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You're fired: A study of public leader exits from 1945 to 2018


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Master Thesis

at BI Norwegian Business School

# – You're fired: A study of public leader exits from 1945 to 2018 –

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# Abstract

The present thesis examines if exiting leaders is a viable solution to problems in organizations, or if exiting leaders has become a practice of its own. To investigate what involuntary public leader exits (i.e. leader exits publicly portrayed in the media) are attributed to and what mechanisms affect these exits, 611 cases of involuntary public leader exits in Norway from 1945 to 2018 has been analyzed. There has been an exponential increase in public leader exits from the postwar-period to today, much because of how we romanticize leadership and how corporate governance has affected the structures of organizations. The study further takes on the medias' inability to acknowledge context when reporting on leader exits. In line with previous research, the study finds that public leader exits are affected by more than leadership variances and inter-organizational factors. In conclusion, this thesis provides a deeper insight into the change in stability leaders have dealt with over the passing of time and what mechanisms have been in play.

# 1.0 Introduction

The field of leadership is of great concern in today's society. In much of the leadership literature and how the concept is portrayed in the media, leaders are found to be the primary force and reason behind organizational activities and outcomes (Chen & Meindl, 1991; Mazza & Alvarez, 2000; Kabanoff, Waldersee & Cohen, 1995).

This thesis aims to investigate all involuntary Norwegian leader exits portrayed in the media from 1945 to April 2018. We will specifically explore if there has been an increase in public leader exits, and how the characteristics of public leader exits have evolved over time. This has not been explored in a Norwegian context before. By looking at all public leader exits from the postwar period to today, we hope to expand the understanding of leader exits through investigating what the media attribute these exits to and the macroeconomic context. We refer to the exits in our study as *public leader exits* and define these as 'all involuntary leader exits in Norway that has been portrayed in the media'. Leader exits were not classified as involuntary if the initiative came from the leader, such as new positions elsewhere or retiring. We chose the wording *leader exits* instead of *dismissal*, because leaders exiting organizations are often described in more ambiguous terms than a clear-cut dismissal.

After the entry of stock-based companies, the control and ownership structures changed dramatically in organizations, and a new way of organizing work has developed (Arnulf, 2018). Before the emergence of stock-based companies, control and ownership of organizations was closely aligned, and the owner was often the one occupying the leadership role. As Arnulf (2018, p. 56) argues, "a bishop could not move on to a completely different organization and continue as a leader". Today, being a leader is an occupation and owners largely delegate most of the decision-making authority to the leaders. Because of the separation between ownership and control, corporate governance structures emerged to monitor the leadership in organizations (Bøhren et al., 2005).

Despite leaders not existing in a vacuum (Bennis, 2007), a dominating field of research looks at leaders as the primary influence on organizational outcomes (Arnulf et al, 2012; Meindl et al. 1985). Cognitive constraints are rooted in human nature (Tetlock, 2017, p.232), and it is often proposed that we use leaders as a way to make sense of complex organizational phenomena (Meindl, Ehrlich & Dukerich, 1985). Further, Meindl et al. (1985) propose that the way we romanticize leadership affects our perception of leadership, and the fact that we often believe that leaders are able to control the future of organizations. Therefore, we see it beneficial to look at what the media attribute leader exits to – and discuss how and why these attributions are being made.

Before we introduce our research question, we will present a few selected cases from our total data set of 611 cases. The selected cases represent the development we see in public leader exits from 1945 to 2018.

### *1.1 Behind the headlines*

The cases in this section is taken from our data collection to describe the different realities faced by leaders through the passing of time. See attached excel file for the full list of cases.

*The year is 1946*. Norway is rebuilding after WWII. Mr. Grøner, the Captain and Vice Director of Statens Gymnastikkskole, is sentenced to prison for his involvement with the Nazis during the war. He is dismissed from his position of twelve years. The jury decides to sentence Grøner to a milder punishment because of his position. After all, Mr. Grøner is a leader.

*It is 1953*. Nils O. Bleness, Head of Porsgrunn Municipal School District, is dismissed from his position. Bleness has held his position for over 34 years but has recently started to develop a nervous disorder. He is labeled mentally ill and dismissed from his position.

*Fast forward to 1992*. Norway is an oil nation, the Yuppie era (Jappetiden) led to the Norwegian bank crisis and corporate governance is making its way into both public and private companies. UNI Storebrand fails in negotiations with Skandia and CEO Jan Erik Langangen, has led the company to a negative result of 4 billion NOK. Shareholders are losing money, but Langangen gets a solid severance package. Two weeks after Langangen is dismissed, the Chairman of the Board, Øystein Eskeland, decides to dismiss five other C-suite Officers. He claims that the UNI Storebrand needs to rebuild its reputation and society's trust.

*It is 2010*. This year 41 leader exits have been reported by the media. The action of two doctors who removed healthy organs from 13 patients led to the dismissal of CEO Eivind Solheim and Head of Clinic at Nordlandssykehuset, Hans Torbjørn Kvig Rydningen. Solheim asserts that "Trust is tied to leadership and new trust must be tied to a new leader[1]" (Kleveland, 2010). Rydningen states "I don't want anything to do with leadership ever again. I will never take the blame for the actions of others again[2]" (Martinsen, 2010).

*Its 2018 and barely spring-time.* 21 public leaders exit so far this year. #Metoo has led to the dismissal of Vice President in Arbeiderpartiet, Trond Giske, and the leader of the youth party in Høyre, Kristian Tonning Riise. Parts of the Norwegian Parliament is being renovated. The total costs exceeded the budget by more than 700 million NOK. The Director of Parliament's Administration, Ida Børresen withdraws from her position. "Ultimately, it is my responsibility", Børresen tells a journalist from NRK (Befring, 2018). Four weeks later, president of the Parliament, Olemic Thommessen, withdraws from his position after being publicly criticized for the renovation scandal.

### *1.2 Research question*

Based on the introduction and the above cases, our research question is:

*Is exiting leaders a viable solution to problems in organizations or has exiting leaders become a practice of its own?*

To explore the research question, we find these three sub-questions especially relevant to answer:

1. Are public leader exits an increasing phenomenon? If so, why?
2. What are the exits attributed to by the media - and are there any macroeconomic causes?
3. Have there been changes in tenure for leaders from 1945 to 2018?

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[1] Quote translated from Norwegian.
[2] Quote translated from Norwegian.

## 2.0 Theoretical Background

Before introducing our research design, we will present a model based on Senge's (2007) theory of shifting the burden and a review of the relevant literature.

### *2.1 The Reinforcing Loop*

People find comfort in applying familiar solutions to problems and sticking to what they know best (Senge, 2007, p 61). Pushing harder and harder on familiar solutions, while the fundamental problems persist, is a reliable indicator of non-systemic thinking (Senge, 2007, p. 61). The familiar solutions can not only be ineffective, it is sometimes addictive and dangerous. As Senge (2007, p. 61) emphasizes, "The long-term, most insidious consequence of applying non-systematic solutions is increased need for more and more of the solution". Based on Senge's theory of shifting the burden, we propose that the model (in figure 1) may help explain the abstract problem of leader exits.

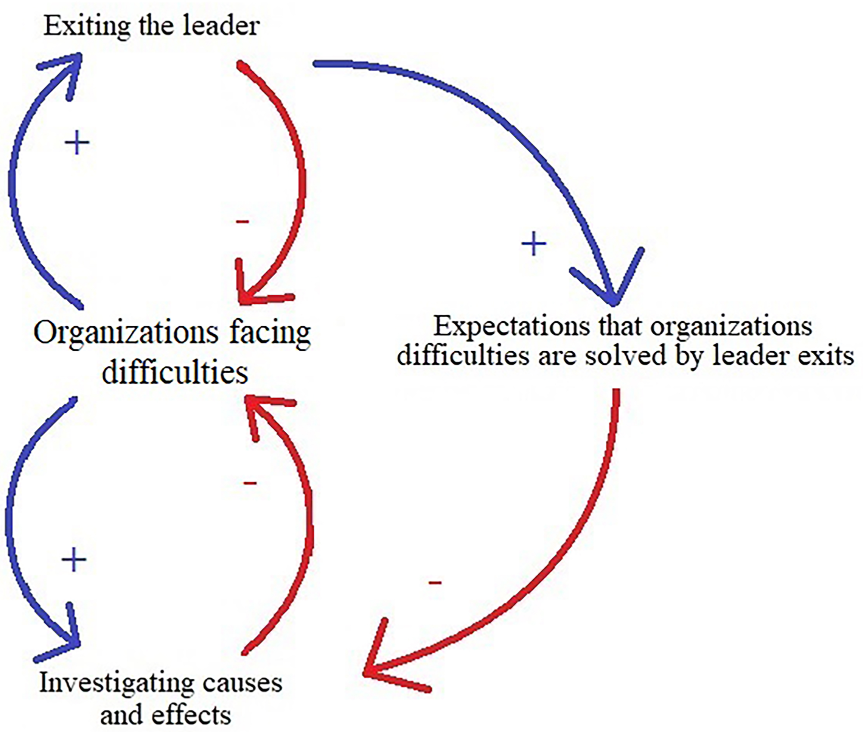


*Figure 1*

In the model, *organizations facing difficulties* are the core-problem, and is perceived to have multiple possible courses of action. One solution, *exiting the leader*, has an apparent time frame advantage as the action is expected by various stakeholders. *Exiting the leader* also has the advantage over *investigating the interplay of causes and effects*, because of the delays associated with the latter solution. The associated delay will influence stakeholders' perception of the organization's ability to increase performance, as it may appear as nothing is being done. When in fact, *investigating the interplay of causes and effects* is likely to be a better long-term solution. However, by *exiting the leader*, the perception of the *difficulties* is reduced, and this solution will limit the need to *investigate causes and effects*.

A failure to *investigate possible causes and effects* and solely direct the attention to the leader as an individual, ensures that the *difficulties* will return because the organization's ability to solve the difficulties have not improved. The side effect of using leader exit as the solution, is that people will expect this solution to be applied when *difficulties* once again arise.

These patterns of actions constitute a reinforcing loop, which further limits the possibility of getting to the core of the problem. Because with time, new organizational difficulties will arise, and the organization will be equally dependent on exiting the leader as it was before. In the end of each cycle, the leader exit becomes the familiar solution to organizational problems and is applied again and again.

According to Weick (2012), a dominant story influences sense-making and organizing. If persistence is attributed to stable concepts, given meaning by a dominant story, therefore process, as well as structure are the explanations for that link (Weick, 2012). In line with the theory of the dominant story, the more the interest in leadership increase, the more we will ask ourselves if leadership is the problem. When the environment and economy become dynamic, the complexity arises. Despite these complexities, people try to make life sensible (Weick, 2012). The complexities make it more difficult to understand what is actually happening (Weick, 2012). This again leads to making it more tempting to romanticize leadership, making leadership become more important and more incomprehensible. Like religion, leadership might be a form of legitimization of reality (Berger & Luckmann, 1966).

