Understanding Founder-CEO Successions

A qualitative analysis of driving factors behind founder-CEO successions in Swedish growth firms

ELIN BERG

IDA GRANBERG

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Abstract

Founder-CEOs play a key role in the startup journey, but as the company grows, the role of the CEO changes and eventually, most founder-CEOs are succeeded by a professional CEO. While founders are not always considered to be suitable for managing a large complex organisation but rather known for their entrepreneurial spirit, there is little understanding of why founder-CEOs leave, or are forced to leave, their position. Through 10 semi-structured interviews, this thesis takes a qualitative approach to gain an in-depth understanding of the driving factors behind founder-CEO successions. Interviews were conducted with founder-CEOs and professional CEOs of high-profile Swedish companies in a growth phase. Using the Gioia methodology, findings are structured into themes and dimensions, and with the theoretical lens of 'four stages in the life cycle of an entrepreneurial firm' (Picken, 2017b), the research results in a framework with driving factors behind founder-CEO successions. The framework consists of three dimensions of driving factors: growth, personal and external factors, and evaluates the role each dimension has, as well as the relationship between factors within each dimension. The external factors, such as requirements and pressure from the board, often contribute by *initiating* the succession. The growth factors are related to growth of the organisation which present *challenges* for the CEO. Lastly, the personal factors are *underlying contributors* which impact the other driving factors. Especially unwillingness to develop into the role is crucial in both affecting and triggering other factors, thus significantly contributing to founder-CEO successions.

Keywords: Founder-CEO successions, Founder-CEO, Leadership, Growth firms

Authors: Elin Berg (50666) and Ida Granberg (50674)

Supervisor: Gianluca Chimenti, Department of Marketing and Strategy

Examiner: Johan Nilsson, SSE Institute for Research

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1. Introduction

1.1 Background

Sweden is often described as a hotspot for entrepreneurs, with the success stories of Klarna, Skype, Spotify and many more (Person & Colm Fulton, 2021). The startup scene has flourished with many entrepreneurial spirits turning their ideas into profitable businesses, and by being second in having most unicorns, Stockholm is often described as the Silicon Valley of Europe (Daly, 2021). However, the transition from starting a company to leading a multi-million organisation is not always easy, and there are many challenges along the way which require strong leadership (Greiner, 1997).

Being a founder and especially a CEO of a successful company is one of the most prestigious professional titles available. Often, the title is closely linked to the CEO's identity, and the CEO acts as the spokesperson for the company (Freeman, 2004). Having the utmost responsibility also means constant pressure to perform and when CEO successions occur, they tend to be frequent, public and notable. Most startups have a founder as CEO for the first period, who is later replaced by a professional CEO, which is an external hire who usually has previous experience of being a CEO (Wasserman, 2003). The dynamics around a founder-CEO are unique compared to a professional CEO as founder-CEOs often become emotionally attached and therefore have a special bond to their company (Wasserman, 2008).

In accordance with the framework of five phases of growth established by Greiner (1997), a company often goes through a leadership crisis in the early stages of growth. This is when the founder resists stepping aside although it is critical for the organisation to find the right leader to proceed to later stages of growth (Greiner, 1997). Founders are often convinced that they are the only ones with the ability to lead their company to success, hence sometimes resisting to let go of leading positions. Still, only half of founders stay as CEO for more than three years (Wasserman, 2008). While founders might not always be best suited to run their company long-term, it has been found that firms perform better while run by a founder-CEO during the first years (Adams et al., 2009; Hendricks et al., 2021).

Contrastingly, there are also founder-CEOs who still run their company successfully 10-15 years later, such as the Spotify-founder Daniel Ek. His success is often explained by his ability to be both an entrepreneur who is close to the core business and a leader that communicates well and motivates his employees (Emdén, 2017). This leaves us wondering what determines the ability to lead a company from the startup phase to a larger scale. Why do founder-CEOs leave their positions, voluntarily or involuntarily?

Previous literature has explored founder-CEOs characteristics and how founder-CEOs are entrepreneurial, have high personal involvement in the company, and how this impacts their leadership (Wasserman 2008). While they bring passion and vision to the company, they often lack managerial skills (Abebe & Anthony Alvarado, 2013). Studies have also explored how founder-CEOs should develop to become leaders. To transition into a successful CEO, Picken (2017a) has identified hurdles a founder needs to overcome, including developing expertise and shifting focus from narrow to a broader perspective. Still, most founder-CEOs leave their position, which could be due to failure of transitioning into a successful CEO, or as Hendricks et al (2021) has suggested, there could be strategic reasons behind stepping down. While there is extensive literature on founder-CEOs and quantitative data on for example timing of CEO successions (Hendricks et al., 2021; Wasserman, 2003), there is a gap in the literature where there seems to be no academic proof for *why* founder CEOs leave their position.

This thesis examines Swedish companies in a growth phase, which is one of the stages in the commonly used model for business life cycles. For the purpose of this thesis, a consolidated definition of growth is utilised, where a company has developed an established product, broadened their product lines and expanded to several markets (Miller and Friesen, 1984; Lester et al., 2003). By interviewing founders and CEOs from some of the most talked about companies on the Swedish market, such as NICK'S, CAIA and Vässla, this research aims to contribute to the understanding of founder-CEO successions in a variety of retail industries.

1.2 Purpose and Research Questions

The purpose of the study is to explore the underlying factors behind founder-CEO successions in Swedish growth firms. As the majority of previous literature researches founder-CEO successions with a quantitative approach, this thesis will contribute with qualitative in-depth insights of why founder-CEOs leave their positions during a growth stage. The research question is formulated as:

What are the driving factors behind founder-CEO successions in growth firms?

By gaining in-depth understanding of the reasons why founder-CEOs leave their position in growth firms, management and boards in fast growing ventures can better grasp what factors are important to consider when appointing a new CEO, how to strategically plan a founder-CEO succession, or how a founder-CEO that wants to stay can be complemented to better manage the CEO role.

2. Literature Review

The following literature review is presented to give background to what is previously known about founder-CEOs and founder-CEO successions. The literature is divided into two areas of interest: 1) the founder-CEO and 2) the CEO succession.

2.1 The Founder-CEO

Founder-CEOs generally have different characteristics than professional CEOs because of their strong bond with their company and emotional attachment to their businesses (Wasserman, 2008). During the beginning of a startup, the goals of the organisation are most likely intertwined with personal goals of the entrepreneur. Due to the small size of the firm, the leadership style is very hands-on, enabling the CEO to supervise all employees closely and working directly with day-to-day activities (Picken, 2017a).

Literature has found both positive and negative aspects of founders-CEOs. Wasserman (2008) found that founders often are overconfident, as they believe it is more likely they will succeed with their business ideas in comparison to other entrepreneurs with similar ideas. The attachment and overconfidence can be of advantage in a startup phase to get the business going, but can create problems later (Wasserman, 2008). Founder-CEOs are both seen as bringing passion and vision to the organisation at the same time as they often lack managerial skills needed to lead the company forward (Abebe & Anthony Alvarado, 2013). However, founder-CEOs are generally more innovative and are better at retaining innovative minds in the organisation compared to a professional CEO (Lee et al., 2020a). While most founders are entrepreneurial in nature, how the founder-CEO behaves is also dependent on the motivation behind the business idea. Wasserman (2008) found that many entrepreneurs are motivated by the idea of becoming wealthy, but there are also entrepreneurs who have a desire to create and lead an organisation, which can impact how they behave as a CEO.

As firms grow, the role of the CEO changes. When managing a larger company, the CEO must focus more on formulating a strategy, recruiting employees and dealing with regulators, moving further away from the operational decision making. The skills required to manage a large venture is substantially different from those required to go-to-market, which requires a founder-CEO to work actively with personal and professional development if they seek to keep their role as CEO (Picken, 2017a).

Picken (2017a) finds several factors influencing the survival of founder-CEOs, relating to industry context, personal characteristics, venture performance, organisational characteristics and equity ownership. While some of the factors related to industry context and personal characteristics are set, the majority of the factors can be influenced by the founder-CEO, meaning that there is large potential for founder-CEOs to remain CEO during growth. To maintain the position as founder-CEO, Picken (2017a) finds that the entrepreneur needs to develop and shift the attention and focus from a narrow day-to-day focus to a broader and more diverse view and shift the time horizon to a more long-term vision. The entrepreneur must also develop skills, expertise and build new relationships while working with openness and flexibility when tackling new challenges. In addition, the founder-CEO should replace the informal leadership style with a set of practices and behaviours that are more suitable for managing a high-growth organisation.

