

Dissertation press release

04.06.2020

## Can board appoint the right CEO?

**Title of the dissertation** CEO Selection and CEO-firm Fit

**Contents of the dissertation** CEO is the most influential person in a company and that influence can be beneficial as well as detrimental for a company. When a company has a CEO whose skill set matches with the requirements of the company (CEO-firm fit), CEO adds value to the company whereas when a company has a CEO who does not match the requirements of the company at the time (CEO-firm misfit) then CEO destroys value. For example, many analysts consider Stephen Elop tenure at Nokia to be the case of CEO-firm misfit. A CEO-firm misfit typically results in CEO succession where boards replace an incumbent CEO with the new CEO whose skill set (ideally) matches the requirements of the firm at the time and in near future. However, selecting a CEO matching firm requirement is easier said than done. CEO in a public listed company is appointed by the board of directors who have limited information about both the potential CEO candidates and the company's strategy (which is forward looking) to be able to make a good match. The dissertation investigates how boards could select CEOs who match the requirements of the firm and what CEO selection choices boards are likely to make, and its consequences, when there is considerable uncertainty about future direction of the company. This dissertation highlights the constraints boards face in CEO selection decision especially when future strategic direction of company is uncertain. For example, consider the strategic uncertainty faced by Nokia at the time of the selection of Stephen Elop. The mobile phone industry was changing very rapidly with the emergence of new platforms and competitors, it might have been quite difficult for board to even identify what skills set is needed by new Nokia CEO because Nokia's strategy was changing very rapidly in response to changing situation. Even in cases when the board is reasonably confident about the strategic direction of the company and the corresponding leadership requirement, the challenge to ascertain which candidate has the skills matching the requirement, especially when board is considering outsider CEO, can be very difficult. The dissertation identifies board's professional network as a key mechanism to obtain information about potential outsider CEO candidate skills. The dissertation advances our understanding of key issues in attaining CEO-firm match during CEO succession which arguably is the most critical task of board. So, can board appoint the right CEO? The answer is yes and no.

**Field of the dissertation** Strategic Management, Corporate Governance

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**Time of the defence** 24.06.2020 at 12:00

**Place of the defence** Video conference: <https://aalto.zoom.us/j/69394051053>

**Opponent** Professor Guoli Chen, INSEAD, Singapore

**Custos** Professor Jens Schmidt, Aalto University School of Science, Department

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