### *2.2 The Romanticizing of Leadership*

Most theorists and researchers argue that leaders can influence the performance of an organization in various ways, through various traits and other personal characteristics, leadership-style, decisions on strategy, human resources and management programs, structure and systems (Kirkpatrick & Locke, 1991, p. 49; Waldman Ramirez, House &

Puranam, 2001; Yukl, 2013; Porter, 1980; Bower 1970; Rumelt, 2011). At the same time, there is a common realization that executives, including CEOs, are constrained by many factors beyond their control (Hambrick & Quigley, 2014; Lieberson & O'Connor, 1972; Boal & Hooijberg, 2001). An analysis by Lieberson & O'Connor (1972, p. 129) showed that much of the variance in the performance variables of sales, earnings, and profit margins can be explained by other factors than leadership variance. Due to such findings, leadership effectiveness is often found difficult to evaluate as there are many measures of effectiveness, and there seems to be no consensus on the most relevant measure (Yukl, 2013, p. 9). As Lieberson & O'Connor concludes (1972, p. 118) "One never knows what might have been, had a different man been leader".

According to Meindl et al. (1985, p. 78) the "social construction of organizational realities has elevated the concept of leadership to a lofty status and level of significance". This view corresponds with the critics of agency theory who argue that it is a simplistic theory (Daily et al., 2003), which will be elaborated on in the corporate governance section. Meindl et al. (1985) supports this notion by discussing the significance placed on leadership as a response to the ill-structured problem of understanding the causal structure of complex, organized systems. They emphasize that "as observers and as participants in organizations, we may have developed highly romanticized, heroic views of leadership – what leaders do, what they are able to accomplish, and the general effect they have on our lives" (Meindl et al*.,* 1985, p. 79). Pfeffer (1979, p.110) agrees, and adds that "the personification of social causality serves too many uses to be easily overcome". Meindl et al.'s (1985) main argument is that the concept of leadership is a perception people use to make sense of complex organizational phenomena, and in this sense-making process leadership has gotten a romanticized and heroic role. This romanticized view of leaders as heroes, will have the greatest sway in extreme cases – with either very good or very bad performance – where the observers understand these events in terms of leadership (Meindl et al., 1985, p. 80; Salanick & Meindl, 1984). As Gitlin (1980, p. 146) puts it, "In the mass-mediated reality, organizations, bureaucracies and movements – in fact all larger and more enduring social formations – are reduced to personifications". Pfeffer (1977, p. 104-105) also supports this view by postulating that leaders serve as symbols for representing personal causation of social events. It is argued that the choice of one particular leader has limited impact on the organization's relatively permanent strengths and weaknesses (Khurana, 2002, p. 62). As highlighted by Pfeffer (1977), there are at least three reasons for why observed effects of leaders on organizational outcomes are minimal: Selecting leaders means that only some specific styles of behavior is chosen. Further, when a person gets a leadership position, the behavior of that person is constrained. Thus, a leader can affect only a few variables that could have an impact on organizational performance. This line of reasoning corresponds to Tolstoy's (1869, p. 2881) view of history:

> As with astronomy the difficulty of recognizing the motion of the earth lay in abandoning the immediate sensation of the earth's fixity and of the motion of the planets, so in history the difficulty of recognizing the subjection of personality to the laws of space, time, and cause lies in renouncing the direct feeling of the independence of one's own personality.

In Tolstoy's novel *War and Peace*, he disagrees with the notion that history is a result of the actions of men. He argues that history is the result of a dependence in which we are not conscious of; there are an infinite number of causes and effects that cannot be independent and analyzed individually. In his view, history must be seen in the context of causes and effects, in complicated patterns. Yet, the descriptions of history through leaders remains, even though we do not understand particularly well how these events came to be or how much influence the leader really had (Yukl, 2013). Events with large impact are easier to comprehend when one can attribute the events to the actions of individuals, instead of going through the process of considering the interplay of social, economic, and other impersonal aspects that constrain and effects the heroic leader (Khurana, 2002, p. 62).

The choice of a new leader does not fundamentally change a market or financial position that has developed over time (Pfeffer, 1977). Both the market and financial position affects the leader's ability to make strategic changes and the likelihood that the organization will do well or poorly (Pfeffer, 1977, p. 107). Alvesson and Spicer (2012, p. 381) further argue that the alternative to celebration and naturalization of leadership is not an equally naive rejection of leadership. However, the narrow focus on leaders as heroes often means attributing incredible powers to leaders. This is referred to as the "fundamental attribution error" and is the tendency to overestimate the impact of individuals. The fundamental attribution error is argued to be the main reason for the ever-increasing succession of business leaders (Khurana, 2002, p. 62, 63). Thus, Pfeffer

(1977) assert that whether or not leader behavior actually influence performance, it is important because people believe it does.

In many cases, the firing of leaders might need to be explained in relation to other attributions, rather than expected improvements in team performance (De Paola & Scoppa, 2012; Arnulf et al., 2012). The boards may, for instance, overestimate their own ability to undertake optimal replacement and recruitment decisions (De Paola & Scoppa, 2012). Or, as suggested by scapegoating theory, firing the leader may represent a convenient tool for owners in order to displace blame away from themselves. This correspond with Pfeffer’s view that the leader as a symbol provides a target for action when difficulties arise, serving as a scapegoat when things go wrong, and when performance is poor, something must be done. The belief in leadership-effect analyze social actions in terms that indicate potential for effective individual intervention or control (Pfeffer, 1977). Yet, leadership-changes do not happen in situations that are exact and identical, making it difficult to infer the degree to which organizational outcomes reflects a leadership effect – as opposed to forces outside a leader's control (Lieberson & O’Connor, 1972, p. 118).

Considering the aforementioned, one may assume that the romanticized conception we have of leaders will influence the attributions we make when organizations face difficulty. The belief in leadership-effects may increase as the media continues to explain complex organizational phenomena through leadership, and therefore increasing the chance of a leader exits in times where organizations face difficulties. What types of attributions are made by the media is therefore interesting to investigate.

### *2.3 Corporate governance*

For several decades, the US-inspired corporate governance waves have flushed over Europe and Asia (Bøhren, Sharma and Vegarud, 2005). This view of organization and management implies that when ownership is separated from control in large companies, proper dosing of managerial initiatives and active corporate governance should ensure maximum value creation (Bøhren et al., 2005). Due to this separation, the company's profitability is the most important criterion for assessing top management quality (Bøhren et al., 2005).

Corporate governance emerged in the 1990s, but before the millennium, few had heard of the term (Klepp & Brun, 2014). In Norway, there were some actors who began to draft a national code of corporate governance. The recommendation for corporate governance in Norway is developed by NUES, the Norwegian Committee for corporate governance. The purpose of the Norwegian recommendation is that companies listed on regulated markets in Norway shall have corporate governance structures that clarifies the division of shares between shareholders, directors and day-to-day management beyond what is provided by law (Harto, 2013). The recommendation is directed towards the board of directors in the various organizations. It is the company's board of directors' responsibility to ensure effective corporate governance structures, and one of their most important missions is to hire CEOs (Harto, 2013).

Corporate governance research has a strong emphasis on the tools and procedures shareholders can use to protect themselves from self-interested leaders (Jensen & Meckling, 1976). According to Perrow (1986, p. 18), this reflects the problem of separating the interests of the person from the interests of the organization. Perrow argues that "people tend to act as if they own their positions; they use them to generate income, status and other things that rightfully belong to the organization" (Perrow, 1986, p.15). Based on such views, corporate governance mechanisms have been developed to control the self-interests of leaders. Daily, Dalton & Cannella (2003, p. 371) defines governance as: "the determination of the broad uses to which organizational resources will be deployed and the resolution of conflicts among the myriad participants in organizations". They emphasize that the dominant perspective put upon corporate governance theory is agency theory, and that governance mechanisms as deterrents to managerial self-interest are conceptualized in nearly all modern governance research (Daily et al., 2003, p. 371). Jensen & Meckling (1976, p. 308) define an agency relationship as: "a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent". To limit agency conflicts and reduce agency costs, various internal and external mechanisms have been suggested through what is known as corporate governance, including board size and composition and managerial ownership (Haniffa & Hudaib, 2006). Organizations can invest in information systems, for instance boards can be used for monitoring executive behaviors, budgeting systems or reporting procedures (Eisenhardt, 1989). Resource dependence theory describe boards as important boundary spanners (Muth & Donaldson, 1998, p. 6). Where the boards can be used as “a mechanism to form links with the external environment. Inter-organizational linkages, such as the appointment of outside directors and board interlocks, can be used to manage environmental contingencies” (Muth & Donaldson, 1998, p. 6).

Subsequently, a broad definition of corporate governance is that a company's owners make sure that management considers the effect of the company's actions on the owners, creditors and stakeholders' welfare (Bøhren, 2011, p. 251). Good corporate governance strengthens the trust in the organizations and contributes to increased value creation for the benefit of shareholders, employees and other company stakeholders (Harto, 2013). The board represents an additional agent link between the owners and management. The board therefore creates agent costs if the board members' interests do not coincide with the owners. This is the disadvantage of boards, and at the same time a central concern that owners must take into consideration when electing board members (Bøhren, 2011, p. 105). The control task of the board follows from conflict of interest and delegation in the principal-agent model. Therefore, the directors’ “police” role is to hire, supervise, compensate and fire CEOs (Bøhren, 2011, p. 106; Daily et al., 2003, p. 375). The adviser assignment adds expertise in areas where the company is missing it. Ownership management is not about daily operations. That is, the line from management and down the organization. It concerns the line from the management and upwards to the board and the owners. This underlines the board's advisory task in strategic matters (Bøhren, 2011, p. 120). Consequently, the board functions as an extended leader group (Bøhren, 2011, p. 257).

Daily et al. (2003, p. 371) explains the popularity of agency theory in governance research to be based on two factors. First, the simplicity of the theory where corporations are reduced to managers and shareholders, in which the interest of each are thought to be clear and consistent. Secondly, the common belief that humans are self-interested and unwilling to sacrifice personal interests for the interest of others is a widespread notion. Supporting the notion of agency theory as a simple theory, Davis, Schoorman and Donaldson (1997, p. 20) argue that the exclusive reliance upon agency theory is unfortunate because the complexities of organizational life is ignored. They highlight the need for looking to stewardship theory to explain what causes interests to be aligned, as opposed to the one-way focus on addressing manager-principal interest divergence through agency theory (Davis et al., 1997). Stewardship theory explains situations where individual goals and self-interest are not the primary motivation of managers, but where managers are stewards with motives that are aligned with the objectives of their principals (Davis et al., 1997; Muth & Donaldson, 1998). The manager as a steward protects and maximizes shareholders wealth through firm performance. By doing so the manager's utility function is maximized (Davis et al., 1997, p. 21, 25). According to Davids et al. (1997, p. 24), agency theory provides a useful way of explaining relationships where the parties' interests are at odds and can be brought more into alignment through proper monitoring and a well-planned compensation system, while stewardship theory is a useful way of explaining relationships where the interests are aligned. Moreover, agency theory aims to replace poorly performing managers, assuming that there are ready and able replacements to step in for those removed (Daily et al., 2003, p. 378).

Hambrick and D’Aveni (1988; 1992) describes corporate failures as downward spirals, in which executives are replaced quickly and frequently, which leaves no time to plan and implement strategies that could save the organization (Daily et al, 2003, p. 378). Gamson and Norman (1964, p. 70) describes this practice as ritualistic scapegoating, and argue that it is a way to distance the organization from the failure. The boards might want to signal that bad performance will have consequences. This ritual may help to propel executive turnover, as the organization continually try to reconfigure their top teams to fit their ever-shifting direction (Hambrick and D’Aveni, 1992, p. 1461). Arnulf et al. (2012, p. 171) supports this phenomenon by arguing that in corporate governance, the reasons behind deciding to part with the CEO might not be based on the person’s capabilities, but rather because of reputational reasons.