2.2 The CEO Succession

While the entrepreneurial founder-CEOs have major possibilities to lead their company, evidently, professional CEOs often take over as companies scale. By looking at financial performance data, Hendricks et al. (2021) found that founder-led companies outperform companies with a non-founder-CEO up to 3 years after a firm's IPO, but thereafter, a founder-CEO detract from firm value. After 6 years, on average, most founders add more value in other positions, often related to their areas of passion (Hendricks et al., 2021). In many cases, the founder-CEO is forced to leave their position, even though they find themselves suitable to lead the company forward (Wasserman, 2008). Through a quantitative study, Lee et al. (2020b) finds prior entrepreneurial experience and number of co-founders to positively influence voluntary succession, while the length of the time the organisation was private to negatively influence voluntary succession, since it increased the organisational identification for the founder-CEO. Thus, the succession is often influenced by the founder's psychological traits such as attachment to the firm, rather than their performance (Lee et al. 2020b). Furthermore, founder-CEO successions differ notably from a later CEO succession as most founder-CEOs are replaced by external CEOs, and the founder most often stays in the company in another role (Wasserman, 2003), which is uncommon in other CEO successions. Wasserman (2008) has also found that four out of five founders are forced to step down by stakeholders such as investors, as they have large decision power in the CEO succession.

Through quantitative data, Wasserman (2003) identified two potential reasons behind founder-CEO succession in internet firms: the completion of product development and capital rounds from outside investors. The sooner founder-CEOs achieve goals and complete work, the faster they have been found to be replaced (Wasserman 2003; Wasserman 2008). Good performance has been found to make it less likely that a founder retains the title of CEO (Adams et al., 2009), possibly because good performance accelerates the growth journey which requires new leadership.

While the literature covers the characteristics of a founder-CEO, ways of remaining CEO, and quantitative findings about founder-CEO successions, there is a lack of in-depth understanding behind why founder-CEOs leave, or are forced to leave, their position. This gap in research is what this thesis aims to fill by exploring factors behind founder-CEO successions on the Swedish market.

3. Theory

To address the research question, theoretical frameworks are used to help guide the selection of companies as well as the analysis of what factors contribute to founder-CEO successions. First, the business life cycle theory is presented together with Miller and Friesen's (1984) review of attributes that define each stage in the life cycle. These frameworks are used to give background to what a typical business journey looks like, as well as to define the growth phase which is the focus of this thesis. As definitions of growth are ambiguous and the methods for defining growth differ between theories, the insights from the frameworks are combined to provide a richer understanding of the growth phase.

Second, we present Picken's (2017b) framework of 'four stages in the life cycle of an entrepreneurial firm'. The framework is used as a theoretical lense throughout the study as it provides a deeper understanding of the stages new companies go through, and how these may impact a founder-CEO succession.

3.1 Business Life Cycle

The business life cycle is a well-established theory concerning the different stages businesses undergo through their lifetime. There are many frameworks that describe the business life cycle, all with some variations (Lester et al., 2003; Miller & Friesen., 1984; Sirmon et al., 2011). The multitude of frameworks provides a richness in the understanding of the phases firms go through, and insights into the stages that initiate and require change in the organisation. Most models consist of five stages that span from the founding to the recession of the company.

One of these models is presented by Lester et al. (2003) who define the business life cycle as: existence, survival, success, renewal, and decline. The stage of existence is the entrepreneurial stage where the founders are working to find a viable business model. The survival stage is a stage of growth where companies establish competencies to stay competitive and set up goals on routine with a main objective being to generate enough revenue to survive. The next stage, the stage of success, is commonly called maturity, where the company is developing more formalised procedures and structures with slow growth and decentralisation. The renewal stage occurs when mature companies want to foster an innovative environment, often done through new organisational structures. Lastly, in the stage of decline, the company fails to grow profit and loses market share, potentially leading to the company being acquired or liquidation (Lester et al., 2003).

Miller and Friesen (1984) introduce a review of business life cycle theories where patterns in the business evolution are presented based on historical data from existing companies. By combining different theories and performing statistical tests, Miller and Friesen determine attributes that define the different phases. The consolidated phases presented are: Birth, Growth, Maturity, Revival, and Decline. As the growth phase is examined in this thesis, the findings concerning this phase are relevant and used to gain an understanding of how the company is impacted during growth. Miller and Friesen define four themes that exhibit change during the phases and the characteristics of the growth phase are categorised based on these four themes: strategy, situation, structure, and decision-making style. Several characteristics are presented that concern many aspects of the business. These include diversification of product lines and more thorough market segmentation, where you tailor your product offering to a more specific target group. In the growth stage, innovation is incremental, hence not rapid or dramatic. The organisation becomes more decentralised and structured, and the impact of the owners decreases which consequently impacts the sense of ownership.

3.2 Four Stages in the Life Cycle of an Entrepreneurial Firm

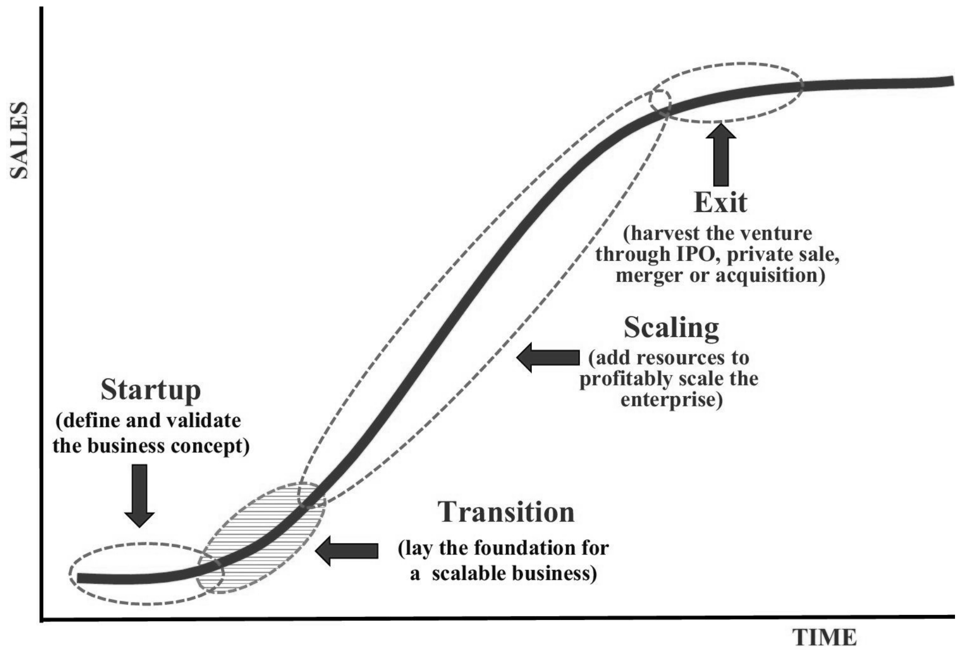
Picken (2017b) develops the traditional lifecycle and examines the four stages that new ventures go through as they go towards a state of maturity: startup, transition, scaling and exit (Figure 1). This model focuses on the initial steps of the traditional business life cycle, and therefore they together encompass the stages of growth. The different stages represent different challenges faced by the founding team. The startup phase is characterised by defining and validating a business idea, including the market opportunity, the offering, the business model and the go-to-market strategy.

Transition, on the other hand, starts when the business first experiences traction in the marketplace, and requires management that can handle a combination of both operational and managerial challenges to manage the loosely structured startup environment in combination with structure required for rapid scaling. Picken (2017b) emphasises that the transition period is the most critical for a company's success as it lays out the foundation for scaling. To ensure success, Picken (2017b) presents the *eight hurdles of transition,* for management to handle.

The eight hurdles are: setting a direction and maintaining focus; positioning products/services in an expanding market; maintaining customer/market responsiveness; building an organisation and management team; developing effective processes and infrastructures; building financial capability; developing an appropriate culture; and managing risks and vulnerabilities.

The scaling phase involves challenges around structure, processes and stable profits which arises when the venture must grow at a high speed to sustain competitive advantage and gain a leading position in the market. Informal communication and decision-making are ineffective at this stage, and the organisation requires specialists in most business areas in order to drive stable profits which are required by investors. The last stage, exit, often occurs at some point when the best way for the company to realise value is to exit through an IPO, acquisition or private sale for example.

Figure 1: Four Stages in the Life Cycle of an Entrepreneurial Firm by Picken (2017)



From the different life cycles, it is evident that a business faces different challenges depending on where they are in the life cycle, hence also requiring different skills from the CEO. Moving forward, Picken's (2017b) four stages will be used as a guiding framework to understand how the role of the founder-CEO develops as a company moves along the life cycle.

