

# Leaders' Timely Succession: Neither Term Limits nor “Golden Parachutes,” Rather Periodic Tests of Ascending Trust

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## Abstract

Successful leaders tend to reach a dysfunction phase and to become conservative self-serving oligarchic. Politics and large organizations try to prevent this by term limits despite their drawbacks, while corporations use “Golden Parachutes,” a costly measure with major drawbacks as well. Despite much research, the timely succession of leaders in large organizations remains a recalcitrant problem demanding a solution. A review of current solutions points to the plausible use of intangible rewards rather than tangible ones by offering multiple terms, up to four rather than only one or two, which will reward leaders by prestige-enhancing higher majority re-election, i.e., each re-election requires a higher majority in a proper constituency. This solution bars dysfunctional conservatism and oligarchization and by enlarging leaders' tenure horizon encourages trustful dialogically engaging followers and creative innovation to achieve continuity. Suggestions for further study of the feasibility of this solution are offered.

**Keywords:** Leaders' timely succession, oligarchy theory, leadership life cycle, term limits, “Golden Parachutes,” ascending trust thresholds.

## Introduction

Leadership is a delicate combination of multiple factors, “the *process*, the *techniques* of leadership, the *person*, the specific *talents and traits* of a/the leader, and the general requirement of the *job* itself” (Gini 1997: 329; italics original), as well as its contexts (Bennis 1979; Haslam et al. 2010; Shapira 2015). Many of these factors change throughout the leader's tenure, but most theories and studies of leadership disregard the time dimension (Shamir 2011). Over time, effective innovative transformational leaders (Burns 1978; Downton 1973) tend to become ineffective self-serving conservatives and entrenched in their job, in accord with both oligarchy theory (Michels 1959[1915]) and leadership life cycle theory (Hereafter: LLCT; Hambrick and Fukutomi 1991; Ocasio 1994; Miller and Shamsie 2001; Wulf et al. 2011). Michels' (1959[1915]) “Iron Law of Oligarchy” analyzed repeated election successes by socialist party leaders that transformed them into self-server dysfunctional oligarchic conservatives, as in other cases (Chang and Halliday 2005; Montefiore 2003; Shapira 2005). According to an Israeli TV reporter, veteran authoritarian Turkish president R. T. Erdogan admitted

oligarchic grasping of democracy: "Democracy is a train, when you reach your destination you get off."

LLCT studies were conducted among business leaders who usually did not require repeat elections, but the dynamic of prolonged tenures found was similar: if they succeeded and became entrenched for numerous years in their job they eventually became dysfunctional conservative self-servers who sought perks and remuneration rather than efficiency, effectiveness, and innovation. The growing remuneration disparity between CEOs and that of the lowest ranks, up to hundreds of times (Johnson 2008; Kanter 1977; Piketty 2014), and the alarming corporate scandals (Ailon 2015; Smith and Emshwiller 2003; Villette and Vuillermot 2009) signal vast immorality among tenured CEOs. Corporations use "Golden Parachutes" (GPs for short), offering generous severance benefits to CEOs to encourage relatively early retirement, but the above developments suggest that corporations need a better solution than GPs for timely succession of leaders, much as do polities.

The article has three parts:

1. Current solutions, their drawbacks, and alleviation efforts.
2. Proposal for a new solution.
3. Conclusions, discussion, and further research.

## **1. Current Solutions, Their Drawbacks, and Alleviation Efforts**

### **1.1 Two Current Solutions and Their Drawbacks**

Polities have recognized the dangers of leaders' extra-long tenures ever since ancient Athens 2500 years ago, and imposed limits on leaders' and officials' tenures despite many drawbacks (below). Businesses recognized these dangers four decades ago and devised the GP solution, though it too suffers many drawbacks.

Succession research commenced in the 1960s; its large scale is evident from the 604 works that cite pioneer Grusky (1963; Google Scholar, accessed 14.10.2018). Presumably this research by hundreds of scholars over 55 years should have produced a better solution (or solutions for various leader types), but this didn't happen. A plausible explanation is succession scholars' minimal interest in bettering current solutions: Google found over 500 entries with "Golden Parachutes" and 69 with "term limits," but among Grusky's 604 citing papers and books, only two mentioned "term limits" and three mentioned "Golden Parachutes" (searched 14.10.2018). These findings indicate the minimal interest that succession research had in learning from these solutions' drawbacks to better them or devise better alternatives. This seemingly has two major explanations:

1. Both solutions are problematic and controversial but widely used; their study within the succession framework without offering ways of overcoming their drawbacks or devising alternative ones shows their many users the impotence of the research.
2. Both solutions are pragmatic, with no theory of processes and results; studying

specific variables without a theory did not help find better solutions in accord with Lewin's dictum "nothing is more practical in science than a good theory."