It is proposed that in times where the profitability goes down, the board gets greater independence (Bøhren, 2011, p. 119). One possible explanation is that increasing profitability gives the management the power to make the board more dependent. However, in times of crisis the management have more difficulty in suggesting board candidates (Bøhren, 2011, p. 119), subsequently decreasing the chances of support from the board in times of crisis. Due to the separation between ownership and control, the primary information source for decisions to terminate the leader is the value creation of the company (Bøhren et al. 2005).

The romanticized view we might hold of leaders and the belief in leadership effect on organizational performance may increase the need and use of corporate governance structures. The structures are needed to ensure that, even though the owners are separated from leadership and daily operations, the performance of the organization can still be controlled. Looking into if public leaders exits is an increasing phenomenon can help us see whether corporate governance can be one possible factor of influence.

### *2.4 The media influence*

As a societal function, the presence of the free press and independent media are one of the most important pillars of a free, democratic society. With their ability to set the agenda on societal questions, change existing believes and to determine what issues are more important than others (Chen & Meindl, 1991, p. 521), the press is referred to as the fourth estate (Bang, 2003). It has even been said that "News in leading media has been shown to significantly affect stock prices; lead to corporate collapses; caused falls in sales of products; result in the resignation of senior office-holders – even bring down Presidents" (Macnamara, 2005, p. 1). Simons (2013, p. 145) argue that the notion of the fourth estate is the ideological foundation of journalism in the west and propose that journalism is something that supports the public interest through operating as an independent actor. Therefore, it can be argued that the real value of the press lies in their ability to set the public agenda, and to shed a light on the dark corners of society (Bang, 2003; McCombs & Reynolds, 2002).

During the last few decades, there has been an unprecedented growth in media coverage on issues regarding organizational and management matters (Chen & Meindl, 1991; Carroll & McCombs, 2003). In turn, this has led to a new type of business- press – a business-press with mass media appeal (Chen & Meindl, 1991). Whilst the main responsibility of the business-press is to provide facts and information about businesses and organizations, it is clear that business-journalism also has a greater responsibility of researching, questioning and communicating more significant messages about organizations and their functions (Chen & Meindl, 1991). Consequently, the ability of the media to influence organizations is undeniable, as most of the information various stakeholders obtain about organizations is derived from the news media (Coombs, 2007).

Research by Bens and Hamelink (2007, p. 18) has shown that the share of foreign, national, and social and economic news has decreased in favor of trivial sensation, human interest and crime reporting, all of which undermine traditional news' values and norms. They argue that journalists are obliged to go further and further to score a scoop, leading them to a greater focus on people over events. This may again have large impacts on what angles are chosen for the news stories. Chen and Meindl (1991) argue that the business-press is especially prone to interpret organizational outcomes in terms of leadership. Although working towards broadcasting objective news, the news-production processes cannot go by without questioning if the human element might hinder true objectivity (Simons, 2013, p. 148)

As purveyors of the news, journalists are constantly in need of explaining a firms' actions or performance to the public in the most understandable way possible (Chen & Meindl, 1991). Hayward et al. (2004) suggest that journalists work under great pressure, and that their high work demands cause them to magnify 'the fundamental attribution error' by putting too much of an emphasis on a single actor's dispositional qualities. The news industry has been through a major digital transformation and many news organizations are facing severe challenges in getting attention from the readers (Nielsen, Cornia & Kalogeropoulos, 2016). This can affect business-news in several ways regarding how leadership is constructed in the media. As Chen & Meindl (1991, p. 522) emphasizes, "news organizations are directly dependent on market forces and appeal directly to popular opinions". This proposition is in line with Tetlock's (2017, p. 217) disconcerting result in his project, namely the discovery of an "inverse relationship between how well experts do on scientific indicators of good judgements and how attractive these experts are to the media and other consumers of expertise". He explains this through the strong desire among mass-public consumers to believe that they live in a predictable world, thus making the hedgehog opinion (i.e. viewing the world through the lens of a single idea) the most attractive opinion of all (Tetlock, 2017, p.335).

The different demands the media faces, both in terms of reporting understandable news and to survive in a competitive industry, might lead them to make attributions to leaders instead of investigating more complex causes for leader exits. However, journalists may themselves hold a romanticized view of leaders' capabilities, which could be further encouraged by the popular option. Therefore, the media is an important provider for the collection of cases, but also an interesting unit of analysis in relation to the attributions they make to the leader exits.

# 3.0 Methodology

### *3.1 A mixed method approach to content analysis*

We deemed it appropriate to use a mixed method approach of content analysis to provide a broader understanding of the cases being studied. Using a mixed method will add the value of the integration component (O'Cathain, Murphy, & Nicholl, 2010). Having this integration will not only strengthen the confidence in the results, but also the conclusions drawn from it. The reasons for using content analysis as our primary method is related to the data type (e.g. existing historical data and archival records), the large amount of data, retrievability and flexibility (e.g. can be combined with other research methods such as statistics) (Zhang, Ding & Milojevic, 2013). We used a summative approach to content analysis, whereby we identified and quantified certain words or content in text with the purpose of understanding the contextual use of the words or content (Potter & Levine-Donnerstein, 1999; Hsieh & Shannon, 2005; Krippendorff, 2004). The next sections will go through our method of analysis more in depth.

### *3.2 Sampling*

#### *3.2.1 Sampling of leadership cases*

We chose our basis for retrieving data to be all Norwegian newspapers that was found to contain information on leader exits. Data has been retrieved from open media sources. In order to find, count and retrieve texts that were expected to be relevant to our research question, our primary approach were text-searches and scanning of large databases using search engines (i.e. open google searches, Nasjonalbiblioteket newspaper archives and Retriever). Additionally, we were provided with a list of white-collar criminals made by Petter Gottschalk, professor in Leadership and Organization, at BI Norwegian Business School. As the list of white-collar criminals involved individuals at all organizational levels, we only included white-collar criminals with leader titles in our study. This was in total 43 cases. The entire list of white-collar criminals can be found in the book *Økonomisk kriminalitet: ledelse og samfunnsansvar* (Gottschalk, P. 2018)

In addition to searching for the actual cases, we used open internet source, (e.g. Google, Proff.no and LinkedIn) to retrieve supplementary data on leader exits (e.g. age, tenure, and the organizations sector) if this was not found in the news-articles. To be able to compare the selection of cases to each other, we collected the same variables for each case. These variables were name, gender, age, tenure, position, year of dismissal, stated reason for the exit, company name and public or private sector. See attached excel file for the full table of leaders and information on each case.

### *3.2.2 Keywords*

We identified keywords before and during our data collection and analysis, and tailored them by using contemporary words for different time periods. This was done by using phrases such as 'leder avskjediget' before the 1970s and 'leder sparket' in the 2000s. In addition, we cross-searched all terms for all time-periods, to make sure we found as many cases as possible. All keywords and phrases can be found in appendix 4.

### *3.2.3 Sampling of macroeconomic variables*

We wanted to investigate if there was a relationship between the number of leader exits and a variety of macroeconomic variables. To examine this, we deemed the below listed macroeconomic variables appropriate to use in our analysis. Most of the indicators are used to inform the public about the overall health of the Norwegian economy. The indicators are from Statistics Norway, except from the key policy rate obtained from Norges Bank and the Global Economic Policy Uncertainty index ("Economic Policy Uncertainty Index", 2018). These indicators thereby reflect the environment and the context in which organizations operate. The measures used are: gross domestic product (GDP); unemployment rates; net cash flow from the petroleum industry; key policy rate; open bankruptcies; general government revenue and expenditure; turnover in oil and gas, manufacturing, mining and electricity supply; total assessed tax; and global economic policy uncertainty index (GEPU-index).

### *3.2.4 Important events in modern Norwegian history*

In order to find more in-depth data, and possibly reveal a relationship between the cases and historic events, we identified important events in Norwegian history between 1945 and 2018. We selected three main crisis that were frequently cited to have had the most impact on the Norwegian society and economy by Store Norske Leksikon (snl.no). These include the Norwegian bank crisis (1987-1993), the dotcom bubble (1995-2001), and the financial crisis (2007-2009).

### *3.3 Coding*

We defined the units of text to be individually examined, tabulated, and counted before we specified relevant textual attributes, the character strings that a unit of text had to contain or should not contain in order to be of the desired kind (Zhang et al., 2013). Finally, we placed each case into the corresponding category (Krippendorff, 2004, p. 269). As the analysis proceeded, additional codes were developed, and the initial coding scheme was revised and refined (Hsieh & Shannon, 2005). We made sure to code individually and compare results, in order to increase inter-rater reliability. After the coding was conducted, we re-visited the cases in the same way to increase intra-rater reliability. The below paragraphs further describe this process.

To code each public leader exit, we used six main categories. These were: age, gender, tenure, stated reasons for the exits, leadership position and sector. We first identified categories with the themes we saw in the explicit use of words in the texts. Doing this, we visually mapped the texts into simple categories to get a good first view of what we were facing, and subsequently decide on the course of our analysis (Krippendorff, 2004, p. 268). Based on the initial categories and constant reviews of these, we decided to code each of the cases to fit into the final reviewed categories (i.e. that used the same words or phrases).

As all articles reviewed in the search are from Norwegian newspapers, we have created a taxonomy presenting a translation of all original terms used in the media. These can be found in appendix 1, 2 and 3.

#### *3.3.1 Coding of stated reason for leader exit*

All cases are coded based on what the media has stated about the exit, and not on independent facts or our subjective impressions of the events. There was initially a large base of categories, but after several rounds of reviewing the categories, we narrowed it down to four categories. The narrowing was also done in consideration to the upcoming analysis. Please see table 1 in the appendix for the subcategories used under each main category. Out of the four categories, ‘Disagreement with the board’ is the only where we have not included any subcategories as this category was the single most stated for public leader exits.

The four broad categories are coded 1 to 4 in the listed order:

1. ‘Financial reasons and poor performance’
2. ‘Behavior and abilities’
3. ‘Conflict’
4. ‘Disagreement with the board’

*3.3.2 Coding of leader position*

Leader-roles often have a broad variety of titles depending on what sector they are working in, and we had to narrow these categories down. All leaders-in-charge of the overall daily operations were labeled CEOs which in Norwegian is equivalent to ‘administrerende direktør’ or ‘daglig leder’. Chief Financial Officers, Chief Technical Officer, Chief Marketing Officer, Chief Human Resources Officer etc. were labeled CXOs, as they were not individually large in number. Some leader-titles were not specified, and these were labeled “other leadership positions”. Please see appendix 2 for the translations of leadership positions.

The six categories are coded 1 to 6 in the listed order:

1. Chief Executive Officer (CEO) and Vice President (VP)
2. Chairman of the Board and Vice Chairman
3. Councilman
4. CXO (Chief Financial Officers, Chief Technical Officer, Chief Marketing Officer, Chief Human Resources Officer etc.)
5. Political Leader
6. Other leadership positions

*3.3.3 Coding of sector*

Sectors have been labeled into two main categories, public and private, using supplementary data. Initially, we used a larger spectrum of sectors, but deemed it sufficient to operate with two categories in our analysis (see appendix 3). Categorizing sector allows us to investigate if there are any relationship between leadership exits into sectors in regard to certain crisis or macroeconomic variables.

The two categories are coded from 1 to 2 in the listed order:

1. Public sector
2. Private sector

### *3.4 Analysis*

The research question and the nature of the data obtained required us to take an extensive strategy of analysis. We conducted various quantitative and qualitative analyses. Investigating the data both quantitative and qualitative enabled us to investigate the broad nature of the subject in question.