4. Methodology

4.1 Research Methodology

The research has been conducted with a qualitative method through semi-structured interviews. As the research examines leadership and changing roles, the qualitative method is suitable in putting emphasis on words and allows for greater in-depth understanding of the constantly shifting social reality (Bell et al., 2019, p.35). With an iterative and interpretive process, the empirical findings have been developed alongside theory (Bell et al., 2019, p.24), allowing us to explore the topic of founder-CEO succession with an open mind. The research is based on abductive reasoning, which seeks to find explanations for a phenomenon by working iteratively between data and theory, which is a common method for interpretive processes (Bell et al., 2019, p.24).

4.2 Research Design

The research is designed as a cross-sectional study where the development of the CEO role in 8 different Swedish growth firms have been examined. The study aims to capture variation by studying several cases at a single point in time in order to draw patterns of association between the cases (Bell et al., 2019, p.58). Four out of eight companies studied have had a founder-CEO succession, while four still have a founder in the role of the CEO. The purpose of studying both founder-led and successor-led companies is to gain deeper insights into the conditions of a founder-CEO succession by understanding both what the main drivers behind the founder-CEO succession is, as well as how certain founder-CEOs manage to stay CEO during the growth phase. However, the study is not designed to be a comparative study as the comparison mainly seeks to provide a broader understanding of conditions when a founder-CEO stays or leaves, and the aim of the research is not to find differences between the two different types of CEOs.

4.3 Data Collection

4.3.1 Interview Sample

The interview sample was gathered through criterion sampling, which is a type of purposive sampling where the sample must meet certain criteria to be included (Bell et al., 2019, p.390). This limitation ensures both comparability and replicability. The criteria were based on two aspects: the company and the interviewee role.

For the companies, the inclusion criteria regard relevance, phase and size. All companies should either have had a founder-CEO succession during the past 5 years, or the company should still have a founder as CEO. The companies should have been founded in Sweden between 2-12 years ago, allowing for some variation in age while still ensuring that the companies are in a growth phase. Growth can be defined in many ways, using different factors including, for example, revenue or organisation size. For the purpose of this thesis, a consolidated definition of growth has been created which serves as a minimum requirement for a company to be considered to be in the growth phase. The consolidated definition of the growth phase is based on several theoretical frameworks (Miller and Friesen, 1984; Lester et al., 2003) but the aim is for the definition of the growth phase to be broad and allow for variety in the operational structures and specific interpretations from each company. We define the growth phase as:

A point in the business life cycle where the company has

1. *developed an established product and business model that generates revenue,*
2. *reached enough success to competitively broaden the product line and,*
3. *proven the scalability of the business by existing on several markets.*

In addition to defining the growth stage, companies that are too small are excluded by only including companies that were recognised on the Swedish business market by being frequently mentioned in business newspapers. To exclude large corporations which have rather reached a phase of maturity, only SMEs were included. Hence, the companies included had to have a turnover of 50 million EUR or less, and less than 250 employees (European Commission, n.d.). The criteria for the interviewee were included to ensure that the information gathered during the interview is relevant and trustworthy, by the interviewee having enough experience from the role and the company. All inclusion criteria are summarised in Table 1.

Table 1: Inclusion Criteria

Inclusion criteria for company
Founded in Sweden
Founded between 2-12 years ago
Founder-CEO succeeded no earlier than 5

years ago, or is still active as CEO
Is currently in the growth phase
Defined as SME
Inclusion criteria for interviewee
Has been or is currently CEO for the company
Has worked for the company for at least one year

Due to the variation seeked out with the cross-sectional study design, the CEOs interviewed were from companies in a range of different sub-industries within retail such as consumer goods, food tech, vehicles and beauty. Potential interviewees from Swedish companies, where the founder-CEO had recently left its position as well as where the founder-CEO is still active, were identified through news articles on Breakit, E-handel.se, Dagens Industri and other business newspapers. Interviewees meeting the inclusion criteria were contacted through LinkedIn, and the sample size was continuously evaluated with the goal of reaching data saturation (Bell et al., 2019, p.397). Data saturation was reached when the interviews no longer contributed with surprising insights, and when patterns of similarity could be found. The final sample consisted of ten interviewees in total (Appendix 1) with previous or current CEOs from eight different companies. Four of the companies had a founder-CEO succession, while four of the companies still have a founder as CEO. Among the four companies with a current founder-CEO, one of the companies had an appointed new CEO for some time, however the founder-CEO is now back in the position of CEO. Information about the companies can be found in Table 2.

Table 2: Company Information

Company	*Current CEO*	*Year founded*	*Turnover 2020 (MSEK)**	*Average no. employees 2020**
A	New CEO	2014	123	74

B	New CEO	2015	9	19
C	New CEO	2013	97	10
D	New CEO	2018	150	7
E	Founder-CEO	2019	117	31
F	Founder-CEO	2015	389	128
G	Founder-CEO	2011	43	3
H	Founder-CEO	2017	26	16

* Data gathered from interviews and annual reports.

4.3.2 Interview Design

The interviews were semi-structured and based on two interview guides, one for founder-CEOs and one for new CEOs, consisting of 16 questions each (Appendix 2). The questions were open-ended with the intention of letting the interviewee answer freely, keeping the interview process flexible (Bell et al., 2019, p.436). All interviews were between 15-59 minutes long (Appendix 1) and were held either in person, digital or via email. The digital interviews were synchronous and held via Google Meet, while the email interview was asynchronous (Bell et al., 2019, p.452). The in person or digital interviews allowed for a more flexible approach where follow-up questions could be asked immediately, while the format of the email interview required a second interview for follow-up questions. All interviews were conducted in Swedish, and later recorded and transcribed verbatim in its original language to maintain wordings and social interpretations of the interview (Bell et al., 2019, p.445). Relevant quotes have been meticulously translated to English for the purpose of presenting findings.

4.4 Data Analysis

The data collected from the interviews was analysed with help from several approaches, with the aim to achieve rigour. In order to structure the findings and code the data, the Gioia methodology was used. Further, as qualitative data can be abstract and allows for interpretation, the data has been analysed with the help from critical discourse analysis.

4.4.1 Data Coding

To analyse the data, an overview table was first created where all company cases were matched with observations from the interviews with the purpose of having an overview of all cases and their most prominent elements. The table can be likened to the 'rectangle of data' introduced by Marsh (1982) where observations from each case are compared (Bell et al., 2019, p.61). The cases were also divided into groups of founder-led and successor-led companies in order to display similarities and differences between the different cases. With the cross-sectional design, the overview table allowed for further, more thorough, examination of the results and aided a secondary, more structured analysis (Bell et al., 2019, p.61).

To structure the findings, the Gioia methodology (Gioia et al., 2012) and the guidelines introduced by Ryan and Bernard (2003) (Bell et al., 2019 p.519) were used to identify common themes in the interviews. The Gioia methodology is commonly used for inductive concept development but is deemed appropriate for the abductive approach used in this research. After reading the transcribed interviews several times to ensure a complete understanding of the context, statements were gathered and categorised into first order themes, which were discovered by identifying repetition, analogies and similarities in responses. The first order themes could later be categorised into second order themes, which are concepts that have not been theoretically explored previously but can contribute to answering our research question (Gioia et al., 2013). Lastly, the second-order themes were further categorised into aggregate dimensions which are overarching topics that together cover all aspects mentioned in the interviews.