Learning historical lessons can help promote good theory and a solution. Ancient Athens limited civil servant terms to 1 year and suffered grave problems, resembling those found by the many studies cited below. Aristophanes, Athens' famous playwright, summed them up, depicting civil service as "the rule of embezzlement and evil... leadership is the interest of complete ignoramuses and the lowest of degenerates" (Fuks 1976: 56; also: Bowra 1971; Burn 1964). Imperial China, from about 1300 AD, and the Chinese Republic from 1911, limited District Magistrate terms to 3 years and suffered similar drawbacks, with rampant corruption that led 50-60% of them to trial (Chow 1966; Folsom 1968; Watt 1972). Latin American states limited presidents until recently to one 4-6 year term and suffered heavily due to the presidents' weakness versus the unaccountable power of entrenched congressmen, senators, generals, and others (Davis 1958; Linz 1990; Mainwaring 1990). In Japan, the 2-year-limit prime ministers were dominated up to 1992 by former Prime Minister Kaku'ai Tanaka and then by Shin Kanemaru (Kruze 2015). Term limits failed Israeli communal *kibbutzim* (pl. of *kibbutz*): powerful life-long leaders and their loyalists headed kibbutz federations and castrated short-term *kibbutzim* officers (Shapira 2001, 2005, 2008). Likewise, officers' term limits negatively impacted both US and Israeli armies (Gabriel and Savage 1981; Henderson 1990; Vald 1987; Wilson 2011).

In most developed countries political leaders can be re-elected unlimited times, versus most civil service officials who are limited to 1-2 terms of 3-8 years and total tenure rarely exceeds 12 years (Shalev and Prodan 2016), unlike the unlimited tenure of UK officials (Lynn and Jay 1986). In the 1990s, 21 US State Legislators adopted term limits, but subsequently 6 repealed these limits; this repeal and the most states who avoided term limits indicated their inherent problems, as also marked it term differences: adopters allow legislators 6, 8, or 12 year terms, senators are allowed either 8 or 12 years, 7 states prohibit re-election for life, while 8 states only prohibit consecutive re-election (Mooney 2009).

Vast research has found that term limits dismantle legislators' professionalism and cause poor myopic fiscal decisions (Cummins 2012; Feher 2015; Kousser 2005), complicate complex relations between administrators and legislators, and cause suboptimal spending levels (Sarbaugh-Thompson et al. 2010), divert budgets from health and education to highways and aid to local governments (Yakovlev et al. 2015), enhance shirking by legislators barred from re-election (Clark and Williams 2013), curb bipartisan legislation (Swift and VanderMolen 2015), and discourage voter participation (Korzi and Hoddie 2018). In other countries term limits negatively impacted mayors' functioning (Clasnja and Titiunik 2017; Veiga and Veiga 2016).

Term limits' basic flaw is empowering non-limited oligarchic "strongmen," entrenched heads of unofficial hierarchies like Japan's Tanaka and Kanemaru (Kruze

2015; e.g., Leach 2005). Latin America has a long sad history of weak one-term-limited presidents succumbing to “strongmen” (Davis 1958), for instance Mexico’s Fidel V. Sanchez, trade union federation (CTM) leader for 50 years (1947-1997), and Joaquín H. Galicia, known as *La Quina*, head of the oil workers’ union for 1950-1989 (Coerver et al. 2004; La Botz 1992; Mainwaring 1990). China’s local “strongmen” were ex-district magistrates who returned to their home towns after a 3-year term far away, and by local ties and wealth accumulated there illegally subdued outsider “greenhorn” magistrates in their home towns (Chow 1966; Watt 1972). The UK’s tenured officials thwarted initiatives of short-term “greenhorn” prime ministers (Lynn and Jay 1986) and US term-limited presidents navigated decision-making according to powerful veteran senators (Drury 1959). In 2015 one-third of the Senate, 17 senators, had served more than 16 years, as had some 20% of the House of Representatives (DeBacker 2009; Glassman and Wilhelm 2015), continuing through Clinton’s, Bush’s, and Obama’s administrations.

Term limits engender succession disruption costs (Marcel et al. 2017) and rarely fit leaders’ effectiveness period; like a Procrustean bed they cut short the tenures of leaders who remain effective beyond a term or two (see below), and are often late to replace leaders who dysfunction or/and use frauds and subterfuges. Leaders’ huge differences are exemplified by the performance of 174 CEOs of Germany’s largest firms: the average peak performance of CEOs in the short-term group was in their second year, declining sharply in the 3rd and 4th years, while long-term CEOs’ performance peaked on average in their 7th year, was higher than the peak of “short-termers,” and declined only slightly even after 13 years when the study was terminated, suggesting that some CEOs remained effective even further (Wulf et al. 2011).