We conducted a linear regression to investigate if there has been an increase in leader exits from 1945 to 2018, in addition to descriptive analysis to explore potential trends in the cases. The descriptive analysis is presented in six time-intervals: The entire period of time (1945-2018), pre-1990s (1945-1989), post-1990s (1990-2018) and three ten-year intervals (1990-1999, 2000-2009 and 2010-2018). Further, a one-way ANOVA-analysis was conducted to explore how the macroeconomic variables affects the means for the 'stated reasons' for leader exits. When making multiple comparisons, the risk of Type 1 errors increases. To limit the chance of concluding that there is real effect when the means differ due to chance, we saw it appropriate to run a Bonferroni post-hoc test (Brace, Kemp & Snelgar, 2012). Therefore, a Bonferroni was conducted to explore where the differences were, and an Eta-square test to look for practical significance (Cohen, 1969).

There was also conducted five multinomial logistic regressions to see which macroeconomic variables had a stronger explanation effects on different types of 'stated reasons', leader positions and sectors. A multinomial logistic regression exploring the explanatory effects of the three defined crises was also conducted. In addition, a multinomial logistic regression lag-analysis with a three-year lag (t -1, t -2, t -3) was conducted to explore explanatory effects of the macroeconomic variables on 'stated reasons' for leader exits. As our research question(s) are based around what leader exits are attributed to – we did not find it necessary to explore potential lagging effects for leader positions and sectors. The multinomial regression analysis is able to predict how likely it is for one percentage change in the macroeconomic variables to affect the one set of variables compared to a reference category. The analysis can however not infer anything concerning the direction of the percentage change in the macroeconomic variables. Moreover, a Durbin Watson test was conducted to look for possible autocorrelations. All of the above analysis was conducted using SPSS version 25.

Lastly, for the quantitative analysis, we ran a machine learning experiment to explore potential patterns in the data. The algorithms in RStudio looked for possible patterns in how age, tenure, gender, type of leader position, sector and macroeconomic variables could predict the 'stated reasons' for public leader exits.

Furthermore, we took a qualitative approach in analyzing the media content in relation to the Norwegian bank crisis (1987-1993), the dotcom bubble (1995-2001), the financial crisis (2007-2009) and the role of the board. First, the content in media articles covering 194 leader exits were analyzed in order to investigate if the media acknowledged context in their articles. More specifically, we analyzed whether the media take an independent analytic approach, investigating possible causes and effects, or if the focus of the exits are directed to the individual leader. The content was especially analyzed in relation to the crises. To do this, we allocated and carefully read all articles collected on leader exits in the time periods of these events, to look for mentions of causes or context.

Further, to investigate what the expectations from the board are in terms of leadership, we analyzed leader exits due to 'poor performance' with leaders that were operating in their positions for less than 1,5 years. As it takes time to create results, we were interested in seeing how these exits were explained.

The below paragraphs present the results of these analysis.

# 4.0 Quantitative findings

### *4.1 Public leader exits: an increasing phenomenon*

There is no doubt there has been an exponential growth ($R^2 = 0.818$) in public leader exits from 1945 and until today. This shows that public leader exits are an increasing phenomenon.

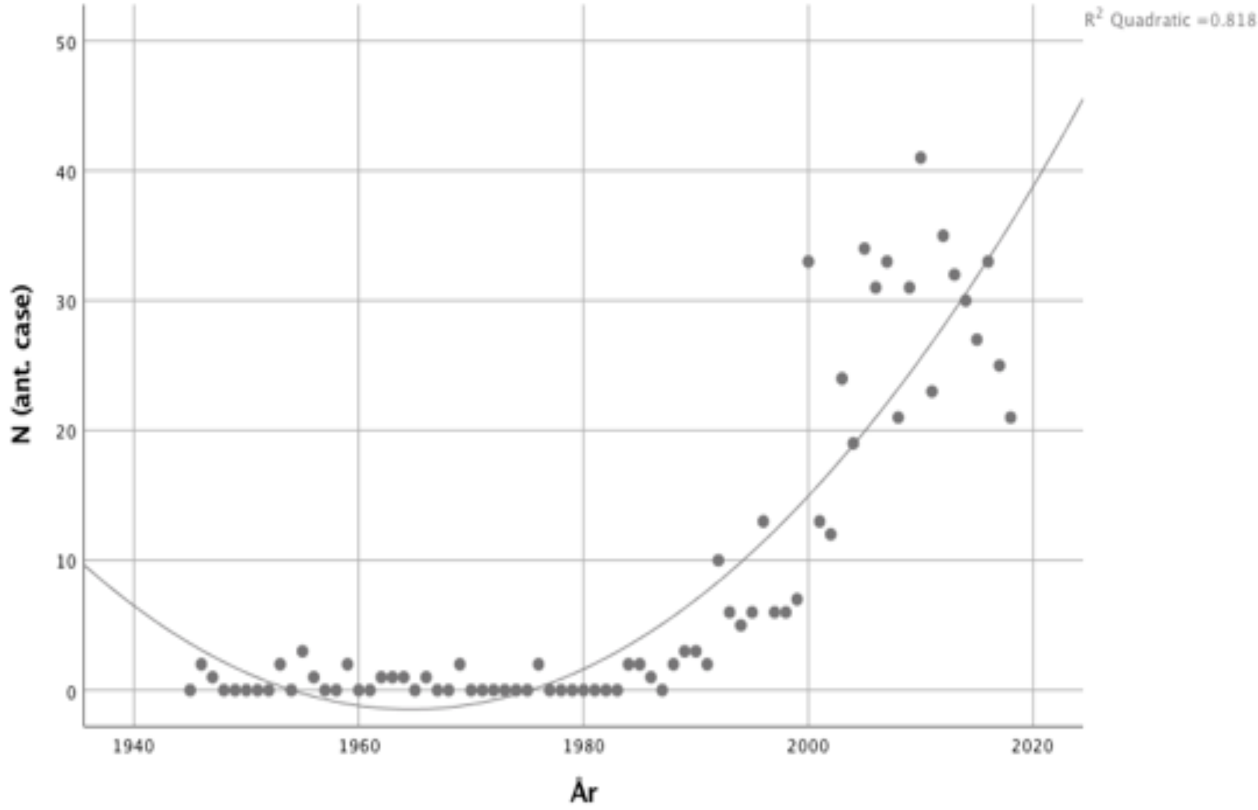


*Figure 2*

***4.2 The development of public leader exits: the peaks***

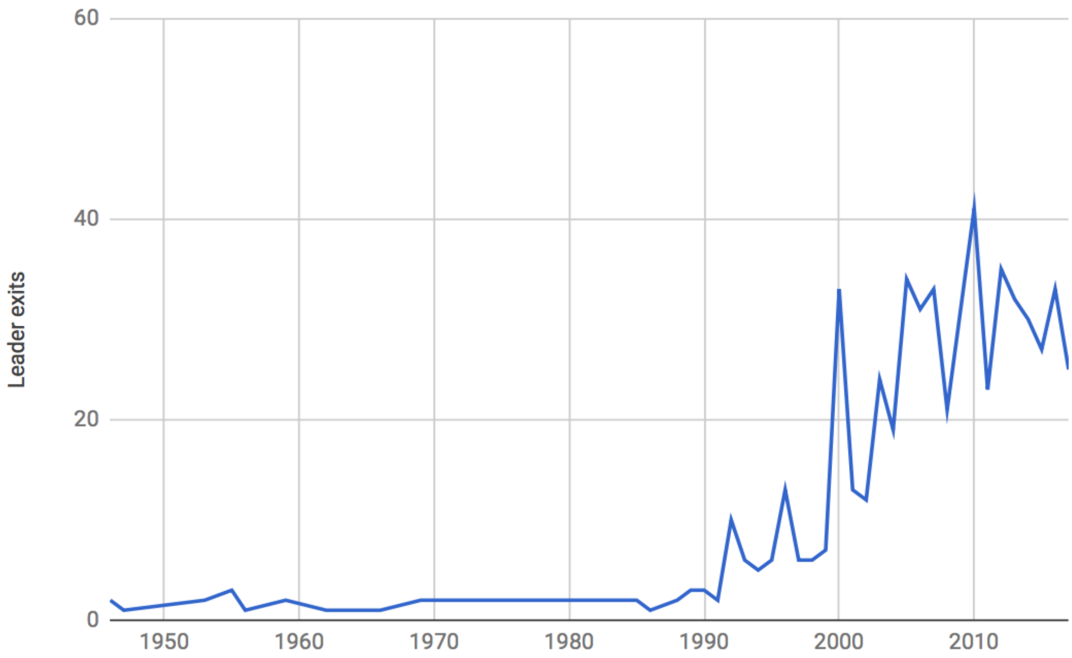


*Figure 3*

In the above graph, one can see how the peaks in number of public leader exits coincides with well-known crisis such as the Norwegian bank crisis (1987-1993), the dotcom bubble (1995-2001), and the financial crisis (2007-2009). From the peaks of public leader exits one clearly see the tendencies of two very similar cycles. The Norwegian bank crisis reached its most dramatic point in 1991 and 1992, where government took over the shares in the three largest commercial banks in Norway (Gram, 2017). One can see the graph beginning to climb around 1991 and reach a peak around 1992/1993. Over-speculation turned into stock-bubbles and the burst of the dotcom bubble became a reality around 2000 (Nordal, Liseter & Rossen, 2018), where the graph clearly peaks. Between 2001 and 2007 the graph contains significant fluctuation before there is an increase around 2007, until reaching the highest point of the graph in 2010, which coincide well with the financial crisis.

***4.3 Descriptive analysis***

*4.3.1 Frequency of leader positions represented*

The first leader exit in our media-search appeared in 1946, yet it was not until 1988 that the leader exits were consistently mentioned in the media each year. The results show that the exponential increase in all types of public leader exits, – for reasons stated in the media, leader positions, and sector – started around the 1990s.

| **Table 1:** N from each position | N |
|---|---|
| CEO and Vice President | 381 |
| Chairman of the board and vice chairman | 62 |
| Councilman | 38 |
| Political leader | 15 |
| CXOs | 76 |
| Other leaders | 39 |

| **Table 2:** Mean of leader position | 1945 - 2018 | 1945 - 1989 | 1990 - 2018 | 1990 – 1999 | 2000 - 2009 | 2010 - 2018 |
|---|---|---|---|---|---|---|
| CEO and Vice President | 5,15 | 0,4 | 12,52 | 4,8 | 15,8 | 17,44 |
| Chairman of the board and vice Chairman | 0,84 | 0,04 | 2,07 | 0,1 | 2,8 | 3,44 |
| Councilman | 0,51 | 0 | 1,31 | 0,1 | 1,7 | 2,22 |
| Political leader | 0,2 | 0,04 | 0,45 | 0,1 | 0,7 | 0,56 |
| CXOs | 1,24 | 0,09 | 3,03 | 0,9 | 3,7 | 4,67 |
| Other leaders | 0,31 | 0,07 | 0,69 | 0,3 | 0,5 | 1,33 |

CEOs and Vice Presidents are the groups of leaders that are most frequently represented in the statistics. CXOs are the second largest group of leaders represented in our data.