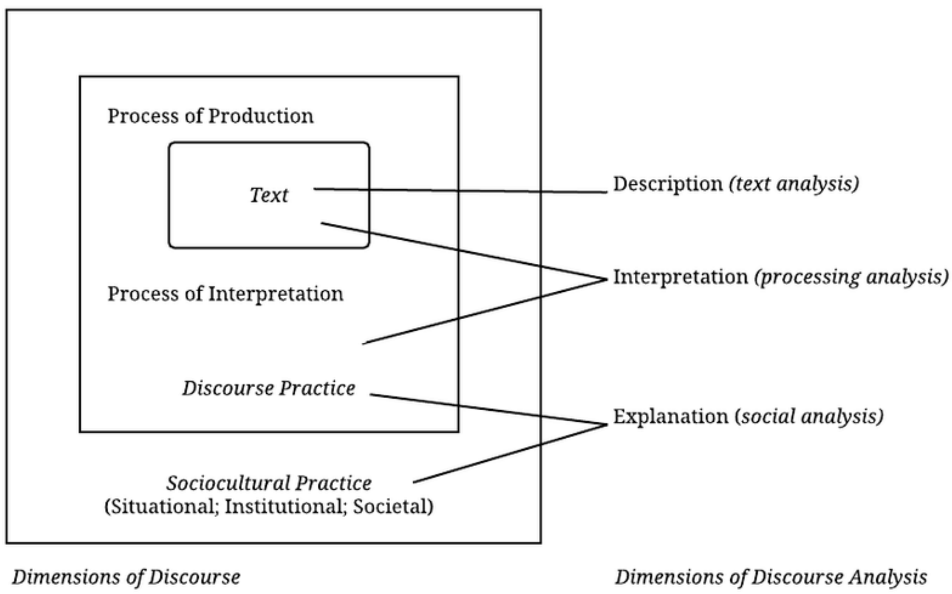
4.4.2 Critical Discourse Analysis

To analyse all nuances communicated during interviews, a critical discourse analysis approach was used. Discourse in the academic context refers not only to spoken communication but rather views it as language that acts by "constructing, situating, facilitating and communicating the diverse cultural, institutional, political and socio-economic parameters of 'organisational being'" (Grant, et al. 1998:12). Discourse analysis entails established approaches and guidelines that work to uncover the effects the context has on the language used and how this further depicts a world view. However, the notion about discourse analysis remains that there is no set way of analysis, but the approaches rather act as aid, and some of the approaches have for the purpose of this thesis been used as a foundation for analysis (Bell et al., 2019, p.488).

Critical discourse analysis is one of the main approaches, where the social context is given more weight, uncovering how language is used as a power resource and what the effects of the discourse are (Bell et al., 2019, p. 488). Critical discourse analysis is beneficial as a tool to analyse the interviews conducted for this research. As the interviewees are current or former CEO's, commonly known to be articulate and charismatic, using language to their advantage, critical discourse analysis can reveal meaning beyond simply the words they choose.

One of the central frameworks used during critical discourse analysis is Fairclough's three-dimensional framework. Here, written text is analysed in three dimensions; text, discursive practice and sociocultural practice. The data analysis was first based on written words from the transcriptions of the interviews. Second, the analysis of discursive practices allowed for interpretation beyond the text. Based on the recorded interviews and the interactions with the interviewees, other influencing factors such as context, body language, tonality and how the interviewees expressed themselves were included in the analysis. This was further aided by the sociocultural dimension where our perceptions and external information about the company complemented the analysis.

Figure 2: Fairclough's Three-dimensional Critical Discourse Analysis Framework



4.5 Discussion of Method

The two main criteria for evaluating qualitative research according to Guba and Lincoln (1994) are authenticity and trustworthiness, which requires the research to have credibility, transferability, dependability and confirmability (Bell et al., 2019, p.363). This has been ensured by following good practice, sharing the research with interviewees to ensure correct interpretation, and providing thick descriptions of the cases studies. In addition, the procedure has been documented throughout the entire study and reviewed by the supervisor to improve trustworthiness of the study.

The qualitative method was deemed to be best suitable for studying the chosen research question. However, the qualitative research method is sometimes criticised for being subjective, as the researcher has a large impact on what is considered significant and important (Bell et al., 2019, p.374). Furthermore, the method has been found to be difficult to replicate since the researchers are the main instruments of data collection, hence there is a lack of standard procedures to follow. These criticisms have been considered during the research design, for example by setting clear inclusion criteria prior to data collection. Qualitative methods are also claimed to not be generalisable since the research examines very few cases in depth. By focusing the research on founder-CEO successions on the Swedish market, while still allowing for variation by the different sub-industries, the study has been designed to allow for generalisability to the largest extent possible, hence mitigating any disadvantages of the qualitative method.

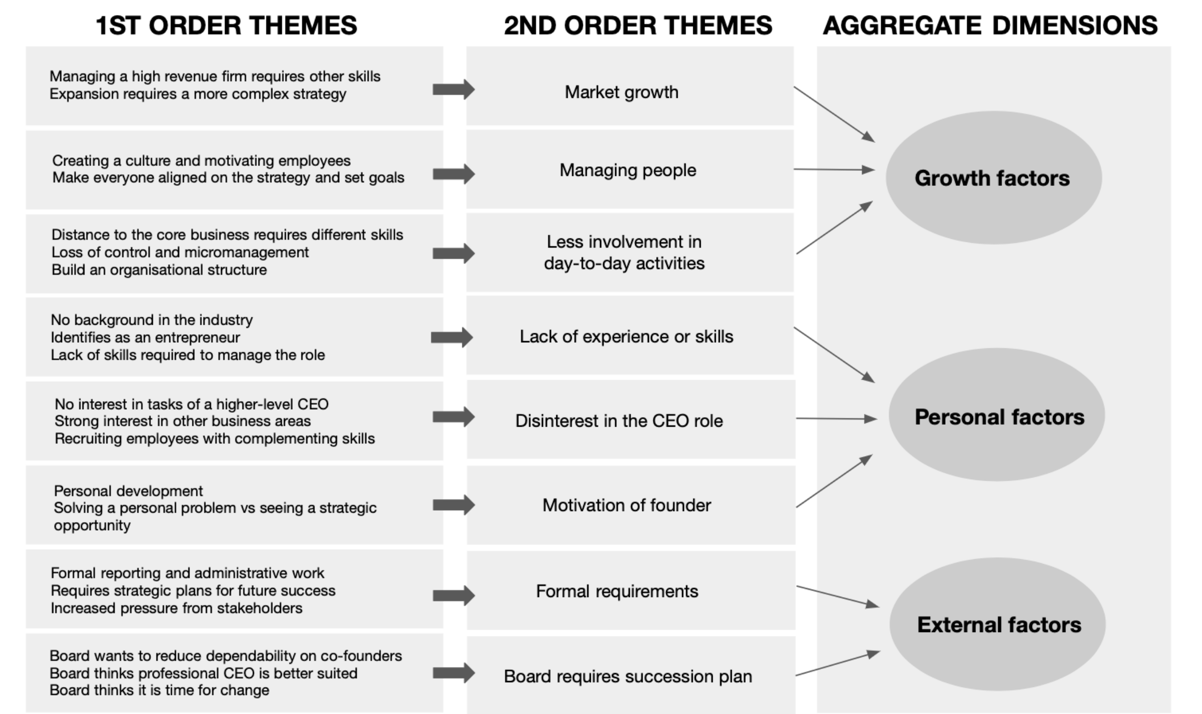
Since the interviews were conducted in different forms, the data collection is partly impacted by the means of communication. The in-person interviews give a more nuanced picture of the data, as it allows interpretation of body language to a larger extent. The digital interviews allow for interpretation of how the interviewees express themselves, while the email interview limits the understanding of the interviewee as only words can be analysed. On the other hand, the lack of layers to analyse in terms of body language or expressions can be of positive nature as it removes visual cues that could influence the interviewers' interpretation of a response (Bell et al., 2019, p.453). While the digital solutions are advantageous because of flexibility (Bell et al., 2019, p.451), they impact the data collection in the way that the interviewee is more distracted as they have access to their computers or phones. As the different interview forms have both advantages and disadvantages, we found a combination of the methods to be appropriate.

To ensure that the research follows ethical procedures, four ethical principles by Diener and Crandall (1978) have been adhered: avoidance of harm, informed consent, protection of privacy through confidentiality, and prevention of deception (Bell et al., 2019, p.109). All participants have given informed consent to participate in the study, and data have been handled according to the EU's General Data Protection Regulation.

5. Findings & Analysis

In the following section, data gathered from the interviews is presented according to the aggregate dimensions found with the Gioia methodology (Figure 3). The data is presented in the dimensions of growth, personal and external factors which together cover the topics that the interviewees raised. The findings are analysed and will in a later section be discussed in relation to the research question.

Figure 3: Overview of Data Structure Created with the Gioia Methodology



5.1 Growth Factors

Naturally, the role of the CEO changes as the company grows. When the company is newly founded, the CEO is involved in every part of the company. The CEO is responsible for everyday tasks such as filling out paperwork and setting up different systems, and in most interview cases, the founder-CEOs were also fully responsible for raising capital. During this phase, the founders describe the leadership as non-existent as there is no, or a very small team, to manage.

> "To be CEO on day 1 is the same thing as being a customer support associate or sourcing manager. [...] To be CEO and alone in a company means no leadership, it is just a title." (Founder-CEO, Company G)

During the growth phase, the CEO role becomes more defined and the responsibilities more focused. The role of the CEO is often described as setting the strategy and leading the team towards a unified vision. The need for a leader is strong, and all interviewees explain that the CEO should move away from the day-to-day decisions and instead have more of a strategic height. These changes in the CEO role are typical in the transition phase where the required leadership moves from being operational to managerial (Picken, 2017b).