The problematic term limit solution encouraged US corporations and other firms to use “Golden Parachutes” (hereafter: GPs). Vancil (1987: 83) found this a success, as only 13% of CEOs remained longer than the maximum anticipated tenure of 12 years (1987: 79), but these 13% included Enron’s CEO Kenneth Ley who dispossessed millions of their savings. Many grasp GPs as immoral (Ailon 2015; Villette and Vuillermott 2009); in 1984 the US Congress tried to limit the size of GPs by the Deficit Reduction Act (Bress 1987) and further in 2010 by the Dodd-Frank Act (Choi et al. 2018). Expensive GPs damaged shareholders’ wealth unless GPs helped conscripting talents which save troubled firms (Bebchuk et al. 2014). GPs encourage egotism, for instance CEOs increased their own GPs using nominations to Boards of Directors (Davis 1994: 220; Wade et al. 1990). GPs don’t bar fraudulent CEO entrenchment and GPs unrelated to CEOs’ performance reinforces their image as unfair and unethical, harming employees’ trust in managers (Hosmer 1995). Distrust damages communication and leaves executives ignorant of their own ignorance of firm functioning and problems (Collinson 2005; Kruger and Dunning 1999; Shapira 2017).

## 1.2 Pitfalls of Efforts to Alleviate the Term Limit Solution

As far as known, GPs' drawbacks did not cause alleviation efforts, these only caused term limits flaws: In 1797 and 1809, Presidents Washington and Jefferson (respectively) created a less strict term limit norm by serving two terms and avoiding a third; their normative limit was kept for 131 years until violated by F.D. Roosevelt in 1940 and 1944, becoming the 22th Constitutional Amendment in 1951 (Sobel 1975). After WW II more democracies adopted the US two-term limit (Korzi and Hoddie 2018) and Portugal and some Latin American states similarly limited mayors' tenures (Klasnja and Titunuk 2017; Veiga and Veiga 2016). As cited, many countries limit the term of civil service officials but not that of leaders as also avoid it other large organizations, apparently due to succession disruption costs (Marcel et al. 2017) and the Washington-Jefferson solution's Procrustean bed defect: This solution prunes successful leaders who in their 8th year or even later are at peak effectiveness after learning many lessons from both failures and successes, enjoy vast followers' trust that gives them ample help and credit to cope with harder challenges, and are empowered enough to overcome entrenched tenured powerholders.

Allowing a second term only partially alleviates term limits' drawbacks. This can explain why both the corporate world and other large organizations avoid this solution; it did not suit many top-level German CEOs who remained effective in their 9th-13th years and beyond (Wulf et al. 2011), nor US basketball coaches who achieved peak performance, on average, in their 13th year (Eitzen and Yetman 1972), while in 2017 all 26 top ranked and paid coaches of the Colleges Basketball League had occupied their job for over 14 years (Oxley 2017). In the US food industry CEOs' performance improved up to their 10th year, then some declined but others did not (Henderson et al. 2006).

There is no optimal term limit; each leadership is a unique delicate combination (Gini 1997) with its own life cycle and timing of becoming job-dysfunctional and self-serving oligarchic, with the exception of high-moral leaders like Gandhi. Neither succession research nor experience with 1-2 term limits and GPs offer a true solution that accords the effectiveness period of leaders who remain high-moral effective and innovative for decades, transformational servant leaders whose long-term goal and belief in the movement/ organization's cause prevent oligarchization or/and fraudulent entrenchment, and their passionate seeking of new ways to serve this cause make them oblivious to personal advantages of empowerment/enrichment (Burns 1978; Downton 1973; Greenleaf 1977). Such leaders are quite rare but their social contributions are often huge and many who know this avoid replacing them by 1-2 term limits.

However, even the deputies of an ultimate entrepreneur who remained effective, efficient, innovative, and high-moral for a dozen years missed when he soon after became a burden rather than an asset for the corporation; without any limit he continued another two decades until the firm collapsed (Rifkin and Harrar 1988). A true and better succession solution must enable leaders' empowerment to overcome conservative

officials and other similar “strongmen” but not to overcome deputies and other stakeholders who discern signs of the dysfunction phase. Long-term positive empowerment, which achieves effectiveness and innovativeness and overcomes conservative officials, requires gaining followers’ trust by leaders’ jeopardizing of their authority through vulnerable involvement in deliberations, exposing their own knowledge gaps, generating dialogical learning and cooperative problem-solving that advance the leader’s aims toward the firm’s goals with which followers identify, and help achieving (Bennis 1989; Guest 1962; Raelin 2013; Shapira 2012, 2017; Zand 1972). By high-moral initiation of ascending trust spirals a leader is empowered: s/he gains followers’ tacit know-how and *phronesis* (Fox 1974; Shotter and Tsoukas 2014; Whitener et al. 1998) while trusting them allows discretion for innovative problem solving (Burns 2004; Yukl 1999). Her/his involvement enables discerning the knowledgeable trustworthy from ingratulators, bluffers, and impostors whom the leader suppresses (Shapira 2012, 2017). However, creating ascending trust spirals takes time; short terms curb its creation and cooperation (Axelrod 1984), diminish creativity (Jaques 1990), and encourage conservative dysfunction by weak leaders who self-servingly defend their positions rather than advancing common aims (Shapira 2008, 2017).