*4.3.2 Mean of 'stated reasons'*

| **Table 3:** Mean of 'stated reasons' | 1945 - 2018 | 1945 - 1989 | 1990 - 2018 | 1990 – 1999 | 2000 - 2009 | 2010 - 2018 |
|---|---|---|---|---|---|---|
| 'Financial reasons and poor performance' | 1,35 | 0,04 | 3,37 | 1,2 | 5 | 4 |
| 'Behavior and abilities' | 2,72 | 0,31 | 6,45 | 1,5 | 8,6 | 9,56 |
| 'Conflict' | 2,2 | 0,17 | 5,35 | 1,8 | 6,4 | 8,1 |
| 'Disagreement with the board' | 1,99 | 0,11 | 4,9 | 1,9 | 5,1 | 8 |

'Disagreement with the board' was by far the single most stated reason for leader exits in the newspapers. Unlike 'financial reasons and poor performance', 'behavior and abilities' and 'conflict', 'disagreement with the board' does not have any sub-categories. We view the frequency of this category, and the increase from 1990 in close relation with the introduction of corporate governance in Norway. 'Behavior and abilities' is the largest group of stated reasons for public leader exits. However, as this group contain several sub-categories, it represents a rather wide variety of reasons and it is therefore, as expected, a large group. See appendix 1 for all sub-categories in this group.

*4.3.3 Mean of sectors*

| **Table 4:** Mean of sectors | 1945 - 2018 | 1945 - 1989 | 1990- 2018 | 1990 – 1999 | 2000 - 2009 | 2010 - 2018 |
|---|---|---|---|---|---|---|
| Public Sector | 2,39 | 0,13 | 5,9 | 0,7 | 7,3 | 10,11 |
| Private Sector | 5,86 | 0,51 | 14,17 | 5,7 | 17,8 | 19,56 |

Private sector has consistently had the largest number of exits during the entire period of time. However, both sectors have seen an exponential increase in leader exits.

*4.3.4 Mean of age and tenure*

| **Table 5:** Mean of age and tenure | 1945 - 2018 | 1945 - 1989 | 1990 - 2018 | 1990 – 1999 | 2000 - 2009 | 2010 - 2018 |
|---|---|---|---|---|---|---|
| Tenure | 6,49 | *10,45* | *4,51* | 5,12 | 4,07 | 4,4 |
| Age | 51,4 | 51,27 | 51,47 | 51,24 | 50,13 | 53,2 |

From 1945 to 1989 average tenure was 10,45 years for all leaders. From 1990 to 2018 the average tenure was 4,51 years. This means that the average tenure has been more than halved between these two periods of time.

We compared our data from 1989 to 2001 with Bøhren et al.'s (2005) collection of leader exits in the same period of time and found that they are closely aligned. Bøhren et al. investigated 12 years of stock exchange announcements and found 107 involuntary exits, whereas we found 113 in that same time frame. This suggests that it is possible to generalize our findings to a wider frame than solely publicly available leader exits through the media.

***4.4 The impact of macroeconomic variables***

The ANOVA (table 6 below) revealed statistically significant differences in the how the macroeconomic variables affect the main groups of stated reasons for leader exits. The differences were found in effects from GDP, net cash flow from the petroleum industry, open bankruptcies, general government revenue and expenditure and turnover in oil and gas, manufacturing, mining and electricity supply.

Employing the Bonferroni post-hoc test (table 7 below), significant differences were found in the dependent variables open bankruptcies and turnover in oil and gas, manufacturing, mining and electricity supply. For open bankruptcies, the significant differences were found between 'disagreement with the board' and 'conflict' ($p < .012$). This means that leader exits due to 'conflict' are more affected by changes in open bankruptcies, and that leader exits due to 'disagreement with the board' are the least affected by the changes in open bankruptcies. For turnover in oil and gas, manufacturing, mining and electricity supply, the significant differences were found between and 'conflict' and 'financial reasons and poor performance' ($p < .048$). This means that leader exits due to ‘conflict’ are the most affected by changes in turnover in oil and gas, manufacturing, mining and electricity supply, and that leader exits due to ‘financial reasons and poor performance’ are the least affected by the same changes.

We did not find any significant differences between the main groups of ‘stated reasons’ in the other dependent variables.

**Table 6: ANOVA**

| Macro-variabel | | Sum of squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| GDP* | Between groups | 34,61 | 3 | 11,53 | 2,72 | 0,04 |
| | Within groups | 2480,42 | 586 | 4,23 | | |
| | Total | 2515,04 | 589 | | | |
| Unemployment rates | Between groups | 0,552 | 3 | 0,18 | 0,29 | 0,83 |
| | Within groups | 368,843 | 583 | 0,63 | | |
| | Total | 369,396 | 586 | | | |
| Key policy rate | Between groups | 5941,88 | 3 | 1980,62 | 1,93 | 0,12 |
| | Within groups | 580264,28 | 567 | 1023,39 | | |
| | Total | 586206,16 | 570 | | | |
| Net cash flow from the petroleum industry* | Between groups | 73292,93 | 3 | 24430,97 | 3,72 | 0,01 |
| | Within groups | 3875224,43 | 590 | 6568,17 | | |
| | Total | 3948517,37 | 593 | | | |
| Open Bankruptcies* | Between groups | 2357,31 | 3 | 785,77 | 3,44 | 0,01 |
| | Within groups | 123746,16 | 542 | 228,31 | | |
| | Total | 126103,48 | 545 | | | |
| General government revenue and expenditure* | Between groups | 764,83 | 3 | 254,94 | 3,85 | 0,01 |
| | Within groups | 34736,01 | 525 | 66,16 | | |
| | Total | 34736,01 | 528 | | | |
| Global economic policy uncertainty | Between groups | 3320,75 | 3 | 1106,92 | 1,68 | 0,17 |
| | Within groups | 347222,48 | 527 | 658,86 | | |
| | Total | 350543,24 | 530 | | | |
| Paid dividend | Between groups | 3335,867 | 3 | 1111,95 | 1,61 | 0,18 |
| | Within groups | 251985,873 | 367 | 686,61 | | |
| | Total | 255321,739 | 370 | | | |
| Turnover in oil and gas, manufacturing, mining and electricity supply* | Between groups | 1187,98 | 3 | 395,99 | 4,209 | 1187,98 |
| | Within groups | 47038,40 | 500 | 94,07 | | |
| | Total | 48226,38 | 503 | | | |
| Total assessed tax | Between groups | 3119,91 | 3 | 1039,97 | 2,186 | 0,089 |
| | Within groups | 183599,24 | 386 | 475,64 | | |
| | Total | 186719,15 | 389 | | | |

*Significant at the 0,05 level

**Table 7: Multiple Comparisons Bonferroni**

| Dependent Variable | (I) 'Stated reason' | (J) 'Stated reason' | Mean Difference (I-J) | Std. Error | Sig. | 95% Confidence Interval | |
|---|---|---|---|---|---|---|---|
| | | | | | | Lower | Upper |
| **Open Bankruptcies** | Financial reasons and poor performance | Behavior and abilities | 1,51992 | 1,92368 | 1 | −3,5739 | 6,6138 |
| | | Conflicts | −1,75365 | 2,00563 | 1 | −7,0645 | 3,5572 |
| | | Disagreement with the board | 3,92391 | 2,02661 | 0,32 | −1,4425 | 9,2903 |
| | Behavior and abilities | Financial reasons and poor performance | −1,51992 | 1,92368 | 1 | −6,6138 | 3,5739 |
| | | Conflicts | −3,27357 | 1,70777 | 0,335 | −7,7957 | 1,2486 |
| | | Disagreement with the board | 2,40399 | 1,73236 | 0,995 | −2,1833 | 6,9912 |
| | Conflicts | Financial reasons and poor performance | 1,75365 | 2,00563 | 1 | −3,5572 | 7,0645 |
| | | Behavior and abilities | 3,27357 | 1,70777 | 0,335 | −1,2486 | 7,7957 |
| | | *Disagreement with the board** | *5,67756* | *1,82293* | *0,012* | *0,8505* | *10,5046* |
| | Disagreement with the board | Financial reasons and poor performance | −3,92391 | 2,02661 | 0,32 | −9,2903 | 1,4425 |
| | | Behavior and abilities | −2,40399 | 1,73236 | 0,995 | −6,9912 | 2,1833 |
| | | *Conflicts** | *-5,67756* | *1,82293* | *0,012* | *−10,5046* | *−0,8505* |
| **Turnover in oil and gas, manufacturing, mining and electricity supply** | Økonomiske årsaker | Behavior and abilities | −3,2245 | 1,2897 | 0,076 | −6,641 | 0,192 |
| | | *Conflicts** | *-3,6034* | *1,3529* | *0,048* | *−7,187* | *−0,02* |
| | | Disagreement with the board | −0,503 | 1,375 | 1 | −4,145 | 3,139 |
| | Behavior and abilities | Financial reasons and poor performance | 3,2245 | 1,2897 | 0,076 | −0,192 | 6,641 |
| | | Conflicts | −0,3789 | 1,1315 | 1 | −3,376 | 2,618 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | Disagreement with the board | 2,7215 | 1,1579 | 0,115 | −0,345 | 5,788 |
| | Conflicts | *Financial reasons and poor performance ** | *3,6034* | *1,3529* | *0,048* | *0,02* | *7,187* |
| | | Behavior and abilities | 0,3789 | 1,1315 | 1 | −2,618 | 3,376 |
| | | Disagreement with the board | 3,1004 | 1,2279 | 0,071 | −0,152 | 6,353 |
| | Disagreement with the board | Financial reasons and poor performance | 0,503 | 1,375 | 1 | −3,139 | 4,145 |
| | | Behavior and abilities | −2,7215 | 1,1579 | 0,115 | −5,788 | 0,345 |
| | | Conflicts | −3,1004 | 1,2279 | 0,071 | −6,353 | 0,152 |

*Significant at the 0,05 level

*4.4.1 Small practical significance between means*

**Table 8: Eta Square**

| Macroeconomic variables | Eta square |
|---|---|
| GDP* | 0,01** |
| Unemployment rates | |
| Key policy rate | |
| Net cash flow from the petroleum industry* | 0,01** |
| Open Bankruptcies* | 0,01** |
| General government revenue and expenditure* | 0,02** |
| Global economic policy uncertainty | |
| Paid dividend | |
| Turnover in oil and gas, manufacturing, mining and electricity supply* | 0,02** |
| Total assessed tax | |

*Significant at the 0,05 level
**<0,02 = small practical significance

Despite reaching statistical significance in the ANOVA and the Bonferroni, the low value in the Eta squared shows that the differences in means are too small to be of any practical significance (Cohen, 1969). Based on this, we are unable to draw any conclusions from the results of the ANOVA.