5.1.1 Market Growth

Most interviewees from successor-led companies instinctively pointed out growth as the main reason behind the founder-CEO succession. However, the description of growth and challenges that come along with growth were different between the cases. Revenue growth was often brought up as a reason, however it could be understood from the interviews that it is more used as a way of measuring growth. It is not the actual higher monetary value that drives the CEO succession, but rather the managerial implications of managing a larger company.

> "To grow a company from 0-10 million SEK in revenue is manageable as an entrepreneur, but if you want to grow to 100 million SEK or more, you need [a CEO] that has more experience from running a business." (New CEO, Company A)

Another way of measuring growth is by looking at the number of markets, as all examined companies had experienced a rapid growth and entered several markets during the past years. While more markets indicate more operational complexity and therefore strategic requirements, it did not seem like it was the actual market growth that contributed to the CEO succession, even though it was through "market expansion" and "revenue growth" that the previous CEOs described the challenges. Rather, it seems that the growth of the organisation requires another type of leadership, which is what drives the CEO succession.

5.1.2 Managing People

When asked about what changes were required in the leadership during growth, both founders and new CEOs brought up the focus on managing people as the organisation grows. The leadership at this stage constitutes guiding and inspiring your employees. During the first growth phases when the team is expanding, certain soft skills are essential. The CEO is required to ensure that all employees are aligned on the strategy and can meet the goals set out. Here, the ability to combine the strategic vision with empathic leadership, goal management and motivating your team is key.

> "My role today is to have a comprehensive responsibility of budget and long-term goals. But also, to motivate the personnel and make them feel like we are in it together." (Founder-CEO, Company G)

> "We did not have any personnel in the beginning, so I did not have much responsibility, but as the company grew, I got more responsibility for the organisation. To make sure that people know what they are doing each day, what our vision and strategy is, and what part they play in that strategy to reach our goals." (Co-founder and previous CEO, Company D)

The current founder-CEOs and new CEOs generally described themselves as genuinely interested in managing people and building a culture. When describing their leadership qualities, they often talked about enriching employees, helping them to grow in their roles, and working with servant leadership to help employees succeed instead of telling them what to do to succeed. However, the founders that left the CEO position found it more difficult to pinpoint their leadership skills, and if they could, it was not related to people management.

> "One of my strengths is that I know every part of our operations. I never leave anything to chance. It is a strength, but it can also be a weakness because in a big company you cannot have control of everything." (Co-founder and previous CEO, Company D)

5.1.3 Less Involvement in Day-to-day Activities

Many of the interviewees described their organisation as quickly growing, and one founder-CEO explained that they have hired on average one person per day during the past year. However, organisational growth does not only mean that there are more employees to manage, but it also means that the CEO is less involved in the day-to-day activities. One of the current founder-CEOs described their success in staying CEO as being good at delegating and taking a step back with day-to-day decisions. When scaling the organisation, the CEO is forced to move away from micromanagement, which can be difficult when you are used to being in control and managing all parts of the business.

> "I like to be in control, I am a control freak and I do not like to let go of control which you have to be able to do if the company is to become very large." (Co-founder and previous CEO, Company D)

The larger organisation and less involvement in day-to-day activities creates a distance between the CEO and the core functions of the business. The CEO does not have as much insight into the business when there are more employees and tasks have to be delegated. As a current founder-CEO describes it, it is challenging to make strategic decisions when the distance to the organisation and the customer is large. Rapid growth requires the CEO to think more strategically about the operations and make decisions analytically rather than intuitively. One of the co-founders and previous CEOs brought up the required qualities during this transition and highlighted the move from being hands-on and practical to more strategic and theoretical as you get further away from the day-to-day activities.

> "I am very involved in our operating plans, but my focus has moved from being day-to-day to monthly, or even quarterly. I always have to look a bit further ahead. [...] For every new layer added, there is a greater distance to the organisation. It creates new challenges that must be carefully considered. There is a larger distance to the organisation as well as the customer. [...] It is definitely a critical factor as I do not believe that you can have a strategic height if you do not understand the key drivers of a business." (Founder-CEO, Company E)

> "In the beginning, you are more of an entrepreneur who works hard, knows many different things and is not an expert at anything. You should be hands-on and lead the company forward. If you as a CEO want to go from 300 million SEK to 1 billion SEK, another type of leadership is required. You [need to] analyse reports from each department, and based on that, you see what changes have to be made. You should be strategic, and also theoretical." (Co-founder and previous CEO, Company D)

Organisational growth also requires the CEO to build a functioning organisation, and this is where many founders fail to recognise the importance of having organisational structure. To manage a larger organisation, all employees must know their position and how the organisation is built in order to have efficient communication and processes. Many of the current CEOs highlighted the need for organisational structure when growing, while the founders and previous CEOs rather said they lacked the skills necessary to handle a growing team.

> "In the beginning you need people that can do a bit of everything. You have to keep doing that for a while, but we probably did it for too long. Likely because I don't have that knowledge or experience [of structuring a company]. We should have created an organisational structure earlier, but we are doing it now anyway." (Founder-CEO, Company H)

> "I believe that every experienced manager can have 5-6 people reporting to them. The first inflection point for us was when I could have all reports in the company, and there were no other managers. [...] When we reached 10-12 employees, we had to professionalise and formalise the organisation through an organisational chart." (Founder-CEO, Company E)

> "I am not so good at multitasking and handling personnel. We needed someone who can take care of our current employees but also attract new ones to build an organisation." (Founder and previous CEO, Company A)

One of the cases deviated from the rest in which the founder-CEO succession quite clearly was due to an acquisition, where their company had grown to a stage where parent companies were interested in acquiring them. The founder-CEO accepted a position on parent-level and in this case the new CEO had very similar experience to the founder and previous CEO, as they had worked together from the startup phase until the current scale-up phase. While the journey and experiences of the new CEO differs from the other cases, growth is still a main factor driving the CEO succession.

5.2 Personal Factors

There is a clear difference between the role as a founder of a startup company and being a CEO for a large company with a more complex organisation. Different stages of a business life cycle require different skills (Picken 2017b; Lester et al. 2003), and based on the interviews, there is an apparent notion of two types of people: innovative entrepreneurs and professional corporate CEOs.

5.2.1 Lack of Experience or Skills

Previous literature has generally depicted founders to be incapable of leading an organisation due to their lack of experience and leadership qualities (Wasserman, 2008; Abebe & Anthony Alvarado, 2013). Many of the interviewed founder-CEOs have limited experience from other companies or started their business as a first step in their career. The lack of experience is viewed as both beneficial and limiting. Consistent with what Lee et al. (2020a) found, being an entrepreneur from the start allowed the founder-CEOs to think more freely and innovatively. On the other hand, having a track record of experience is very valuable for managing continued growth, as the transition phase requires the CEO to handle more managerial challenges (Picken, 2017b).

The new CEOs in successor-led firms have in common that they have experience from an industry relevant for their new company, from other CEO positions or other startups. The experience from startups was often highlighted as a benefit as they had an understanding of the more hands-on approach many of the scale-ups use, as well as making the new CEOs somewhat entrepreneurial in their nature. The new CEOs had in multiple cases experience from big corporations which contributes to the new CEOs being more structured and used to working with documentation. The experience from big corporations has also given the CEOs experience of best practices and in one case, the big corporation was described as shaping personal qualities:

> "[The big corporations] are incredibly good at building ownership among their employees. [...] They always get employees to broaden their perspective and think about how you can make a brand grow. Proactivity and leadership are basic behaviours that you build in the organisation." (New CEO, Company A)

Hence, the previous experience and specific skill set seems to be important when searching for a new CEO. While most of the founders from successor-led companies expressed their lack of experience as reason behind the CEO succession, some of the founders have some experience from other ventures, for example from roles that require a very strategic mindset or from attending business school.

The founder and previous CEOs all shared that the skills required for leading larger companies differ greatly from leading a company during the startup phase. Founders from both founder-led and successor-led companies all described themselves as entrepreneurial with high involvement in the company, at least during the startup phase (Picken, 2017b). They feel or felt a personal connection with the firm, similarly to what Wasserman (2008) has found.

