

Hambrick and Mason's "Upper Echelons Theory": evolution and open avenues

Gianpaolo Abatecola and Matteo Cristofaro

*Department of Management and Law, Tor Vergata University,
Rome, Italy*

Abstract

Purpose – How has upper echelons theory (UET) (Hambrick and Mason, 1984) been evolving over time? Through the historical discussion, this paper aims to provide an updated – and also innovative from some aspects – big picture on this famous approach to strategic management. In fact, after more than 30 years since its original conceptualization, the authors believe that the UE field is mature enough for a critical attempt to provide all those scholars and practitioners interested in strategic leadership with a comprehensive ground for future analyses, a ground which, to the authors' knowledge, is still missing.

Design/methodology/approach – The authors mostly use a historical narrative to offer a critical account of the conceptual and methodological developments occurring under UE lenses over time. The authors believe that the historical approach can be particularly useful because it can help understand and explain why and how these developments have been conjectured and implemented.

Findings – Two mainly intertwined insights emerge from our analysis: on the one hand, the developments subsequent to the seminal 1984 UE model have gradually, although constantly, reduced its strongly voluntarist assumptions on strategic leadership toward more moderated co-evolutionary lenses; on the other hand, the emerging psychological and cognitive moderators of UE variables are presently reinforcing the centrality of dominant coalitions, in that they affect their decision-making processes and strategic choices.

Originality/value – From the critical discussion, a possible updated UE model based on co-evolutionary lenses finally emerges. Prospective research avenues in this management field are also provided.

Keyword Co-evolution, Decision making, Executives, Leadership, Strategic management, Upper Echelons

Paper type Conceptual paper

1. Introduction

How has Upper Echelons Theory (UET) (Hambrick and Mason, 1984) been evolving over time? Through our critical historical discussion in this article, we aim to provide an updated – and also innovative from some aspects – big picture on this famous approach to strategic management.

In the 1980s, after studying why the most relevant business periodicals worldwide pay attention to the executives' socio-demographic features, Hambrick and Mason publish a conceptual framework in which "organizations become reflections of their top managers" (1984, p. 193). On the basis of Simon's bounded rationality (1947), and mostly Cyert and March's (1963) concept of dominant coalition, for whom the firm's performance is the result of the top decision makers' collective choice, Hambrick and Mason posit two intertwined trajectories:



- (1) Executives take decisions according to their personal interpretation of reality.
- (2) This interpretation derives from these executives' cognitive processes, beliefs, personality traits and ethical norms of conduct. In this regard, they argue that strategic decisions are a typical example of complex decisions, characterized by the bounded rationality of the decision makers, multiple – and not rarely conflicting – goals and numerous alternatives.

Therefore, Hambrick and Mason design their framework stemming from two additional and connected assumptions:

- (1) Again, in line with Cyert and March, they maintain that analyzing all the corporate executives, rather than only the Chief Executive Officer (CEO), can more appropriately shed light on the corporate strategic posture. In this regard, the core explanation is that corporate governance is a multifaceted task, which occurs not only through the most vivid features of executives individually being taken into account but also through considering their combined impact.
- (2) Although *per se* not complete, the socio-demographic characteristics of executives can constitute satisfactory representations of their cognitive *schemata*. Specifically, the socio-demographic variables initially suggested as representations are:
 - age;
 - functional background;
 - other career experiences;
 - education;
 - socioeconomic background;
 - financial position; and
 - group characteristics.

Hambrick and Mason then design some conceptual propositions about the supposed relationship between the features above and strategic management. For instance, they propose that corporations guided by young executives are more risk-oriented than their older counterparts; that corporations in which the homogeneity of executive profiles prevails take decisions more quickly than their heterogeneous counterparts; or that well-educated dominant coalitions are more oriented towards product innovation.

All this introduced, our critical discussion starts from the evidence that, to date, the body of knowledge produced under UET lenses is massive, with recent reviews brilliantly explaining the development of specific UET aspects (Busenbark *et al.*, 2016; Wowak *et al.*, 2017). For example, Nielsen (2010a) specifically focuses on Top Management Team (TMT) diversity, with Wangrow *et al.* (2015) explicitly elaborating on managerial discretion and Bromiley and Rau (2016) devoting attention to socio-behavioral and cognitive influences. In parallel, Cannella and Holcomb (2015) stress the importance of adopting multilevel research in UE studies, with Wang *et al.* (2012) largely stimulating the debate on cultural differences and Yamak *et al.* (2014) highlighting the need for appropriately considering environmental and co-evolutionary factors in UE research.