Trust creation takes time but so does the transformation of effective high-moral leaders into self-server dysfunctionals. For instance, the leaders of the largest *kibbutz* federations were effective high-moral democratic from the mid-1920s to mid-1930s; then they became oligarchic dysfunctional within a decade and democratic succession became impossible: egalitarian *kibbutzim* (pl. of *kibbutz*) limited officers’ terms to 3-4 years and, like weak short-term Japanese prime ministers, weak short-term *kibbutz* officers could not democratically replace the dysfunctional leaders. *Kibbutz* canonic research missed the negative effects of term limits (Shapira 1995, 2005, 2008, 2012).

A better solution for timely succession of leaders will acknowledge the unique life cycle of each leadership, retain leaders who remain effective, efficient, and high-moral for long periods, and spare needless costly successions (Marcel et al. 2017).

## **2. Proposal for a New Solution**

### **2.1 Allowing Re-Election Bars Some Drawbacks of the No-Re-Election Limit**

Latin America’s presidential regimes that barred re-election of presidents were clearly less stable than the US that allows presidents two terms and curbs many of the single-term drawbacks; this difference point to the direction for devising a better solution. Second term US presidents made fewer mistakes due to experience and expertise; trust with role-partners, created throughout longer terms, facilitated collaboration with administrators (Axelrod 1984; Sarbau-Thompson et al. 2010); US presidents shirked less than single-term Latin American presidents (Clark and Williams 2013), while a longer time-horizon diminished myopic decisions and actions (Cummins 2012) and enhanced

creativity (Jaques 1990) for effective advancing of public goals. Allowing them to run for re-election enabled many of them to accumulate power and prestige in their jobs in order to overcome “strongmen” in the congress and elsewhere and introduce changes and innovations, while their re-elections spared the US many mistakes by greenhorn inexperienced presidents.

In ancient Athens, the 14 re-elections of its greatest leader Pericles brought it the “Golden Age” (444-429 BC). As a *strategos*, military commander, he was exempt from the no-re-election rule valid for all other one-year officials. Athenians recognized military leadership's need for expertise acquired on the job, and re-elections empowered Pericles's transformative leadership (Burns 2004) to build Athens' greatness despite opposition (Bowra 1971; Fuks 1976). Not every re-election breeds a Pericles-type leader; some are toxic, psychopaths, immoral, or other bad leader types (Boddy et al. 2010; Linstead et al. 2014; Lipman-Blumen 2006; Watola and Woycheshin 2016), but unlike first election, re-election constitutes experience-based trust in leaders, especially transformational ones who “empower followers and make them partners in the quest to achieve important objectives” (Yukl 1999: 301; also: Bass and Steidlmeier 1999). Re-elections further ascending trust spirals (Fox 1974) and boost leaders' ability to promote controversial radical changes and innovations, turning conflicts regarding changes to a constructive course (Deutsch 1969), while due to first term's lessons such leaders avoid inefficient/ineffective tactics and strategies, serving followers more responsively (Chiniara and Bentein 2016; Christensen and Ejdemyr 2017; Greenleaf 1977). Re-election signals trust, furthering collaboration among the ranks and enhancing problem-solving by more know-how and *phronesis* contributions to creative solutions (Jaques 1990; Norman et al. 2010; Obembe 2012; Shapira 2008, 2017). Re-elected leaders use ties with powerholders from previous terms to introduce harder-to-introduce solutions, while they often have more incentive to do so (Alt et al. 2011; Aruoba et al. 2015), helped by the positive effects of retaining veteran trusted knowledgeable officials (e.g., Bergh 2001; Dou et al. 2015).

## 2.2 Allowing Multiple Re-Elections but Barring Oligarchic Entrenchment

All the above show that a better solution must allow trusted effective leaders longer tenures than 8 years while somehow barring oligarchic entrenchment if/when they become dysfunctional self-serving self-perpetuating. One reason this was not previously allowed is that discerning when this change happens is not that easy. In the case of prime kibbutz leaders, for six decades no student discerned this change (Shapira 2016b). Critics of the late years of prime Israeli leader Ben-Gurion, which left deep scars in Israeli society, did not discern such a change from his early transformational leadership (Segev 2018; Shlaim 2000; Shitrit 2004). A third example: In 1944-5 US President Roosevelt self-servingly concealed his deteriorating health and growing dysfunction by wartime censorship of the press until his death in April 1945, but authors missed when

commenced his amorality that abandoned earlier high-moral transformational leadership (Burns 1978; Sweeney 2001).

