

Shareholder Activism and CEO Turnover in Private Equity–Backed Firms: Leadership Alignment and Executive Cohesion

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Abstract

Private equity (PE) ownership often combines intensified performance cycles, making leadership alignment and cohesion critical for the success of the organization. Any disruption in governance and strategy execution such as CEO replacement may be a serious risk to business continuity.

Building on Upper Echelons Theory (Donald C. Hambrick & Phyllis A. Mason, 1984), PE governance research (Steven N. Kaplan & Per Strömberg, 2009), hedge fund activism evidence on governance intervention effects (Lucian A. Bebchuk, Alon Brav & Wei Jiang, 2015), and CEO succession process work on post succession executive turnover (Wei Shen & Albert A. Cannella Jr., 2002), this proposed study examines the dynamics of leadership alignment and executive cohesion under repeated CEO turnover within a single PE holding period.

The empirical setting is a longitudinal case study of a PE-backed firm that experienced three CEO transitions during one year. Using qualitative process tracing, executive interviews, board documentation, and reconstructed performance trajectories, the analysis will track how each transition reshapes strategic direction, leadership team integration, and cultural coherence, drawing on team management behavioral integration research (Michael H. Lubatkin, Zeki Simsek, Yan Ling & John F. Veiga, 2006). The study expects three recurring inflection points: (1) strategic reorientation shocks that disrupt shared priorities, (2) fragmentation risks driven by shifting authority and loyalty realignments, and (3) short cultural realignment windows that enable recalibration but also heighten uncertainty.

The paper will develop the Leadership Alignment Under Activist Turnover (LAAT) framework, specifying phases of alignment disruption and recovery and identifying governance practices such as role-boundary clarity, consistent transformation narratives, and cadence-based integration routines, that may mitigate cohesion loss. The contribution is to connect governance-level intervention logics with level leadership dynamics in high-paced CEO turnover contexts.

Keywords: CEO turnover; shareholder activism; private equity governance; leadership alignment; executive team cohesion