exponentiated the coefficient for each condition to calculate the hazard rate. For instance, executives without a character questioning causal account had a likelihood of regaining CEO employment equal to the baseline hazard rate without reputational capital [$\exp^{(-1.43*0\,+\,1.26*0\,+\,-15.36*0*0)}$]; however, this likelihood was 3.52 times greater with reputational capital [$\exp^{(-1.43*0\,+\,1.26*1\,+\,-15.36*0*0)}$].

As seen in Figure 1, having been named a top CEO is an asset for dismissed executives *without* character questioning causal accounts, while a positive reputation has a slight negative effect for executives with such causal accounts (i.e., see solid line in Figure 1). Thus, we fail to find support for Hypothesis 2 as reputation does not help dismissed CEOs regain CEO employment following character questioning causal accounts. However, we find reputation has a positive influence for executives without character questioning causal accounts.

Finally, Hypothesis 3 predicts that social capital moderates the relationship between character questioning causal accounts and regaining CEO employment. Models 4 and 5 find support for a relationship between *character questioning causal account* and *elite education* (Model 4: $\beta = 3.04$, $p = .000$; Model 5: $\beta = 2.99$, $p = .000$). As seen in Figure 2, elite education positively affects the likelihood of reemployment for CEOs with character questioning causal accounts. Without character

[12]All figures illustrate relationships based on the fully saturated model (Model 5).

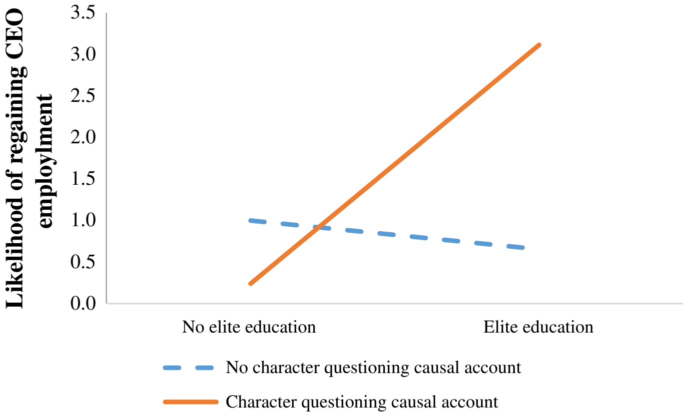

FIGURE 2 Plot of interaction between (a) character questioning causal accounts and (b) elite education on being rehired as a CEO

questioning causal accounts, elite education decreases the likelihood of regaining CEO employment. These results indicate that social capital is particularly beneficial for CEOs whose behavior illustrates integrity concerns. Thus, we find support for Hypothesis 3.

In short, results suggest that reputational and social capital influence whether executives regain a CEO position; however, this is conditional on whether causal accounts implicate character. Social capital is a fungible asset to prevent stigmatization when character violations implicate an individual's moral worth. Alternatively, reputational capital has limited impacts for executives whose character is questioned. In contrast, we find CEOs without potential character concerns are rewarded for reputational capital, while punished for social capital.[13]

6 | DISCUSSION

Popular press and academic research alike note that CEO dismissal can have substantial consequences for CEOs who seek a fresh opportunity to lead a company (Ward et al., 1995). Dismissal is perceived as failure, which creates a stigma on a CEO's career and reduces the desire of other firms to rehire the executive. Despite this stigma, some executives do overcome its negative effects. However, existing theory cannot explain why some executives are able to disassociate themselves from this failure. Building on prior research, we illustrate how character questioning causal accounts affect the likelihood that an executive regains CEO employment. Furthermore, we add to theory by illustrating how stigma is altered by a CEO's reputational and social capital. In examining these ideas, this study makes several contributions to research.

6.1 | Causal accounts for dismissal and regaining employment

First, this study builds upon prior theoretical work (Wiesenfeld et al., 2008) to argue that character questioning causal accounts affect reemployment. While prior research argues that dismissal *alone* is stigmatizing, we argue that causal accounts that suggest character problems reduce the likelihood of

[13]In additional, unreported analyses, we also ran subsample analyses on the likelihood of regaining employment as a CEO for only executives without character questioning causal accounts. Results for the effects of reputational and social capital were consistent with those reported in the manuscript and the graphical interpretations.

reemployment as a CEO. Character questioning causal accounts suggest that the CEO took advantage of a powerful position to alter his or her own personal wealth at the expense of shareholders or lacked moral discipline. While we find no direct effect of character questioning causal accounts on likelihood of CEO reemployment, we do find that fiduciary violations alone have a strong negative impact. Only 2 of 41 executives with fiduciary violations regained a CEO position. In contrast, we find no direct effect that personal conduct violations influence the ability of dismissed CEOs to regain a CEO position. Our results suggest that the nature of the perceived transgression strongly influences labor market perceptions.