### 4.5 The explanatory effects of macroeconomic variables

**Table 9: Multinomial Logistic Regression**

| Behavior and abilities | | B | SE | Wald | Df. | Sig. | Exp(b) |
|---|---|---|---|---|---|---|---|
| | Gross domestic product** | 1,749 | 0,695 | 6,331 | 1 | 0,012 | 5,749 |
| | Unemployment rates | 1,922 | 2,246 | 0,733 | 1 | 0,392 | 6,836 |
| | Key policy rate* | 0,074 | 0,032 | 5,467 | 1 | 0,019 | 1,077 |
| | Net cash flow from the petroleum industry | 0,058 | 0,043 | 1,839 | 1 | 0,175 | 1,06 |
| | Open Bankruptcies | −0,249 | 0,132 | 3,568 | 1 | 0,059 | 0,779 |
| | General government revenue and expenditure** | −1,928 | 0,714 | 7,283 | 1 | 0,007 | 0,145 |
| | Global economic policy uncertainty* | 0,192 | 0,073 | 6,991 | 1 | 0,008 | 1,212 |
| | Paid dividend | 0,03 | 0,024 | 1,58 | 1 | 0,209 | 1,03 |
| | Turnover in oil and gas, manufacturing, mining and electricity supply*** | 0,98 | 0,381 | 6,629 | 1 | 0,01 | 2,665 |
| | Total assessed tax | −0,028 | 0,031 | 0,835 | 1 | 0,361 | 0,972 |
| **Conflicts** | | **B** | **SE** | **Wald** | **Df.** | **Sig.** | **Exp(b)** |
| | Gross domestic product** | 1,917 | 0,713 | 7,219 | 1 | 0,007 | 6,799 |
| | Unemployment rates | 3,19 | 2,369 | 1,813 | 1 | 0,178 | 24,276 |
| | Key policy rate * | 0,107 | 0,034 | 9,959 | 1 | 0,002 | 1,113 |
| | Net cash flow from the petroleum industry | 0,093 | 0,048 | 3,753 | 1 | 0,053 | 1,097 |
| | Open bankruptcies* | −0,263 | 0,134 | 3,856 | 1 | 0,05 | 0,768 |
| | General government revenue and expenditure** | −2,345 | 0,736 | 10,149 | 1 | 0,001 | 0,096 |
| | Global economic policy uncertainty* | 0,219 | 0,074 | 8,636 | 1 | 0,003 | 1,244 |
| | Paid dividend | 0,034 | 0,024 | 1,997 | 1 | 0,158 | 1,035 |
| | Turnover in oil and gas, manufacturing, mining and electricity supply*** | 1,092 | 0,382 | 8,171 | 1 | 0,004 | 2,98 |
| | Total assessed tax | −0,035 | 0,032 | 1,182 | 1 | 0,277 | 0,965 |

| Disagreement with the board | B | SE | Wald | Df. | Sig. | Exp(b) |
|---|---|---|---|---|---|---|
| Gross domestic product** | 1,87 | 0,735 | 6,478 | 1 | 0,011 | 6,486 |
| Unemployment rates | −0,82 | 2,312 | 0,126 | 1 | 0,723 | 0,441 |
| Key policy rate | 0,059 | 0,035 | 2,829 | 1 | 0,093 | 1,061 |
| Net cash flow from the petroleum industry | 0,042 | 0,044 | 0,901 | 1 | 0,342 | 1,043 |
| Open bankruptcies* | −0,333 | 0,135 | 6,098 | 1 | 0,014 | 0,716 |
| General government revenue and expenditure* | −1,84 | 0,775 | 5,639 | 1 | 0,018 | 0,159 |
| Global economic policy uncertainty* | 0,189 | 0,078 | 5,916 | 1 | 0,015 | 1,208 |
| Paid dividend | 0,043 | 0,024 | 3,385 | 1 | 0,066 | 1,044 |
| Turnover in oil and gas, manufacturing, mining and electricity supply*** | 0,973 | 0,402 | 5,845 | 1 | 0,016 | 2,645 |
| Total assessed tax | −0,04 | 0,032 | 1,542 | 1 | 0,214 | 0,961 |

*Significant at the 0,05 level

** Suspected to be autocorrelated

*** Excluded from the Durbin Watson

'Financial reasons and poor performance' is used as reference category

The multinomial logistic regression found the macroeconomic variables to have explanatory effects on the 'stated reasons'. More details from each of 'behavior and abilities', 'conflict' and 'disagreement with the board' will be presented below. Nonetheless, as we suspected some of the variables to be autocorrelated, a Durbin Watson test was conducted. The Durbin Watson revealed a value of 0,733, indicates a positive correlation in the data, meaning that we did find autocorrelation in the data set. We suspect the autocorrelation to be specifically strong for GDP and general government revenue and expenditure. Turnover in oil and gas, manufacturing, mining and electricity supply was excluded from results as it was able to perfectly predict one or more of the other independent variables. Therefore, these variables will not be discussed further in the findings.

### *4.5.1 'Behavior and abilities'*

Changes in key policy rate and Economic Policy Uncertainty Index have a significant explanatory effect on exits due to 'behavior and abilities'. It is 92,8 times more likely for changes in key policy rate and 82,5 times for changes in the Economic Policy Uncertainty to be explaining leader exits due to 'behavior and abilities' compared to 'financial reasons and poor performance'.

### *4.5.2 'Conflicts'*

Changes in key policy rate and Economic Policy Uncertainty Index have a significant explanatory effect on exits due to 'conflict'. It is 89,8 times more likely for changes in key policy rate and 80,3 times for changes in the Economic Policy Uncertainty to be explaining leader exits due to 'conflicts' compared to 'financial reasons and poor performance'.

Changes in open bankruptcies are more likely to explain exits due to 'financial reasons and poor performance than exits due to 'conflicts'.

### *4.5.3 'Disagreement with the board'*

Changes in Economic Policy Uncertainty Index have a significant explanatory effect on exits due to 'disagreement with the board'. It is 82,7 times more likely for changes in the Economic Policy Uncertainty to be explaining leader exits due to 'disagreement with the board' compared to 'financial reasons and poor performance'.

Changes in open bankruptcies are more likely to explain exits due to 'financial reasons and poor performance than exits due to 'conflicts'.

### *4.5.4 Sectors and the macroeconomic context*

To explore if macroeconomic variables have a stronger explanatory effect on leader exits in public than private sector, we conducted a multinomial logistic regression using the private sector as the reference category. The results were not found to be of any statistical significance.

*4.5.5 Leader positions and the macroeconomic context*

To explore if macroeconomic variables have a stronger explanatory effect on leader exits for certain leader positions than other, a multinomial logistic regression was conducted. CXOs were used as the reference category. However, the results were not of any statistical significance.

*4.5.6 The impact of crisis on leader exits*

A multinomial logistic regression was further conducted to investigate if crisis (i.e. the Norwegian bank crisis, the dotcom bubble and the financial crisis) in Norwegian history has an explanatory effect on the stated reasons for the leader exits in their specific periods of time. This was done using dummy variables representing the three crises. However, the results were not found to be of any statistical significance.

*4.5.7. Lagging explaining-effects of the macroeconomic variables*

We suspected that macroeconomic variables have a lagging effect on public leader exits, and that changes in macroeconomic variables have stronger explanatory effect after some time. A multinomial logistic regression with lagging variables three years back was conducted. There were not found any significant results in the analysis.

### *4.6 Machine Learning*

The Extreme Gradient Boosted Tree algorithm could only predict for 'conflict' as the stated reason for exit. The machine learning found that gender and number of open bankruptcies were the most important predictors for 'conflict'. This result is however not of any significant value to our research. The fact that a machine learning algorithm cannot find any rational patterns of significance, suggest that leader exits are a complex issue.

# 5.0 Qualitative findings

The findings obtained from qualitative analysis are illustrated by a small selection of cases that are representative for all the cases used to conduct these analyses.

### *5.1 Media's lack of ability to acknowledge context*

When analyzing all of the 194 public leader exits during the three periods of crisis (i.e. the bank crisis, the dotcom bubble and the financial crisis), we did not find any attempts by the media to explain or interpret whether the leader exits could be impacted by the current crisis. Two illustrative cases are Ole Haaber, during the dotcom bubble, and Bjørn Hildan during the financial crisis:

In December 1999, Ole Haaber, the Norwegian CEO of IBM, leaves the company after another year with poor financial results. Aftenposten Morgen ("IBM-sjef går av", 1999) stated that "IBM Norway is moving towards a new deficit in 1999, and it is especially the poor sales development on e-business that has contributed to the change in the company's management."[3]. During the dotcom bubble IBM was not alone to struggle with online sales and e-business. In fact, several companies lost billions of dollars due to the lack of online sales (Nordal, Liseter & Rossen, 2018). In the years before, investors had been especially optimistic about the potential of online stores and e-business, but the current technology and infrastructure could not handle the transition. Many failed to reach their potential and lost billions of dollars or went bankrupt (Nordal, Liseter & Rossen, 2018).

Bjørn Hildan, the CEO of Bluewater insurance leaves in 2008 due to poor results. Hegnar.no (Parr, 2008) stated that "after sustained pressure, the owners finally managed to get Bjørn Hildan out Bluewater Insurance, where the share price has fallen to 11 NOK from the top price of 60 NOK last winter"[4]. The article also includes a quote from Hildan himself "I hope to be able to work with private equity in a corporate environment. But I'm not keen to be CEO. You can write that.", he said to the newspaper[5]. Bjørn Hildan had been working as CEO of

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[3] Quote translated from Norwegian.
[4] Quote translated from Norwegian.
[5] Quote translated from Norwegian.

Bluewater for seven years, one of them in 2007 when Bluewater Insurance had an all-time high price per share. Regardless, in 2008 in the middle of the financial crisis, the stock price decreased - and Hildan was fired the same year due to poor financial results. Although Norway was not as heavily impacted by the financial crisis as other countries, there were lower activity in many sectors where the financial sector was especially impacted by the crisis (NOU 2011:1, 2011).

These two cases illustrate all of the cases collected from times of crisis. We clearly see the inability of the media to recognize that other factors might be at play. The media's focus is on creating understanding of events in terms of leadership (Meindl et al., 1985). This evidently answers our question of what the media attribute leader exits to. The media purely attribute leader exits to leadership and abstain from any investigation of other possible explanatory variables. The media's one-way focus on leadership may have had a role in the increasing phenomenon of public leader exits. The media simply does not look into the possibility of there being any other variables of influence present in the context, keeping the leader as the sole focus for the explanation of organizational events. Whether or not leadership is a legitimate explanatory factor in some or even many cases, the absence of any contextual understanding confirms the narrow focus on leaders, and thus the attribution of enormous power to leaders. Many leader exits might be reasonable responses to organizational struggles. Still, an investigation of other contextual factors that could affect organizational outcomes appears to be an essential part of the responsibility the business-press holds to the public.

As business journalism holds great responsibility of researching, questioning and communicating more significant messages about organizations (Chen & Meindl, 1991), the lack of or unwillingness to analyze cause and effect makes the media present the world through the lens of one single idea. The need for the public to make sense of complex organizational phenomena makes the media go, intentionally or unintentionally, into the trap of the "fundamental attribution error". When most of the information various stakeholders obtain about organizations is derived from the news media (Combs, 2007), the romanticized view of leadership magnifies. As counter arguments are not presented, the romanticized view becomes the only reality. As we see the world in simple, obvious terms, we in turn believe in equally simple and obvious solutions (Senge, 2007). In other words, the leader should exit the organization if something is not going as expected, because the leader should be powerful enough to uphold any expectation. In that way, media's attempt to explain leader exits conceals more than it explains. This easy explanation provides us only with the fact that the phenomenon is increasing and viewed to be a valid procedure.

We can therefore see public leader exits as a case of social contagion (i.e. one participant serves as the stimulus for the imitative actions of another) (Marsden, 1998). For instance, suicide is a well-known case of social contagion, where exposure to information about suicides through media or other sources are known to create copycats (Mesoudi, 2009; NSSF). As leader exits are increasing and the media is not looking under the surface to find other possible explanatory factors, the public leader exits seems to be shallow explanations for complicated patterns of events that can trigger leader exits in other organizations.