In sum, also benefitting from the above contributions, we believe that the UE field is mature enough for a critical attempt to provide all those scholars and practitioners interested in strategic leadership, corporate governance and organizational evolution with a comprehensive ground for future analyses, a ground which, to our knowledge, is still missing. Thus, we first discuss various conceptual and methodological developments evolving, under UE lenses, over

time; on this side, we provide explanations regarding topics such as socio-demographic features, moderators, psychological variables and environmental factors. Second, we prospect a possible synthesis of the current UE literature, with our discussion of the most significant avenues in UE research revolving around constructs such as heterogeneity/homogeneity and remuneration of the dominant coalition, managerial discretion and reverse causality. A possible updated UE model based on co-evolutionary lenses finally ends our contribution.

2. The upper echelons evolving streams of research

Mainly because of its historically evolving – and cross-fertilizing – basis, over time UET has been connected to a number of research fields inside and outside the management domain (Wren and Bedeian, 2017). For example, apart from UET, Simon's bounded rationality (1947) is at the basis not only of agency theory (Bendickson *et al.*, 2016) but also of more recent streams of research, such as behavioral strategy and neurostrategy (Cristofaro, 2017a). The common advancements in these research avenues lie in the investigation of human behavior under all its facets (e.g. personality and emotions), which constantly grows after the initial proving of the fallacy of economic models entirely based on expected utility axioms. In particular, the breakthrough work in this direction is that by Tversky and Kahneman (1973), who demonstrate the use of mental shortcuts by economic agents while making financial choices. This evidence opens the floor to the entire reconsideration of the antecedents behind economic behavior, with Kahneman and Tversky (1979) thus suggesting adding the study of psychological variables to fully understand human choices under risk.

On this basis, personality, emotions and other internal dispositions have been demonstrated to influence important strategic outcomes of firms (Park and Gould, 2017). Historically, the interest of management scholars in investigating the association of personality features with business performance starts with De Coster *et al.* (1971); however, it is only with the validation of psychological tools, such as the Five Factor Model – Big Five (Barrick and Mount, 1991) and the Myers Briggs Type Indicator (Gardner and Martinko, 1996) – that this stream of research definitely receives interest for explaining managerial outcomes. In fact, since this validation, the original relationships conjectured by Hambrick and Mason (1984) about the top decision-makers' dispositions – i.e. cognitive characteristics – and corporate performance, start to be investigated also without the use of socio-demographic features as proxies; and this also partly overcomes the initial skepticism of those scholars highlighting the conceptual and methodological flaws of studying the dispositional explanations of individuals in organizations (Davis-Blake and Pfeffer, 1989).

The developments above also have the effect of changing the perception of corporate managers, as well as of pivotal political figures (Gould *et al.*, 2017), whose strategic decision-making processes have become growingly perceived as a mix between dispositional and environmental factors (Locke and Latham, 2004; Jong *et al.*, 2017). Indeed, management scholars have been focused on explaining corporate strategic decisions, also through the investigation of their environment, since the 1970s (Mintzberg, 1978); however, it is only through the theoretical conjectures made by UET, which link the objective situation with managers' cognition and corporate performance, that scholars have started considering the environment as a factor influencing people's minds and not only as a *per se* shaper of business performance (Mintzberg *et al.*, 2003).

On this premise, as Table I may help synthesize, we can currently consider a number of conceptual and methodological developments as integrators of Hambrick and Mason's (1984) seminal model.

Thus, in the following sub-sections, we mostly use a historical narrative to offer a critical account of these developments. We believe that the historical approach (Abatecola *et al.*, 2012;

Time period	Major questions	Emphasis	Methodology	Outcomes	Main emerging goal	Main contributors (*)
1984	Do TMTs matter?	TMTs' observable characteristics and firms' strategy and performance	Theory building	The UET model	Carry out empirical tests of the theory	Hambrick, Mason
1985-2004	Do TMTs matter? Are there any other observable variables to consider?	TMTs' observable characteristics and firms' strategy and performance Observable variables and organizational outcomes not considered in the original model (e.g., race, internationalization) Processes by which managers affect firms' important outcomes	Hypothesis testing, surveys, multivariate statistics	UE model is valid, it should contain other variables and it is applicable in different contexts	Extend the original model to contain empirical results	Bantel, Bird, Cannella, Carpenter, Cho, Chen, D'Aveni, Eisenhardt, Finkelstein, Geletkanycz, Halebian, Hambrick, Hegarty, Hoffman, Jackson, Sambharya, Sanders, Schoonhoven, Wiersema
1989-2015	How do TMT member affect firms' processes?	Processes by which managers affect firms' important outcomes	Hypothesis testing, surveys, multivariate statistics, cases	TMTs' observable characteristics affect a vast array of processes and not only strategic choices (e.g., succession, alliances, resource allocation)	Look at the external constraints of the TMT's action	Bertrand, Bigley, Cannella, Datta, Hambrick, Hayward, Herrmann, Lawrence, Lubatkin, Schroar, Shen, Vancil, Wiersema
1993-2015	How do situations (i.e. external constraints) affect TMTs' choices?	Organizational, industrial and institutional context in which TMTs operate	Hypothesis testing, surveys, multivariate statistics, panel interviews, interviews, cases	Organization, industry and institutional environment act as moderators of TMTs' choices, composition and outcomes	Abandon demographics for richer variables	Barwise, Birley, Burke, Cannella, Carpenter, Chambers, Cho, Crossland, Finkelstein, Geletkanycz, Glick, Hambrick, Lee, Lioukas, Miller, Nielsen, Norburn, Papadakis, Park, Sanders, Shen, Barrick, Blackford, Bradley, Burke, Calori, Chattopadhyay, Chen, Colbert, Enders, Gersner, Glick, Hambrick, Hiller, Huber, Johnson, Levy, Li, Konig, Miller, Resick, Samin, Sheetz, Tang, Teggarden D. P. and L. F., Weingarden, Whitman, Zhu
2003-2016	How do personality and cognitive variables affect TMTs' choices?	Psychological and social processes by which executive profiles are converted into choices	Hypothesis testing, surveys, multivariate statistics, interviews, cases, laboratory studies, experiments	Many psychological processes, such as pattern attention and environment scanning, are affected by executive profiles	Switch to multi-level analysis Focus on reverse causality processes	