6.2 | Reputational and social capital in overcoming stigmatization related to causal accounts

We also advance theory on how executives can reduce the felt stigma of causal accounts by illustrating executives can deploy reputational and social capital to alter how decision makers evaluate such accounts. Building on Wiesenfeld et al. (2008), we argue that such capital signals positive CEO capabilities. Interestingly, our empirical results illustrate mixed support for our theoretical predictions.

For character questioning causal accounts, we find that social capital from elite education increases the likelihood of reemployment. Social capital can limit stigmatization by utilizing personal relationships, which allow for others to vouch for the CEO or allow the CEO to call in favors from their network in difficult times (Wiesenfeld et al., 2008). Our graphs illustrate that social capital increases this likelihood to levels above CEOs without such causal accounts. This result is consistent with theory that network ties vouch for the CEO's character. In turn, such ties suggest the transgression is not stable and is inconsistent with the CEO's character (Mishina & Devers, 2012). Further, CEOs without causal accounts are more likely to be associated with poor performance, whereby the CEO may be tied to attributions of poor managerial capabilities. Alternatively, we find that reputational capital has a slight negative impact for CEOs with character questioning causal accounts. This finding is in line with Fombrun's (1996) explanation that CEO celebrity is a double-edged sword. In this case, external arbiters may hold such executives to higher behavioral expectations or create more severe punishments.

Interestingly, the interaction effects suggest that reputational capital is beneficial for CEOs without character questioning causal accounts (consistent with the overall main effect), while social capital is detrimental. Reputational capital is a signal of the CEO's capabilities and allows for attributions of dismissal related to external forces. This is in line with Wade et al.'s (2006) findings that certified CEOs have higher pay than noncertified CEOs. The certification indicates others positively evaluated the CEO's capabilities and rehiring the executive becomes less at odds with legitimacy concerns, particularly when character concerns are absent. Alternatively, for executives without causal accounts, social capital may be harmful as the capital was unable to be employed to realize better performance. Thus, the social capital may not help CEOs who are deemed as incapable of running an organization due to prior failures.

The results of our control variables are also of interest. While older CEOs are less likely to gain CEO reemployment, reemployment is more likely immediately following dismissal. Also, long-tenured CEOs, founders, and those with industry experience face a lower likelihood of gaining a CEO position. This is likely due to a belief that capabilities are obsolete or failed to help the CEO previously. Founders' failure, in particular, may be tied to a prior company, or it may be that entrepreneurs pursue their own new ventures. Finally, prior CEO experience is a significant benefit. CEOs who have held multiple positions were most likely successful previously. Such CEOs can highlight prior accomplishments to limit the tarnish of failure. Finally, it should be noted that the use of event history analysis as an analytical technique is a contribution over prior research, which primarily employs single observations for individuals using logistic regression. Event history analyses allow for us to control for time-varying covariates and utilize time as a meaningful predictor of the relationship.

6.3 | Limitations

Despite our findings, this study has its limitations. First, the phenomena studied are inherently low base rate cases. For instance, only approximately 20% of executives regained CEO employment. Of these, only five rehired CEOs had character questioning causal accounts. Having been named a top CEO and received elite education are also low base rate phenomena. As such, statistical tests often have few observations of CEOs who have regained employment and have social or reputational capital. Thus, our findings should be interpreted with caution given the low rate of executives rehired following a character questioning causal account.[14] Despite this, this article is the first to explore why the 20% of executives do regain employment using a framework based on stigma theory.

Second, our study uses a dichotomous dependent variable to examine career outcomes of dismissed CEOs. This dependent variable allows us to examine the likelihood of reemployment, but does not allow nuanced examinations of job prestige, status, or income executives gain when reemployed. Third, our study does not allow us to fully capture the degree of stigma. Instead, we argue that the likelihood of reemployment as a CEO is a proxy. While the majority of our executives find reemployment, and while we control for factors such as age, which may affect whether executives seek employment, we do not have a method to identify whether CEOs seek reemployment. Prior research notes, however, that executives are concerned with their own legacy and would likely want the opportunity to create a final legacy of success rather than one focused on failure of dismissal. Additionally, our data consists of only US executives. In other contexts where failure is less tolerated, dismissal may have different career consequences.