> "I would say that I am extremely personally involved [in the company and its vision]" (Founder-CEO, Company E)

For the founders from successor-led companies, identifying as an entrepreneur was commonly brought up as a reason for why they are no longer CEOs. As all founders pointed out, the CEO is involved in each part of the business during the start, and the founders who are no longer CEOs expressed that they are more suitable in that type of entrepreneurial role.

> "In the beginning, you must be an entrepreneur that works hard, knows a lot about different things without being an expert. You should be hands-on and lead the company forward." (Founder and previous CEO, Company D)

Relating to the life cycle from Picken (2017b), the leadership in a startup phase is more operational, however, when the company enters a transition phase, the management must be able to handle both operational and managerial challenges. In the cases where a founder-CEO succession had occurred, the founders considered themselves to be better suited as entrepreneurs and realised that the skills they possess are not the same as for a professional CEO. Generally, the founders and previous CEOs expressed that they lacked the leadership skills needed to manage a larger organisation, set comprehensive long-term strategies and personal goals for the employees for example.

> "You are required to work with regulations, strategies, personal goals for all employees and so on. I think that requires another type of leadership than in the beginning." (Founder-CEO, Company D)

Hence, the founders from successor-led companies had a lack of skills and experiences which contributed to the succession. Company H appointed an acting CEO during a period to see whether a professional CEO would be better suited in driving the company. The acting CEO had more managerial skills with a corporate background, while the founder was more of an entrepreneur. When the acting CEO did not live up to the expectations, the founder-CEO was deemed to be a better fit as they had a closer connection to the business idea, and therefore regained the position of CEO.

> "We all probably realised that it is more important that the passion is there, and that it was too soon for a professional CEO." (Founder-CEO, Company H)

The shift can be explained by the company being in the transition phase (Picken, 2017b) where the CEO must have a combination of hands-on and managerial skills. If a professional CEO comes in too soon, the organisation might not be ready for structure and corporate practices as they need to be agile to respond to the market and the people need to fill more than one specific role. It was also clear that the CEO had to have passion and be a spokesperson for the company in order to get investments, which was difficult for an external CEO who had not been part of the journey for long. In this case, the CEO succession happened too early in the business lifecycle. However, as a company approaches the scale-up phase, challenges around structure and processes will arise (Picken, 2017b), which might require that type of professional leadership. Company H may not have reached the scale-up phase yet, but as they continue to grow, they will likely need a different type of leadership.

> "I think when you reach 100 million [SEK] in revenue [the company needs new leadership]. Then you are a different company. Other problems need to be solved and instead of an entrepreneur it may be more suitable with another type of leadership where the founder can still do something, but perhaps not be CEO." (Founder-CEO, Company H)

5.2.2 Disinterest in the CEO Role

Handling the ever-changing challenges in a transition or scale-up phase is very different from founding a company and finding a viable business model. The CEO needs to both be capable and willing to lead the company, including setting strategies and structures for example. However, many of the founder-CEOs who left their position stated a personal disinterest in this type of role:

> "I am aware that my leadership can be very effective and super great until you have 15-20 employees, after that something else is required. I am not interested in that, and I do not think it is fun." (Founder-CEO, Company D)

The founders and previous CEOs often expressed a stronger interest for another part of the business, such as sourcing, product development or marketing. Having specific skills in a certain area can make them more suitable in another type of role, which can motivate the CEO-shift as someone else might be a better fit for the CEO role.

> What I did before I had to take on the CEO role was to work with purchases, production etc. so it felt natural for me to focus on that. Now we have our own production facility so there is a lot of work there, which I also enjoy the most and therefore might perform best at. And then [the new CEO] gets to come in and do what he is best at.“ (Co-founder and previous CEO, Company A)

The current founder-CEOs generally have stronger interest in the CEO role compared to the founders and previous CEOs but have also made sure to compensate for their lack of interest in certain aspects of the role by recruiting people with the right skills and interest.

> “No one is good at everything. That is the first thing you need to realise – what you are bad at, and then try to recruit someone who is better than you at that.” (Founder-CEO, Company H)

> “...The way to compensate for [my lack of experience from big corporations] is to surround yourself with people that have experience, such as mentors.” (Founder-CEO, Company F)

The founder-CEOs that did not enjoy their tasks expressed that they might not be suitable for the CEO role. In comparison, the current-CEOs aimed to compensate for their disinterest in certain parts of the role by recruiting other employees which can support them. Hence, even when they experienced disinterest in certain aspects of the CEO role, they found solutions to solve that while still keeping the CEO title. For the founders from successor-led companies, there seemed to be a general disinterest in the role as well as a disinterest in staying CEO as they did not aim to find others to complement them.

5.2.3 Motivation of Founder

The founder-CEOs that still remain in their position have, in addition to recruiting complementing roles, found more ways to develop with the company. To mitigate the risks of failure coming from lack of experience, the founder-CEOs have had to redefine their responsibilities and skills in focus.

> "You have to work hard on your leadership and moving from being a specialist to a generalist. I don't work with any details anymore and that is the fear in many companies where the leaders cannot let go of responsibility and delegate." (Founder-CEO, Company F)

In order to remain CEO, the current founder-CEOs have seen a need to develop personally to obtain relevant skills and experiences. When comparing founders from successor-led companies and founder-led companies, it is clear from the discourse that the founders from successor-led companies lacked the willingness to develop personally. The founders from founder-led companies however, worked to develop on a personal level to keep up with the changing business environment.

> "At every inflection point I have come to a point where I feel that if I continue as before it will not be enough. Then it is important that I educate myself, read, talk to others, sit down and plan for the next step in the journey and the development of my own role in order to keep up." (Founder-CEO, Company E)

To understand how the motivation of the founder contributes to their success in their role, the interviewees were asked about how the company was founded. When asking about the idea behind the companies, there were two common themes in the responses. Some of the companies examined had founders who quite clearly saw potential for a business opportunity, such as the possibility to disruptively innovate a market. This type of reasoning behind the company was interpreted as being more of a strategic nature, where the entrepreneur(s) tactically looked for a gap in the market to fill. Other companies had founders who were mostly motivated by their inner entrepreneurial spirit, where the companies more so solved problems the founders experienced themselves. However, the motivation behind founding the company does not seem to be a direct reason for founder-CEOs leaving their position as some of founders with a more entrepreneurial motivation still are CEOs while some have left their position.

5.3 External Factors

All interviewees from both founder-led and successor-led companies pointed out external investors as key contributors to growth. To be able to grow rapidly, most companies eventually need investments by external stakeholders.

"To be able to continue growing as fast as we have done the past years, we need to take in risk capital. Otherwise, we would have to slow down our growth, which we are not very interested in doing. So it has been one journey until today [where we have grown organically with our retained earnings], and now we are in an investment round looking for capital, so the new growth journey will look different." (Founder-CEO, Company G)

5.3.1 Formal Requirements

External capital does not only bring possibilities, but also requirements from the investors and other stakeholders. When a company reaches a stage of having several investors, boards are created which are involved in the company's strategy on a higher level, which puts pressure on the CEO. As the business lifecycle from Picken (2017b) explains, when a company grows very fast and enters the scaling phase, they are faced by challenges regarding structure and processes. Often companies enter the scaling phase thanks to the capital raised by external investors, which is why the requirements on structure come at the same time. Generally, having a board requires structured reports and stakeholder management, which becomes a large part of the CEO's role.

"You have another ownership structure [when you have a board] which means that you have another type of responsibility towards the owner. We currently have angel investors and they do not really expect a lot, but in a +100 [persons] organisation you have an institution and professional investors where the demands are completely different." (Founder-CEO, Company H)

"I see three dimensions in the role [of CEO]. There is the strategic aspect, the external stakeholder management and the people function." (Founder-CEO, Company E)

The founders and previous CEOs often described the reports and structuring as a burden, often in combination with not having time because they are very involved in day-to-day activities, or because they did not have an interest in those types of tasks. Another aspect of the structural requirements is the pressure of having to document strategic outlines. As the investors hope to see a long-term return, they require long-term strategic plans which the CEO must create and present.

"[My role is] to be accountable to the board, which represents the owners, in that we deliver our results – that is the big part. Then, it is also about delivering results in 1, 2 or 3 years as well. Another part is governance – making sure that we are following laws and that we have processes in place so that operations are efficient. Lastly, it is about making sure that the organisation is thriving and developing, and wants to continue working with this." (New CEO, Company A)

The founders and previous CEOs from successor-led companies highlighted how the new CEOs are very skilled in setting strategies and documenting future plans for the boards which is a reason why they are suitable as CEOs. While the founder and previous CEOs didn't express a direct lack of the skill themselves, it is clear from their discourse that the documentation of strategic outlines is an important part of the CEO role that they did not enjoy or have the right skills for. Lastly, the formal requirements from the external stakeholders were interpreted as being quite demanding for the founders from successor-led companies, as the increased pressure from stakeholders was difficult to handle.