Allowing multiple re-election is a decisive change from allowing only one re-election. It enhances the danger of a leader's entrenchment efforts that may commence early but are encouraged by winning a 2nd re-election after 8 years in power. A limiting mechanism(s) is required, as history shows that 12 years in office often make a leader democratically irreplaceable; trying to replace her/him may cause worst conflicts and even civil wars. Roosevelt's successful 2nd re-election in 1940 was seemingly decisive for his abuse of power in 1944 by censorship of the press that earned him a 3rd re-election. He won the 2nd re-election in 1940 by a majority of 55%; knowing the tendency of prestige is to go to those who already have it (Goode 1978), it is safe to assume that this majority included at least 6% of voters who did not really trust him and would not have voted for him without the prestige, power, and other intangible capitals he accumulated during 8 years in the White House. Thus, in order to make a 2nd re-election a true test of trust in a leader the power and intangible capitals s/he accumulates during 8 years in office should be neutralized so that only trust in her/his job-effectiveness, high morality, and trustworthiness (Hosmer 1995) will decide the 2nd re-election.

A possible neutralization mechanism is a higher trust threshold, such as a 2/3 or at least 60% majority for a 2nd re-election. The almost one-third of US presidents who failed re-election suggest that a simple majority is a high enough screening threshold for a 1st re-election, while a 60%-2/3 majority can be an effective screening threshold for a 2nd re-election. A higher majority threshold for political decisions of special importance is quite common in democracies, for instance constitutional changes. Likewise, for deciding legislators' continuity; for example, in 1977 Israel's Labor Party demanded that its Knesset (parliament) members, who had served two or more terms and strived for re-election, achieve a minimal 60% support in its council; this pruned many of them (Brichta 1986: 23). Labor Party's predecessor Mapai lacked such a limit; its leader Ben-Gurion benefited from loyal deputies from the 1920s-1930s who were Knesset Members in the 1950s-1960s, helping his continuity until 1963. This was also assisted by his loyalists' amoral subterfuges that helped his thwarting peace with the Arabs (Segev 2018; Shlaim 2000), worse than Roosevelt's censorship of the press. However, both cases indicate the need for a robust screening mechanism, which seems to be a 2/3 majority threshold, though future experience with use of the 60% threshold, as did Israel's Labor Party, may prove robust enough to screen out past effective high-moral leaders as they become dysfunctional self-servers.

Allowing highly trusted, effective, efficient, high-moral leaders a 2nd re-election has many advantages, both those cited for 1st re-election and others: it rewards leaders emotionally by the prestige of a higher majority support than re-election by simple majority; the proven wide trust in them helps them gain information, know-how, and *phronesis* that better decisions, sparing mistakes, failures, and crises and helping solve



more difficult problems (Bennis 1989; Shapira 2013). These rewards of success motivate a leader to function morally and effectively with no need for GPs or other extra remuneration that curb followers' trust, enlarge social distance from the leader, diminish upward communication and encourage its screening, depriving the leader of essential knowledge, including how much he does not know the organization (Collinson 2005; Kruger and Dunning 1999; Shapira 2008, 2017). Such high-moral leaders retain high-trust cultures, inter-rank cooperation, and suppress amorality by a free flow of information that fails concealment/ camouflaging of immoral deeds, easing detection and punishing perpetrators, and enlightens the leader's controlling workload (Dore 1973; Fox 1974; Shapira 2012; Weibel 2007). Continuity empowers leaders vis-à-vis internal and external powerholders, while with longer tenure they encounter fewer obstructing powerholders with whom they are unacquainted and must figure how to overcome them, while as they are highly trusted they enjoy more help from trusted insider and outsider acquaintances.

Allowing a 2nd re-election can help solve the problem of grooming successors. Such grooming posed a dilemma for leaders throughout history as it still does in the corporate world today: grooming may encourage a *coup d'état* by successors who lose patience in a multiple-year limbo of unknowing whether and when they will succeed and hence taking the opportunity for a *coup* when it appears, for instance a major crisis, or cross the lines to the competition with privy knowledge acquired during grooming. Thus, leaders mostly defer grooming successors to the undetermined future; over 60% of the largest US firms have no CEO succession planning (Bower 2007: 14). Allowing a 2nd re-election can curb the menace whereby nurtured successors prematurely attempt to succeed a leader as they know her/his term end and succession criteria, contrary to the current common situation. Ensured of their jobs, CEOs can groom successors for several years as presidents and COOs without prematurely choosing a successor (Bigley and Wiersema 2002; Bower 2007); this enhances followers' trust, witnessing the leader's care for the future of the firm/organization.

However, in a third term highly trusted leaders may reach a dysfunction phase and become self-perpetuator oligarchic, using the power and capital accumulated during 9th-12th years to entrench and overcome legal barriers to continuity. Other successful leaders who remained high-moral may feel, after 12 years on the job, that they still have major missions to complete, which no one else wants and is capable of doing, or may believe they must remain for other reasons. Against the danger of using subterfuges or tricks to overcome constitutional barriers to unlimited continuity, and in line with the higher trust threshold required of them for second re-election, such leaders may be offered the possibility of a 3rd re-election, which will require passing a higher majority threshold.