6.4 | Implications

This study has both theoretical and practical implications for firms and executives. Firms should be aware of biases that exist with regard to dismissed executives. As CEO dismissal becomes more frequent, a greater number of high-quality executives may seek reemployment. Hiring a dismissed CEO may be a means of increasing knowledge and expertise from an outside perspective on the firm's leadership team. Certain dismissed CEOs may be too stigmatized to hire. However, understanding that reputational and social capital may signal the benefits of dismissed CEOs may enable access to some of this executive labor pool.

This study also has implications for executives. Executives need to be aware of how their dismissals are perceived and limit the effects of such narratives. Further, they should understand the potential burden of celebrity when character concerns arise. Executives may be able to use social capital as a signal to illustrate that causal accounts are not indicative of the executive's true character. For executives without causal accounts, they should understand the negative signaling value of social capital. Finally, boards should be aware of how executives perceive their own future career prospects. Boards should be aware of CEO behaviors designed to limit employment risk and focus on properly monitoring and incentivizing CEOs.

Future research can build upon this study to further examine the consequences of dismissal on career outcomes of executives. First, future research could examine other measures of social capital that may enhance the likelihood of reemployment. For instance, social network studies suggest constructs including network centrality, betweenness, and embeddedness. Research may also examine what drives executives to seek employment following dismissal. Some executives may be more strongly driven to seek employment following dismissal based on their tenure in office or age or personality factors driving them to feel a need for success.

[14] Additional analyses were conducted without executives who had causal accounts identified. In these analyses, a positive relationship was identified for reputational capital and negative relationship for elite education, consistent with results reported in the article.

An additional avenue for future research would be to examine how executives perform at positions following reemployment. Executives who perform well may be an indication that executives have learned from past failures and this learning allows for better success in the future. Alternatively, if reemployed executives fail to perform well in new positions, results may indicate that firms that fail to rehire dismissed executives are making wise decisions.

6.5 | Conclusion

Prior theory fails to explain an increasingly important question: what are the characteristics of the few CEOs who manage to overcome the failure associated with dismissal to regain a CEO position? We find that character questioning causal accounts shape reemployment penalties, but only when related to the firm's operations. Likewise, social capital can positively influence career outcomes for dismissed CEOs with character questioning causal accounts, while reputational capital has no discernible effect. Instead, executives without such causal accounts find a benefit from reputational, but not social, capital, in the CEO labor market. Our results suggest that executives can return from the dead following dismissal, but the nature of the transgression and their reputational and social capital strongly influence this likelihood.

ACKNOWLEDGEMENTS

The authors would like to thank editor Constance Helfat and two anonymous reviewers for their help and guidance in the review process. We would also like to thank Clint Chadwick, Jeong-Yeon Lee, Todd Little, Laura Poppo, Donald C. Hambrick, Anthony Nyberg, Yasemin Kor, Sherry Thatcher, Mark Maltarich, Scott Turner, Paul Bliese and Elizabeth Ravlin for their helpful comments and insights on earlier drafts of this article.

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SUPPORTING INFORMATION

Additional supporting information may be found online in the Supporting Information section at the end of the article.

How to cite this article: Schepker DJ, Barker VL. How stigmatized are dismissed chief executives? The role of character questioning causal accounts and executive capital in dismissed CEO reemployment. *Strat Mgmt J*. 2018;39:2566–2586. https://doi.org/10.1002/smj.2922

APPENDIX: RESULTS OF HECKMAN SELECTION PROBIT MODEL PREDICTING LIKELIHOOD OF DISMISSAL

	Coeff.	*SE*	Coeff.	*SE*
Tenure as CEO	−0.02	(0.00)	−0.02	(0.00)
CEO's age	0.00	(0.00)	0.00	(0.00)
CEO base salary	0.00	(0.00)	0.00	(0.00)
CEO total compensation	0.00	(0.00)	0.00	(0.00)
CEO ownership	−0.06	(0.02)	−0.05	(0.02)
Firm performance	−0.53	(0.20)	−0.50	(0.20)
CEO duality			−0.20	(0.06)
Board independence proportion			−0.47	(0.20)
Blockholder ownership			0.43	(0.17)
Constant	−1.17	(0.24)	−1.03	(0.28)
−Log Pseudolikelihood	1,092.35		1,080.47	
Pseudo-adjusted R^2	0.03		0.04	
Wald chi-square (*p*-value)	73.88		97.64	
Observations	5,234		5,234	