5.3.2 Board Requires Succession Plan

The investors and board members have been found to often initiate founder-CEO successions, which supports previous findings that four out of five founders are forced to step down by stakeholders such as investors (Wasserman, 2008). The reasons for why the boards initiate the CEO succession differ between the interview cases. It was often a combination of several aspects such as reducing dependability on the founders, because the founder-CEO lacked certain important skills, or because they see benefits with moving on to a new CEO which will bring new perspectives.

"In 2019 when the company had entered the US market and established itself on the European market, the board, but also venture capital investors, saw that the company had grown to a point where a new CEO was needed." (New CEO, Company A)

"When [our biggest investor] entered, we made a common plan together with them. It was important for them that there was a CEO succession in place so that the company would not rise and fall with us co-founders." (Co-founder and previous CEO at Company D)

For Company H where an acting CEO was appointed for a period of time, the CEO succession was initiated by the board as they believed the founder-CEO was better suited for other tasks. However, when the acting CEO did not live up to the expectations, the board thought that the founder and previous CEO would be a better fit. Hence, the board was fully driving the appointment of the CEO in this case.

6. Discussion

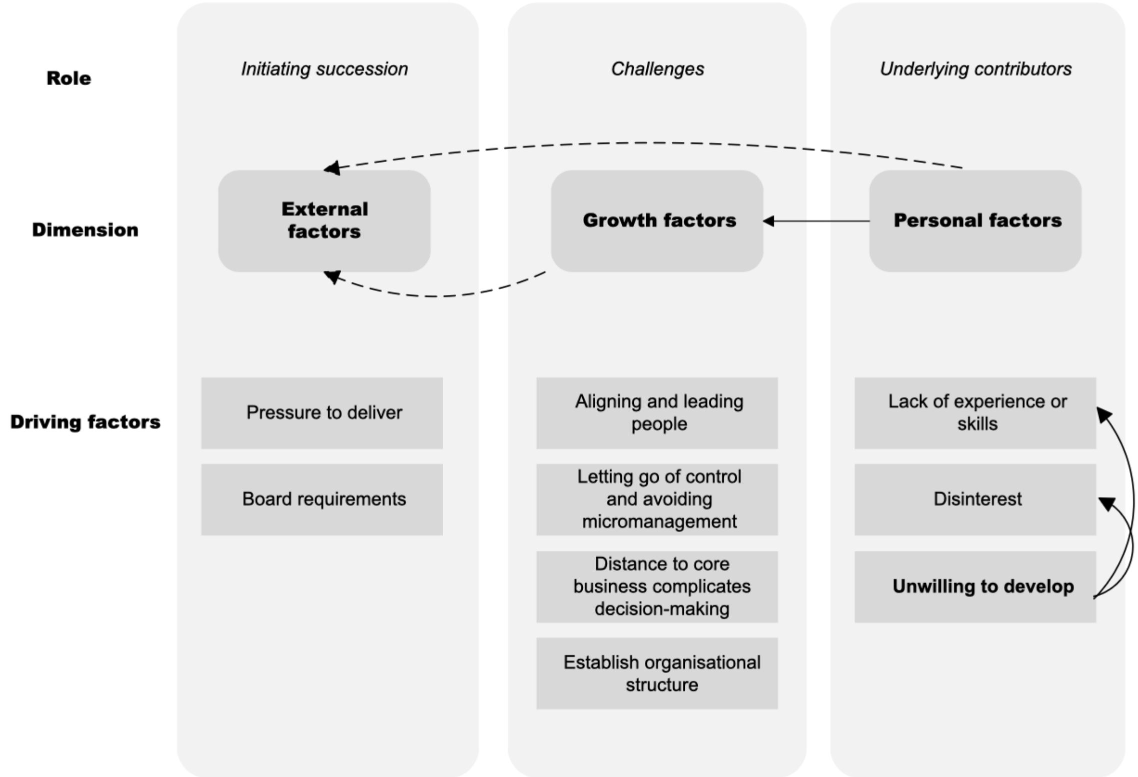
6.1 Revisiting The Research Question

This study aims to deepen the understanding of founder-CEO successions by answering the following research question:

What are the driving factors behind founder-CEO successions in growth firms?

Using the Gioia method, the analysis resulted in three aggregate dimensions of topics discovered in the interviews: growth factors, personal factors and external factors. While the themes found through the interviews were relevant for the different cases, not all themes were deemed to be driving factors behind founder-CEO successions. However, within each dimension we discovered several factors that drive the founder-CEO succession, which are defined in Figure 4. These factors impact the succession regardless of the circumstances. This means that whether the succession is voluntary, involuntary or initiated in other ways, the factors explain why a founder-CEO leaves, and not how they leave. Based on the discourse and sociocultural practice analysed from the interviews, it's evident that the three dimensions play different roles in how they impact the CEO succession, and that the driving factors in different dimensions impact each other, as illustrated in Figure 4. Often, the founder-CEO succession is due to several, but not necessarily all, of the driving factors. As each case is unique, a founder-CEO succession can be based on specific circumstances, such as for Company C where an acquisition occured. However, as the overarching dimensions are comprehensive, they often play some role in why founder-CEO successions occur, even though the extent different factors from the dimensions impact the succession may be different for each case.

Figure 4: Framework of Driving Factors Behind Founder-CEO Succession



The external factors include the pressure to deliver as well as the requirements the board set, for example by demanding a succession plan. The founders from successor-led companies have found the pressure and requirements to be difficult or uninteresting, which has contributed to a disinterest or misfit of the role. The requirement of a succession plan is often due to the board wanting to reduce dependability on co-founders, thinking it is time for a change, or believing a professional CEO would be better suited, hence requiring a founder-CEO succession to occur. While the board's influence has gained much attention in previous literature and was brought up by a majority of the interviewees, the role of the external factors is different from other dimensions. The external stakeholders are often *initiating* the founder-CEO succession as they have an outside perspective of the organisation and can more easily see the need for change. However, the external impact is not a main reason *why* the founder-CEO succession must take place, as their initiative rather depends on other reasons such as growth factors or personal factors. Therefore, external factors are driving factors behind a founder-CEO succession, but most often, the impact is related to initiating the succession and are in many cases not a driver alone, but in combination with other factors.

Naturally, many of the challenges the founders faced were attributed to high growth. While most interviewees mentioned market growth as a key driver behind the founder-CEO succession, it can be concluded that market growth is used as a way of measuring growth but is not a driver of the succession. Rather, the driving factors in the growth dimensions are the challenges related to a growing organisation. When the organisation is large, the CEO must be able to lead employees and align their work with a higher-level strategy, as well as to let go of control and micromanagement. When the founder-CEO fails to do so, these factors can contribute to the succession. The CEO must also establish an organisational structure to lay a foundation for scaling as Picken (2017b) highlights, which many founders neglect. The organisational structure also puts the CEO at a larger distance to the core business, which makes decision-making more difficult, subsequently leading to the CEO role being more challenging. While all these growth factors related to the organisation often are intertwined, they play a different role compared to other dimensions in the way that they are more like *challenges* that the founder-CEO experiences during growth. As discovered, some founders manage to overcome these challenges by working on improving their leadership and redefining their role, but when a founder-CEO struggles to do so, the growth factors often contribute to driving the founder-CEO succession. Applying the business life cycle from Picken (2017b), it is especially during the transition phase where these challenges would contribute to the founder-CEO succession as some of the eight hurdles of transition involves building an organisation and creating a culture. Further, in the scaling phase, the CEO must be able to maintain the organisational structure and processes built and manage people on a daily basis. Picken's framework focuses more on what happens in the organisation in terms of structure and processes when a firm is scaling, but our findings add another dimension to how the role the CEO has in each stage impacts founder-CEO successions in growth firms.