### *5.2 The board is in control: Romanticized expectations*

Looking at public leader exits with less than one and a half year in tenure, 14 of those have 'poor performance' as the stated reason for exit (subcategory in 'financial reasons and poor performance'). In 2013, Svein Bergström was fired after six months in the position as the CEO of Stjernen ice hockey team, the poor economic situation in the club was the reason stated in Aftenposten ("Stjernen-direktør har fått sparken", 2013). Bergström has previously stated that he felt cheated because he did not know the red numbers in the accounts when he accepted the CEO-position. As postulated by Pfeffer (1977, p. 107) the choice of a new leader does not fundamentally change a market or financial position that has developed over time. This case illustrates how the board use the CEO to communicate action and make sense of the poor economic results. The CEO have held the position for six months and thus it is unlikely that the CEO is the main responsible, as the poor economic situation was a fact even before Bergström took the position. It is reasonable to assume that the board knew of the economic situation before they decided to hire Bergström. Therefore, making it possible to infer that Bergström was made a scapegoat, and he is not the only scapegoat in the collection of cases.

Sverre Quale is another illustrative case that gives substance to this argument. Quale had to leave the CEO position in Multiconsult after just one year. The director of the board emphasizes to Teknisk Ukeblad (Seehusen, 2011) that there has been no controversies and the results has been OK, but Sverre Quale simply did not fulfill their expectations. When a leader has had a position for a year, it is reasonable to suggest that the time constraint limits the ability to significantly impact organizational results. This case, where a leader has to go after one year, despite the boards recognition of the leader achieving fairly good results, sheds light on the boards seemingly inability to recognize the interplay of social, economic, and other impersonal aspect. As these aspects may very well affect the leader's ability to make strategic changes in a market or a financial position that has developed over time.

These two cases, among many of the collected cases, substantiates corporate governance theory and the romanticized view of leadership in illustrating how the board's criterion for assessing leadership quality is profitability, and the expectation that the leaders' performance is equivalent to the business value creation of the company. It also seems like the complexities of organizational life is ignored in many of the cases, where the board might know that real improvement comes through a broad range of organizational decisions and processes. Still, the board is ultimately fulfilling their job description by exiting leaders in difficult times as this is the expected procedure. Corporate governance may have influenced leader exits in becoming an increasing phenomenon. Furthermore, as the board also has an advisory role, the board is likely to want to distance themselves from poor performance. The board represents an additional agent link and therefore to signal that bad performance will have consequences, and corporate governance structures has made the fastest way to signal this to be through exiting the leader.

## 6.0 Discussion

The aim of this study was to investigate if exiting leaders is a viable solution to problems in organizations, or if exiting leaders has become a practice of its own. By exploring all public leader exits from 1945 to April 2018, we provide deeper insight into the change of stability leaders have dealt with. We have considered media as both a provider of cases and as a factor to analyze in itself. The preceding paragraphs will discuss these findings.

### *6.1 General increase and main characteristics of public leader exits*

We wanted to examine whether public leader exits are an increasing phenomenon. The results show that public leader exits are a relatively new phenomenon and have seen a tremendous growth over the last decades. These results are in line with the theoretical background, where leader exits are seen as a rapid and systematic solution to the problem, instead of a long-term fundamental solution solving the core problem (Senge, 2007).

We found that the exponential increase in all types of public leader exits – for all different types of reasons stated in the media, all types of leader positions and sector – started around the 1990s. In the 1990s, corporate governance emerged as a response to the new way of organizing work (Klepp & Brun, 2014). The results are hence as expected because ownership and control were separated and the structures we are familiar with today developed (Bøhren et al., 2005). In corporate governance, one of the main ways of assessing leader performance is through the profitability of the company (Bøhren, 2011). This resembles what the romanticizing of leadership theory describes as the 'tendency to overestimate the impact of one individual leader'. A single leader is rarely responsible for everything going wrong in the organization - yet, it seems that leaders are increasingly expected to be. Society's expectations of leaders, in combination with corporate governance as a 'safety net' for shareholder and owners, might have given the public as well as the boards unrealistic expectations of what a leader can do. This romanticizing of leaders, in addition to corporate governance structures has made it easier to exit leaders from their positions.

It is safe to say that leaders are in a more fragile position than ever before. In addition to the exponential increase in public leader exits, our findings show that the tenure of leaders has more than halved from pre-1990, with the average tenure of 10,45 years, to post-1990 with an average of 4,51 years (see table 4 in section 4.3).

The largest group of public leader exits is CEOs and VPs, as seen in the descriptive analysis (section 4.3, table 2). In total, CEOs and VPs stand for 381 of the exits, whereby 373 of these are CEOs. This is in accordance to corporate governance theory, as such structures are made mainly to enable the monitoring of the top leader in the organization, namely the CEO. Even though leader positions are an increasingly unstable and uncertain position to hold, the CEOs are the most affected and the most vulnerable.

As previously mentioned in 4.3, the number of public leader exits is closely aligned with previous studies who have collected leader exits in general. Therefore, it is possible to infer that our findings on the exponential increase of public leader exits can be generalized to the wider population of leader exits. However, as the previous study included a smaller time frame (1989-2009) than our relatively large time frame, it is difficult to make a definite conclusion. Nevertheless, the results of this thesis may present information relevant to the larger domain of leader exits.

### *6.2 Leadership in interaction with the outside world*

We had a suspicion that leader exits were correlated to macroeconomic variables, as organizational performance often is interrelated with the economy as a whole. Although the ANOVA and associated tests showed small practical significance, the multinomial logistic regression confirmed that there are differences in the explanatory effects the macroeconomic variables have on the 'stated reasons'. We particularly find Global Economic Policy Uncertainty Index (GEPU) to have a strong explanatory effect of non-financial reasons ('behavior and abilities', 'conflict' and 'disagreement with the board'. When there are changes in the GEPU-index it is on average >80 times likely for public leader exits to be attributed to non-financial reasons than it is to be attributed to 'financial reasons and poor performance'. Considering Norway as a stable country, both economically and politically, this can be seen as an indicator that organizations and leaders in Norway are in fact affected by the global society. As global trade is common, it is not surprising that Norwegian companies are affected by the state of the global situation – but we did not expect the GEPU-index to have the strongest explanatory effect compared to more 'local' variables. This is particularly because Norway has been relatively unaffected by wars, large global crisis and political instability. Nevertheless, one should not dismiss the potential explanatory effect of global variables.

Further findings have a more “local” take. These findings show that key policy rate have a stronger explanatory effect for the non-financial reasons (‘behavior and abilities’, ‘conflict’ and ‘disagreement with the board) than for ‘financial reasons and poor performance’. Changes in key policy rate is an indicator of certainty or uncertainty in the economy and the rational can thus be the same as for the GEPU-index. As the analysis is unable to infer anything concerning the direction of the percentage change in the macroeconomic variables, we are unable to draw conclusions on whether it is changes in increase or decrease that causes the relationship. Moreover, few of the macroeconomic variables showed to have an effect on the leader exits.

Nonetheless, the analysis reveals that leader exits are affected by macroeconomic variables to some extent and the total body of findings confirms that leaders do not exist in a vacuum (Bennis, 2007). This means that there are more to consider than inter-organizational mechanisms during leader exits. As Lieberson & O’Connor’s (1972, p. 129) argues, much of the variance in the performance variables of sales, earnings, and profit margins can be explained by other factors than leadership variance – and the results of our multinomial logistic regression is further strengthening Lieberson & O’Connor’s point. If leadership variance does not have much influence on the organizational performance, the exiting of leaders might not solve the problems faced by the organization.

### *6.3 Media’s unwillingness or inability to acknowledge context*

We found that public leader exits are attributed by the media to leadership in times were historical events have impacted the Norwegian environment with uncertainty and economic consequences, such as during a financial crisis. As seen and described in association with the graph 4.2, there was a clear pattern in peaks of public leader exits and the crisis, and these seems to be correlated. Based on our other analysis, we cannot be certain that there is a relationship between the crisis and public leader exits. Yet, we do not want to disregard the connection between the peaks and public leader exits as the graph speaks strongly for itself.

We can however conclude that the media seems unable or unwilling to investigate other possible explanatory variables than the leader as an individual. From all the cases collected from periods of crisis, the media exert an inability to recognize that other factors could be at play. This is in line with the notion of how we romanticize the leadership role, where the social construction of organizational realities has elevated the concept of leadership to a high level of significance, wherein the ambiguous concept makes the business-press especially prone to interpret organizational outcomes in terms of leadership (Meindl et al.1985). This coincide with Hayward et al. (2004) whom suggest that journalists work under great pressure, and that their high work demands cause them to magnify 'the fundamental attribution error' by putting too much of an emphasis on a single actor's dispositional qualities.

Another possible explanation might be the pressure journalists experience to score a scoop and present news in sensational ways, which leads them to a greater focus on people over causes and effects (Bens & Hamelink, 2007). By focusing on people and conflict, over causes and effects, the media is able to create clickbait articles and headlines that sell better. Not necessarily because of the media's romanticized view of leaders' abilities, but because of their need to sell papers. Ultimately, as Chen and Meindl (1991) also argue, journalists, as purveyors of the news are in constant need of explaining organizations' actions or performance to the public in the most understandable way. This relates back to the strong desire people have to believe that they live in a predictable world and thus the sensemaking process may substantiate the need to view the world through the lens of a single idea (Senge, 2007; Weick, 2012; Tetlock, 2017).

### *6.4 Romanticized board expectations*

The media is not the only one making attributions to leaders without taking a contextual view of events. Our findings suggest that the boards are seemingly unable to recognize the interplay of social, economic, and other impersonal aspect that affects the leader's ability to make strategic changes in a market or a financial position that has developed over time. This partly supports Bøhren et al.'s (2005) argument that the leader has less power when the profitability goes down, and in times of crisis the chances of support from the board decreases. This is further illustrated by CEO Eivind Solheim at Nordlandssykehuset's quote after the organ-scandal (mentioned in section 1.1). Solheim said that "trust is tied to leadership and new trust must be tied to a new leader[6]" (Kleveland, 2010). This seems to be very much true for the majority of the cases we have studied. Although this type of leader exit does not necessarily help the core issue, the heroic view of leaders might influence the board's decision to exit the leader in order to calm investors, share- and stakeholders, as they and maybe the participants in the board themselves interpret events in terms of leadership. This correspond with Pfeffer (1977), who claims that the leader as a symbol provides a target for action when difficulties arise, serving as a scapegoat when things go wrong. As the board represents an additional agent link, they might also be pressured to take quick action and fulfill expectations. Moreover, it is in their job description to monitor the leader and the performance of the organization, and when these two are thought to be closely aligned the board might feel forced to fulfill the expectations of the observers and participants of the organization. Our cases may verify corporate governance theory and the romanticized view of leadership in that the board's main tool for assessing leadership quality is profitability and that the leaders' performance is equal to the value creation of the company. Yet, whether or not the board is making the decision based on their own view or based on the perception they have of the media's and the public's view is less certain. Nevertheless, the decisions made by the board are arguably giving potency to the romanticized view of leadership.

### *6.5 Bringing the discussion to an end: Self-reinforcing leader exits*

As Senge (2007) postulates, financial accounting offers snapshot descriptions of the financial conditions of a company but does not describe how those conditions were created. This relates back to the romanticizing of leadership, because we see the world in simple obvious terms, we believe in equally simple and obvious solutions (Senge, 2007). Based on the above discussion, we suggest that leadership is a simple obvious term, where the obvious solution to an organization

[6] Quote translated from Norwegian.

facing difficulties is to get rid of the leader. Through that line of reasoning, we propose that public leader exits conceal more than they explain.