### **2.3 A Third Re-Election for Exceptional Leaders**

History, succession studies (Eitzen and Yetman 1972; Wulf et al. 2011), and leadership

studies (e.g., Burns 2004; O'Toole 1999; Shapira 2017) tell us that leaders who remained effective and high-moral beyond 12 years on the job are nadir but often have an enormous contribution to the public good, like Pericles and Ben-Gurion; for them, even a 12 year limit is a Procrustean bed. Can a higher majority threshold screen exceptional leaders? If so, how should we decide how higher this threshold must be? Is it right for this higher majority for a 3rd re-election to make it a terminal one and prevent any possibility of oligarchic dysfunctional entrenchment?

An extra high majority threshold for a fourth term may deter entrenchment efforts if a superior majority clause is constitutionally defended and if this threshold is an integral part of a reasonable, consistent, and universally agreed principle for the increase of re-election thresholds from 1st to 3rd. The proposed principle is to increase thresholds exponentially; this due to the tendency of power and prestige to go to those who already have them (Goode, 1978): the power and prestige of successful leaders tend to grow exponentially, thus each majority threshold must be exponentially higher than the previous one. Various polities use the easily understood thresholds of 60%, 2/3, and 75%; thus for a 2nd re-election either a 60% or 2/3 majority threshold is suggested, and their exponential increase for a 3rd re-election means a 75% or 88% majority threshold (respectively). However, only experience can show which alternative is preferable for which type of organization/ leadership.

The 75% or 88% threshold means that a 4th re-election is impossible or next to impossible: an exponential increase from 88% exceeds 100%, while an exponential increase from 75% reaches 95%, i.e., nearly impossible. This raises the question of whether a 16 year real maximum tenure is suitable even for the few leaders who are still job-effective and high-moral. Several indications support this:

1. After 16 years or more in the job, both political and business leaders rarely initiated major changes and the few who did often caused horrible atrocities: Mao Zedong had been in power for 22 years when his Great Leap Forward cost the lives of 18-45 million people (Chang and Halliday 2005; [wikipedia.org/wiki/Mao\\_Zedong](http://wikipedia.org/wiki/Mao_Zedong)).
2. Leaders who retired after 20 years rarely left a deputy of their caliber to replace them; such deputies were often "inside outsiders" (Bower 2007)/talented innovators who already were suppressed, pruned out, or left disenchanted.
3. Often, after 16 years even high-moral radical leaders became entrenched immoral conservatives, for instance kibbutz prime leaders (Shapira 2008, 2016a).
4. After 16 years one can hardly imagine the organization's continuity without herself/himself at the helm; projecting a failure, one feels justified to bar such change even by illegal means.
5. Even if one's capabilities remain intact after 16 years, those of loyal lieutenants may not but she/he tends to keep them, generating inefficiency and ineffectiveness.
6. A fast changing world requires too many strategic changes over two decades for a leader to cope with, as can a fresh-thinking "inside-outsider" (Bower 2007).

All these indications set 16 years as the maximal period for leading large polities, firms, and organizations, supporting the proposed use of a 60%-2/3 and 75%-88% majority thresholds for 2nd and 3rd re-elections, to set a gradient that would make 4th a re-election practically impossible. However, the athletic coaches who succeeded for much longer periods (Oxley 2017) indicate the possibility of different leadership life cycles for leaders in other fields than those dealt with here, which enable longer effectiveness periods and which may be explained by anthropologists (e.g., Yanow 2009) or other qualitative students.

## 2.4 The Necessity and Potential of the Proposal

The proliferation of term limits and GPs around the world indicates a belief in the need to prevent oligarchic dysfunctional leadership by timely succession, but although research found many drawbacks of the current solutions, neither students nor leaders and ex-leaders tried better ones ever since GPs were initiated four decades ago. Succession by either GPs or term limits has many drawbacks; the Washington-Jefferson solution is a step forward, but its eight year maximum is too short for many effective innovative leaders and empowers “eternal” “strongmen.” Lacking a solution to this defect, only polities adopted this solution; other organizations did not as they saw many successful leaders who remained effective, efficient, innovative, and high-moral beyond eight years and saw no reason for premature succession while studies warned against needless turnover (Eitzen and Yetman 1972; Gabriel and Savage 1981; Grusky 1963; Henderson 1990; Vald 1987).