The leadership of the CEO depends on the last dimension – personal factors. These driving factors are *underlying contributors* to the founder-CEO successions as they impact factors from the other dimensions. The personal factors affect the CEO's ability to handle growth factors, as well as the external factors' influence on the succession. As discovered from the analysis, founder-CEO successions often depend on a lack of skills or experience, where the founder-CEO is not capable of managing the increasing expectations of the role. Another part of the personal factors discovered is the disinterest that founders expressed, either by not being interested in the specific tasks of the CEO, or by having a stronger interest in another business area. When the founder lacks skills, experience or interest in the role, the personal factors will increase the impact of the growth factors, as it is more difficult to manage a larger organisation without skills or interest. On the other hand, there are current founder-CEOs who have overcome the growth challenges by improving their skills through education or hiring people to help with certain tasks to evade their disinterest or inability. Hence, the crucial personal factor is when the founder is unwilling to develop in the role. While the current founder-CEOs also had a limited background in the field or lack of leadership skills, their willingness to learn and develop compensated for their lack of skills of experience. Contrastingly, the founders from successor-led companies did not seek alternative solutions which could make them stronger in their CEO role. By consciously looking for a management team which can complement their skills, or ways of learning personally, the current founder-CEOs could tackle the challenges caused by organisational growth and thus maintain the CEO position. Consequently, the unwillingness to develop makes it more difficult to overcome the other personal factors, which in turn impacts the CEO's ability to handle the challenges that growth brings as well as it triggering the impact of the external factors. Hence, the unwillingness to develop is a key factor which impacts other factors and drives the founder-CEO successions.

To conclude, the three overarching dimensions: external, growth and personal factors, all consisting of several driving factors behind founder-CEO successions. The external factors are often *initiating* the succession, while the growth factors are *challenges* that occur in a transition or scaling phase (Picken, 2017b). While both external and growth factors contribute to the CEO succession, the personal factors are the *underlying contributors* which ultimately impact how the other driving factors contribute to the succession. Within the personal factors, the unwillingness to develop is a crucial factor which determines how the CEO can overcome other challenges or factors which drive the founder-CEO succession. If a founder is genuinely interested in maintaining the role, the willingness to develop can help handle other challenges or lack of skills or experience that otherwise would drive the succession.

6.2 Contribution to Literature

The current study contributes to existing literature by deepening the understanding of *why* founder-CEOs leave their positions as CEO. Previous studies have mainly explored characteristics of founder-CEOs, finding that they are more entrepreneurial, attached to their business, and good at driving innovation (Wasserman, 2008; Picken, 2017a; Abebe & Anthony Alvarado, 2013), which our findings support.

Literature regarding founder-CEO successions have mainly been quantitative, looking at timings of founder-CEO successions, or performance before and after the succession (Hendricks et al., 2021; Adams et al., 2009). However, when it comes to the actual founder-CEO succession, little research has looked into conditions for when they occur. Picken (2017a; 2017b) has investigated what is required from a founder-CEO to remain in the position, and Wasserman (2003) quantitatively found that the completion of product development and capital rounds from outside investors often contribute to the founder-CEO succession. Our research contributes by mapping out the driving factors behind a founder-CEO succession, as well as how different dimensions have different roles in how they impact the succession.

Previously, external stakeholders have been viewed as a reason for why founder-CEO succession occurs (Wasserman, 2003; Wasserman, 2008). With our research, we find that external stakeholders are driving factors behind the succession, but rather have the role of *initiating* the change. While literature has also suggested that founder-CEOs lack required skills to maintain the position as CEO (Abebe & Anthony Alvarado, 2013; Picken, 2017a; Wasserman, 2008), we find that a main personal factor is the unwillingness to develop into the role, which impacts the ability to gain skills or experience. Hence, Picken's (2017a) ways of staying CEO are relevant when the founder-CEO has genuine interest in developing into the role. However, often, the founder-CEO lacks willingness to develop, which reinforces other driving factors behind the CEO succession.

6.3 Managerial Implications

By understanding why founder-CEOs leave their position as CEO, either voluntarily or involuntarily, management and boards can be better prepared for the challenges that a CEO faces, how to overcome these and mitigate the risks of poor leadership. Our research aids the understanding of why a founder-CEO might not be suitable to stay in the position, which can help boards spot a misalignment or disinterest in the role early on. The board can therefore prepare for either a CEO succession or establish a plan for how the CEO can develop. If the founder-CEO has a strong willingness to develop into the role, the board can further support the CEO by for example hiring managers with skills and experience that can complement the CEO in time to avoid a rushed CEO succession at a later stage.

Hence, our research helps boards in fast growing ventures to grasp what factors are important to consider when appointing a new CEO, how to complement the founder-CEO, or to strategically plan a founder-CEO succession. Thus, organisations can maximise the benefits of founders and avoid disturbances caused by messy founder-CEO successions.

6.4 Limitations and Future Research

The current research is limited to the Swedish market which was chosen due to its rich entrepreneurial environment (Daly, 2021), and in order to avoid cultural or national differences in leadership structures. Future studies could explore driving factors behind founder-CEO successions further by looking into other geographical markets where the role of the CEO might differ.

The current study is based on interviews with founders and CEOs to get a direct perspective of the succession. However, by interviewing the subjects of the study there is risk for the findings to be biased. To avoid bias in the current research, methods such as critical discourse analysis have been used to remove dependence on founders and CEOs' opinions. However, to understand the topic of founder-CEO successions from another perspective, future research can design the study with another method, such as interviewing external actors like board members or experts in executive search.

As the current research suggests, there are three overarching dimensions which impact the founder-CEO succession. They play different roles in how they impact the succession, which can be further studied with a quantitative method to statistically confirm the relationships between the dimensions, and which dimensions are most impactful. Within the different dimensions, the personal factors and especially the unwillingness to develop are found to be underlying contributors behind the succession. While we investigated the motivation of the founder, no clear connection was found between personal motivation and whether the founder still is CEO. However, the personal motivation could impact other factors such as the founder's unwillingness to develop, which we found to be a main driver behind the succession. Hence, we suggest future research to dig deeper into the relationship between the motivation and willingness to develop in order to gain a better understanding of what causes a founder to lack willingness to develop into the role of a CEO.

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Appendices

Appendix 1: Interview Sample

Interview number	*Company*	*Interviewee role*	*Interview place*	*Interview length*	*Interview date*
1	A	New CEO	In person	40:28	24/02/2022
2	A	Co-founder & previous CEO	In person	15:38	24/02/2022
3	B	Co-founder & previous CEO	E-mail	–	25/02/2022
4 (Follow-up)	B	Co-founder & previous CEO	E-mail	–	07/03/2022
5	C	New CEO	Digital	34:42	04/02/2022
6	D	Co-founder & previous CEO	Digital	55:40	07/03/2022
7	E	Founder-CEO	In person	34:37	02/03/2022
8	F	Founder-CEO	Digital	30:00	02/03/2022
9	G	Founder-CEO	In person	42:58	07/03/2022
10	H	Founder-CEO	Digital	57:10	17/03/2022

Appendix 2: Interview Guides

Appendix 2.1: Interview guide for current founder-CEOs [translated from Swedish to English]

Background

1. When was [company name] founded and what was the initial business idea?
2. Who was part of founding the company?

Founder-CEO's role

3. What was your role when founding the company?
4. What is your role today?
5. What are the biggest changes in how your role has developed?
6. How was responsibility divided between founders, and when was it clear that you would take on the role as CEO?
7. What qualities have you found most important to continue in the role as CEO?
8. What did you do before founding [company name], and how do you think these experiences have impacted your role as CEO today?

Company development

9. How would you describe [company name]'s growth on the market?
10. How many markets is [company name] available on today?
11. Do you see any inflection points when your growth has been evident?
12. How many employees do you have today, and how has the team developed over time?

Strategy

13. What is your growth strategy?
14. What is your current focus?

The CEO role

15. What is the biggest challenge and the best part about being CEO for [company name]?

16. Are you planning on staying as CEO for [company name]?
17. In what stage do you believe that [company name] could be in need of a new CEO, and why?

Appendix 2.2: Interview guide for new CEOs or Co-founder and previous CEOs [translated from Swedish to English]

Background

1. When was [company name] founded and what was the initial business idea?
2. Who was part of founding the company?

New CEO's role

3. When did [new CEO] become CEO, and what types of responsibilities was part of the role?
4. What work experiences does [new CEO] have that were important for this role?
5. What are [new CEO]'s strengths as a leader and CEO?

Founder & previous CEO

6. What did the leadership look like before [new CEO] joined?
7. Was it natural for [founder & previous CEO] to leave the CEO position?
8. What does [founder & previous CEO] do today?
9. What were the biggest challenges for [founder & previous CEO]?

Company development

10. How would you describe [company name]'s growth on the market?
11. How many markets is [company name] available on today?
12. Do you see any inflection points when your growth has been evident?
13. How many employees do you have today, and how has the team developed over time?

Strategy

14. What is your growth strategy?

15. What is your current focus?

The CEO succession

16. What were the main reasons behind the CEO succession?

17. Do you believe it was a suitable time to change CEO (or too early, too late)?