Much in line with Weick's theory of the dominant story (2012), the more the interest in leadership increase, the more we will ask ourselves if leadership is the problem. Backed up by corporate governance structures and the romanticizing of leadership, leader exits increase because leader exits increase. In other words, the corporate governance structures might unintentionally reinforce our romanticized view of leaders. This may again make it possible to infer that the exiting of leaders has become a practice form of its own. The practice of leader exits is a familiar solution to a problem. Whatever that problem may be, the reasons behind the increase might be related to the lack of learning organizations retrieve when this familiar solution is applied. If the romanticizing of leadership is real, then the public leader exits are mostly a self-fulfilling prophecy. While corporate governance structures are made to monitor the performance of the leader through the performance of the organization, the romanticized view expects leaders to be in control of events, many of which are likely to be uncontrollable, and most of those are related to the performance of the organization. Then, the lack of ability or the unwillingness to look beyond the personification gives little insights into what other causes might be at play – and the familiar solution becomes the only solution, because leadership has become the dominant story (Weick, 2012). Whether the leader serves as a symbol for action and explanation for both the organization and the media when difficulties arise, or if they share the same heroic view as the rest of us, might not be the central question.

The question of leaders' ability to affect performance is important because people believe leaders have that ability. As long as the belief stays strong, it only magnifies the use of the familiar solution, namely exiting the leader. Thus, as previously mentioned in the analysis, exiting leaders could possibly be described as a phenomenon of social contagion, where organizations experiencing difficulties are inclined to exit the leader and the media is inclined to apply it as the main explanation. This creates a self-reinforcing loop of leader exits, where future leader exits continue to follow the same pattern. Not applying the familiar solution would be hard to defend when the environment sees the leader as the main and often the only responsible. As the leader is viewed to be the only responsible, the leader arguably automatically becomes the main measure in which organizations gain or lose the trust of shareholders and the general public. Trust may be tightly linked to the reputation of an organization. Thus, the view we have of leaders – which is most likely upheld by media's lack of attempts to explain organizational difficulties by other means – develops a perception that exiting leaders is the only solution. Therefore, we propose that leadership only becomes more important and more incomprehensible as the familiar solution of exiting the leader is applied.

In a world where the only constant variable seems to be change, leaders will very often operate in all variances of uncertainty. If it is the uncertain environment that leads to the exit of the leader, replacing the current leader will doubtfully solve the core issue. We view this as a symptom of the public's high expectations of what leaders are capable of influencing. The media plays a role, as they are inclined to only attribute organizational struggles to leadership, reinforcing the fundamental belief in leadership which increase the application of corporate governance mechanisms. Because of this, the underlying reasons that are present in many leader exits, may never come to the surface – and the fact that the number of public leader exits increase shows that it may not be a viable solution to problems faced by organizations.

Based on the above discussion we propose that exiting leaders has become a practice of its own. As leader exits appear through the media to be relatively acute spontaneous events and despite some variances in influence from macroeconomic variables, the best prediction of a leader exit seems to be another leader exit.

## 7.0 Practical implications

The findings of this study have relevant practical implications for organizations.

Attributing organizational difficulties to a leader as an individual may hinder organizations from building knowledge capital. The increasing number of exits could prove to be a symptom of a solution that does not look into the real complexity of different organizational problems. Albeit being developed to ensure that organizational performance objectives are being met, some corporate governance initiatives could prevent organizations from being better prepared to face future difficulties. In other words, it might be advantageous for organizations to investigate how or if their corporate governance structures and other organizational policies may facilitate the personification of causality to leaders during difficulties.

This study has practical implications for journalists and media professionals as well. As most of the information various stakeholders obtain about organizations is through the news media (Coombs, 2007), importance should be placed considering and investigating possible contextual factors when reporting on leader exits. The news media is often held to a certain standard. They are independent actors who should investigate and question information to reveal and present accurate and objective information to the public (Chen & Meindl, 1991). This thesis emphasizes the need for the news media to consider the interplay of the different contextual factors such as social, economic, and other impersonal aspects that might limit and effect the heroic leaders as we view them today. Although the realistic-ness of these measures being taken, with today's need for clickbait journalism to fund newspaper, is at question.

As demonstrated in the study, organizations and the providers of information may take advantage of challenging their belief in the effectiveness of leadership.

## 8.0 Limitations and future research

### *8.1 Limitations*

Our research is conditioned by the data we chose and the methods we employed. Our findings are based solely on analysis of archived data in the form of media articles and can we only draw conclusions based on this. Therefore, we cannot eliminate the possibility of the information about the leader exits being incomplete or distorted (Bryman & Bell, 2011, p. 308). Consequently, our findings were limited to the leader exits portrayed by the media and the time period in which we retrieved our data from.

Another limitation concerns the large amounts of text and information that were scanned and analyzed. The large amounts of text from different sources were sometimes overwhelming, and it is possible that some leader exits were overlooked in our searches. Many of the pre-1960 newspapers did not have a search function, and we had to scan through a large number of newspapers without the possibility of identifying which sections that could contain relevant data for our study.

Moreover, macroeconomic data was not available for some of the years in which we collected cases. In addition, other macroeconomic data could have been applied. Because Norwegian organizations are increasingly present in international markets, including more global indicators could have provided us with more insights on the effect the context have on leader exits. Furthermore, the content presented to the public by the media may have little to do with how audience members hear or interpret those messages (Krippendorff, 2004). In other words, we cannot be certain that the media's presentation of leaders influences people's perceptions. Future research may want to consider how people's perceptions of leaders are influenced by the media's depiction of them.

Finally, as discussed in the methods, we chose to reduce the 'stated reasons' for the exit to four main categories to increase the applicableness of these in our analysis. However, broader categories can be a limitation because it increases the probability of contrasting interpretations of the categories (Krippendorff, 2004; Bryman & Bell, 2011, p. 308).

### *8.2 Future research*

As we only studied public leader exits, and not all leaders in organizations who face crisis; it would be interesting to further investigate if there are any differences between leaders who 'survive' a crisis and those who do not. As Hambrick and D'Aveni (1988; 1992) found in their studies, corporate failures often lead to quick replacements of leaders, not making time for new solutions to save the organization. In other words, can some leader exits be avoided if the boards leave time for the leader and the organization to plan and to implement strategies that can save the organization (Daily et al., 2003, p. 378) - or are organizations better off by demonstrating immediate action? On the basis of this, a study of the environmental differences in cases that leads to exits and those who do not would be an adequate extension of our study. Especially, it is interesting to look further into how the long-term organizational results are affected by exit/non-exits.

As our findings indicate that there are more affecting public leader exits than leaders' abilities and inter-organizational mechanisms, other future research should consider looking even further into the contextual constraints leaders operate under (Bennis, 2007). Such a study can be conducted by considering a broader range of macroeconomic-, socioeconomic- and inter-organizational variables in the analysis, in an attempt to detect if there are a larger variety of possible influences. More specifically, we suggest looking into variables such as stock prices (Macnamara, 2005), turnover in the organization, leader-history in the organization, strategic directions, historic data on the profitability of the organization, profitability of companies in same sector, and global economic indicators.

## 9.0 Concluding remarks

The present thesis has looked at all public leader exits in Norway from 1945 to April 2018. Although previous studies have established various effects leaders can have on organizational performance, this study investigate and take context into consideration by applying a large time frame for investigation. By doing this, we provide deeper insights into the change in stability leaders have dealt with over the passing of time and what mechanisms have been in play. In addition, the exponential increase in public leader exits in itself substantiates the importance of recognizing the impersonal aspects, which may affect leader's ability to influence organizational outcomes. The thesis place emphasis and perspective on the necessity of questioning the real value of interpreting organizational outcomes through leadership. There is no doubt that the increase in public leader exits has seen an exponential growth in the last decades. The study shows that exiting leaders has become a practice of its own. When organizations keep going back to the familiar solution of exiting the leader, there is no reason for this practice slowing down.

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# Appendix

*Appendix 1: Original terms and translation of 'stated reasons' for leader exits*

| | |
|---|---|
| **Økonomiske årsaker og dårlige prestasjoner**<br>Dårlig resultat; fusjon og oppkjøp; innstramminger; budsjettoverskridelser | **Financial reasons and poor performance**<br>Poor results; merger and acquisitions; economic cuts; budget overruns; |
| **Oppførsel og egenskaper**<br>Lederstil og lederegenskaper; dårlig dømmekraft; manglende kompetanse; mobbing eller trakassering av ansatte; seksuell trakassering; økonomisk kriminalitet; øvrig kriminalitet; mentale problemer; disiplinære årsaker | **Behavior and abilities**<br>Leader style and abilities; bad judgement or lack of competence; workplace bullying or harassment; sexual harassment; white collar crimes; other crimes; mental issues; disciplinary causes |
| **Konflikt**<br>Mistillitsforslag; konflikt eller maktkamp i ledergruppen; uenighet med eierne, investorer eller aksjonærer; inhabil; presset ut grunnet alder; «ingen kommentar»; måtte ta det ultimate ansvar | **Conflict**<br>No-confidence motion; conflict in the Management group or power struggle; disagreement with owners, shareholders, investors or stakeholders; recusal; Dismissed due to age (too old); «no comment»; had to take the ultimate responsibility |
| **Uenighet med styret** | **Disagreement with the board** |

***Appendix 2: Original terms and translations of leader positions***

| | |
|---|---|
| Administrerende direktør og Viseadministrerende direktør | CEO and Vise Excecutive Officer |
| Styreleder og Nestleder i styret | Chairman of the board and vice chairman |
| Rådmann | Councilman |
| Fagdirektør | CXOs |
| Politisk leder | Political leader |
| Øvrig leder | Other leader positions |

***Appendix 3: Original terms and translations of sector***

| | |
|---|---|
| **Offentlig sektor** | **Public Sector** |
| Offentlig sektor; Politikk; Kommune | Public sector; Politics; Municipals |
| **Privat sektor** | **Private Sector** |
| Media og kultur; Bank og finans; Interesseorganisasjon og Sport; Olje og energi; Dagligvare og varehandel; Transport, Industri og produksjon; Teknologi; Øvrig næringsliv (inkludert bygg og anlegg, Shipping og maritimt, Profesjonelle tjenester, hotell og reiseliv) | Media and culture; Banking and Finance: NGO/Non-profits and Sports; Oil and Energy; Grocery and Retail; Transportation, Industry and Production; Technology; Other types of businesses (Including construction and carpentry, Shipping and maritime services, Professional services, and the travel Industry) |
| **Profesjonelle tjenester er alle typer konsulent og advokatvirksomhet. Sport er alle typer sportsklubber og sportsarrangementer.* | **Professional services are consulting and legal services. Sports are all types of sport clubs and sports events* |

### *Appendix 4: Original terms used in searches*

As an example, words such as “avskjediget” were more frequently used pre-1970, while “leder måtte gå” seems to be a newer way of phrasing the same concepts. However, to make sure we did not miss information of importance or retrieve biased information due to the change in key words - we later went back and searches for all keyword for the whole span of time.

The following keywords gives an indicator of some of the words used in the news-searches: “sparket”, “direktør sparket”, “måtte gå på dagen”, “leder fikk sparken”, “leder sparket”, “sparket leder”, “direktør fått sparken”, “uenighet med styret”, “sjef fikk sparken”, “sjef avskjediget”, “direktør avskjediget”, “toppleder fikk fyken”, “toppsjef sparket”, “sa opp på dagen”, “måtte gå med umiddelbar virkning”, “sjef går av”, “styreleder måtte gå på dagen”, “styreleder gikk av på dagen”, “toppsjef går på dagen”, “styreleder sparket”, “avsatt av styret”, “mistillit fra styret”.