In contrast to the Washington-Jefferson solution, the proposed solution does not replace leaders who are still effective after 8 or 12 years and by sparing nominations it spares bad ones, greenhorn mistakes, and plausible immoral mismanagement especially if engendering outsider successions (Gouldner 1954; Shapira 2017); it encourages an incumbent major initiatives born from years of leadership, which an innovative successor may attempt but fail without the experience, know-how, *phronesis*, and accumulated power and capitals of a trusted veteran leader (e.g., Ben-Gurion). The proposed solution can prevent leaders' aversion of term limits by offering them prospects for generating ascending trust spirals: instead of terminal second terms and either being “lame ducks” or self-perpetuators by tricks and/or autocratic evasion of democracy, the possible 2nd re-election encourages innovativeness to prove effectiveness and efficiency, as well as high-moral trust-enhancing benevolent decision-making that can lead to a 3rd re-election. This proposal encourages better leadership as neither GPs nor term limits do. It also encourages the nurturing of successors: large majorities for 2nd and 3rd re-election enhance leaders' prestige and power, which diminish the menace of a *coup d'état* by groomed potential successors; as the latter know how, when, who, and what will decide succession, they don't face the usual years in an unknown limbo, which encourage such *coups*. In addition, the proposal:

1. Spares the heavy costs of GPs,
2. Prevents harm to employees' moral commitment due to witnessing unfair remuneration of failed leaders (e.g., Johnson 2008),
3. Avoids adding a CEO's loyalists to the Board to gain a generous "parachute" (Davis 1994: 220) and thus helps retain a qualified Board and trust in its decisions,
4. Discourages ignorance-concealing detachment of leaders, encouraging their vulnerable involvement in trustful learning and deliberations with practitioners,
5. Facilitates communication with leaders, who then better consider the interests and views of specialized expert employees, furthering mutual trust,
6. Improves decisions by involved leaders who learn *phronesis* from uncertified experts/"Rudies" who know who holds which knowledge (Stewart 1997: 99),
7. Minimizes instability caused by contextual impacts on succession that helps the success of an outsider-led turnaround effort (Karaevli and Zajac 2013).

The proposed solution helps solve the problem of whether to opt for insider or outsider successors, a problem that succession studies did not solve for decades until recent studies found clear insider superiority (Bower 2007; Heskett 2011; Fairholm 2004; Santora 2004; Shapira 2008, 2017). Collins (2001) found that 95.2% of best firms' CEOs were insiders, versus only 69% of second best firms. A prime reason for insiders' superiority is their readiness to jeopardize their authority by vulnerable involvement, which exposes their knowledge gaps of subordinates' know-how and *phronesis*; due to much local knowledge insiders enjoy psychological safety for such exposure (Edmondson 1999), creating virtuous ascending trust and learning spirals, and function effectively (Shapira 2017).

## 2.5 Applying the Proposal in Large Organizations

Countries decide leadership by general elections; in other large organizations applying the proposal requires solutions. As mentioned, leaders may become oligarchic dysfunctional gradually, adding autocratic means one by one, barely affecting performance at first and hence the change is not easily discerned. For example, kibbutz movement leaders used their power to conceal their oligarchic self-serving dominance through control of inter-kibbutz organizations and students missed it for six decades (Shapira 2016a). A similar power advantage is enjoyed by many CEOs after a decade or more in the job, in which they nominated and retained only loyalist directors and deputies. Many of these become uncritical yes-men who either ignore or miss signs of oligarchic dysfunction; this pertains especially to directors uninvolved in daily organizational functioning.

Timely decisions when sufficient negative leadership changes justify succession require intimate knowledge of a leader's functioning in various capacities; directors often lack this knowledge as executives' information is often screened and as they often don't know how much they don't know (Kruger and Dunning 1999), hence they don't ask the right

questions, especially these are outsiders with large knowledge gaps (Bower 2007; Shapira 2017). Beneath the CEO and executives, the managerial and professional staff often discern early signs of a CEO's dysfunction, for instance promoting and retaining dysfunctional managers (Dalton 1959; Kanter 1977), thus staff members are essential in a constituency that decides succession, in addition to directors. Cooperative students and advocates of workplace democracy prefer decisions made by all employees (Cloke and Goldsmith 2002; Erdal 2011; Gollan and Xu 2015; Semler 1993; Shapira 2008), while corporations can profit from inclusion of knowledgeable senior employees with enough seniority in the succession decision. A succession decision-making constituency must include staff members who are best equipped with local knowledge for the choice between re-election of an incumbent and replacing her/him. Boards, especially those with many outsiders, often prefer outsiders (Khurana 2002), while the proposed constituency promises fair chances for a choice of qualified insiders to generate effective high-trust cultures in which main rewards are received in the long-run and a prime reward is promotion (Fox 1974; Shapira 2013) which importing leaders denies insiders. Often causes such an import "the neighbor's grass is greener" phenomenon, as outsiders more easily camouflage/conceal their failures by resume frauds (Dalton 1959: 149; Wexler 2006). The proposed constituency can mitigate this problem by including insiders knowledgeable of inside candidates' advantages, who can ask the right questions concerning outsiders' capabilities and proof of trustworthiness.

However, what about the participation of other stakeholders? Instrumental stakeholder theory studies propose a positive relationship between fairness toward stakeholders and firm performance (Bridoux and Srtoelhorst 2014); disregard of such fairness often accompanies the dysfunction phase of veteran leaders, and inclusion of veteran stakeholders in the constituency that decides succession could have a positive effect, provided they are involved and learn enough to assess a leader's functioning and not just the firm's financial performance, which the leader may manipulate to conceal dysfunction. Hence, stakeholder inclusion requires measures encouraging their involvement and learning problems from staff, which makes them well-informed (Shapira 2017).

### **3. Conclusions, Discussion, and Further Research**

A true solution for the timely succession of leaders must use another mechanism instead of 1-2 term limits or GPs, both of which don't replace leaders according to the timing of their change to dysfunctional conservatism and often amorality without solving the oligarchic prolonged dysfunction problem. A real solution must replace dysfunctional leaders much earlier than the 10-12 years which it often takes GPs to generate succession, while rewarding leaders who remain effective, innovative, and high-moral by plausible prestige-enhancing higher majority re-elections and longer tenures. Nor GPs neither term

limits reward such leadership symbolically, while GPs often excessively immorally remunerate dysfunctional leaders who enlarge own GPs by their powers; thus GPs often soaring independent of leaders' job-effectiveness and despite political limitation efforts.

Term limits have ample drawbacks even in the better Washington-Jefferson version; it is a Procrustean bed for high-moral effective innovative leaders, who may remain efficient, effective, trusted, and trusting transformational leaders more than 8 years. This limit needlessly elevates greenhorns and lesser caliber leaders rather than letting the former continue to lead effectively, wasting their potential contribution to the common good, which history proves can be enormous after the 8th year. Term limits don't prevent oligarchization, they move the locus of power to unaccountable, democratically irreplaceable, dysfunctional, and amoral oligarchic "strongmen" who weaken formal leaders, bar their change and innovation efforts, self-servingly manipulate them and the rank-and-file, and engender superfluous costly leader successions that empower them.

A true solution must effectively use the entire spectrum, from replacing early failing/immoral leaders to about 16 years for exceptionally effective trusting transformational ones; as simple majority re-elections tend to make leaders dysfunctional oligarchic after initial functional periods, exponentially ascending majority thresholds for each additional re-election are proposed: a simple majority for 1st re-election, a 60%-2/3 majority for 2nd re-election, and 75%-88% for a 3rd, which is practically terminal as a 95% threshold for 4th re-election will be required if a 75% threshold is used for 3rd re-election, and over 100%, i.e. impossible, if an 88% threshold is used for 3rd re-election. These higher majorities must be achieved in pertinent constituencies, voters in politics and cooperatives and chosen constituencies in firms and other organizations: aside from directors such a constituency should include executives, managers, senior experts, and possibly stakeholders to overcome the problem of directors' and executives' unknowing how much they don't know (Kruger and Dunning 1999). Such a composite knowledgeable constituency can better discern leaders' reparable mistakes from those indicating a dysfunction phase: camouflaged mistakes and failures, self-serving information screening which employees retaliate and generate mistaken failed decisions, evasion of practitioners' problem-solving and innovation efforts, loss of trust by key figures due to immoral self-perpetuation efforts, a lack of promising strategies, missing betterment opportunities, and more. Such a composition can better predict an incumbent's job-effectiveness prospects, consider them against the costs of succession disruption and the insider/outsider successor question, as well as other questions.

## **Suggestions for Further Research**

Bower (2007) found the best successors to be "inside outsiders," insiders who perceive the firm as do outsiders. Thus, a major question for both practitioners and future students is which succession practices and what constituencies will adequately prefer capable trustworthy insiders, including "inside-outsider" successors, without excluding possible

infusion of “fresh blood” from the outside (Karaevli and Zajac 2013) while cognizing its many dangers (Johnson 2008; Khurana 2002; Shapira 2017; Wexler 2006).

Secondly, as the proposed solution is more democratic than succession decided by a few directors, it requires more open information, but leaders in a dysfunction phase lacking a record of successes to their credit limit the imparting of information and avoid meetings with followers and stakeholders in which they must answer questions. How to overcome this problem, achieving information openness when leaders approaching the dysfunction phase use their power to conceal dysfunction signs, is a major question requiring answers.

A third, related question is the inclusion of stakeholders in the succession-deciding constituency. The outside gaze of stakeholders may help insiders discern early signs of a leader's becoming conservative dysfunctional, provided they are knowledgeable due to long relations with the firm (e.g., Karaevli 2007). However, lacking insiders' involvement they may be more easily deluded by leaders' presentations of seemingly effective functioning. The openness of information of high-trust cultures (Ouchi 1981; Semler 1993) may prevent such delusion, but organizational success, growth, technological sophistication, and market competition suppress such cultures and information openness (Feenberg 1995; Shapira 2008, 2013). Mitigating this problem requires a solution.

Another remedy for openness of information is nurturing local democracy (Erdal 2011), but once more growth, technological sophistication, and market competition tend to curb/ diminish this democracy (Shapira 2017; Stryjan 1989). Future research should study how to overcome/mitigate this tendency and related questions, such as how to choose a proper constituency that decides succession in various large organizations.

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