Note: (*) This list of contributors does not have the aim of being exhaustive
Source: Own elaboration

Table I.
The evolving UE
streams of research:
a historical timeline

Cristofaro, 2017a; Wren and Bedeian, 2017) can be particularly useful here, because it can help understand and explain why and how certain additional conjectures have been developed under UE lenses over time.

2.1 Socio-demographic features

The concept of dominant coalition (and supposed members) seems the first to merit attention, especially because of the different conceptualizations received. In particular, in substantiating the possible composition of a firm's dominant coalition, UE scholars demonstrate great heterogeneity [Nielsen \(2010a\)](#). For example, in some cases, this composition includes only those executives above the role of board vice-president; in others, all the board members; and, in others, also some top managers possessing particular influence on their firm's governance ([Carpenter, 2011](#)).

On this premise, the initial 1984 set of socio-demographic features relevantly increases over time, with the introduction of variables such as race, gender and international tenure. For example, [Bergh \(2001\)](#) finds that acquisition performance is a function both of the international tenure of the acquired and acquiring dominant coalitions. In this regard, [Sambharya \(1996\)](#), who first considers international tenure, finds that the (TMT) international experience has a positive impact on both diversification and internationalization. [Nielsen \(2010b\)](#) recently confirms this evidence, discovering that internationally experienced executives have greater impact on the financial performance of companies than their nationally experienced counterparts. Furthermore, CEO international tenure also seems to influence successions: the greater a candidate's international tenure, the greater the chance of becoming a CEO ([Magnusson and Boggs, 2006](#)).

The theoretical development of tenure appears, more generally, as important. Over time, this variable assumes various conceptualizations, e.g. tenure in one single position within a firm or tenure in one single firm/industry. Analyses agree in maintaining that tenure can be either positive or negative for organizational performance ([Wang et al., 2012](#)). On the one hand, higher tenure can produce more resistance to change and less innovation propensity; on the other hand, it can be associated with more experience and reputation. For example, high-tenured dominant coalitions seem to find external support more easily, especially in terms of funding. In this regard, [Tang et al. \(2015\)](#) state that CEOs with high tenure can acquire such a significant reputation that they can influence TMTs towards risk-inclined strategic postures.

Despite the number of socio-demographic features added over time, to date, UE scholars are also opening new frontiers. They have started to explore how CEO past or present activities outside their boards (e.g. military service or governance of non-profit organizations) can influence strategic choices ([Carpenter, 2011](#)). Similarly, TMT nationality has been recently discovered to be positively related to performance, especially in long-tenured teams, highly internationalized firms or munificent environments ([Nielsen and Nielsen, 2013](#)). In this regard, we also argue that considering executives' religion could be interesting. In fact, we believe that studying this variable can offer fruitful insights to understand the processes behind TMT choices, particularly in those cultures in which religion greatly affects everyday life through its constraints/rules of behavior.

2.2 Moderators

Together with the growing interest in adding new explanatory socio-demographic features, scholars have also developed possible moderators of the predictive scopes of Hambrick and Mason's model.

The first moderator introduced is managerial discretion (Hambrick and Finkelstein, 1987), considered as the extant grade of opportunity for an entire group of executives, or for some of them (especially CEOs) to substantially behave without (or with scarce) constraints. UE scholars maintain that this degree (up to complete freedom) depends on the combination of different factors, such as external institutional or industrial determinants, internal organizational determinants and personal TMT features (e.g. their tolerance to ambiguity, which is a personality trait). The implications of managerial discretion for UET have been relevant, because the explanatory power of UET has been increasingly considered as directly proportional to the level of managerial discretion of any investigated TMT (Wangrow *et al.*, 2015).

While Finkelstein and Hambrick (1990) are the first to test managerial discretion, but only in relation to the tenure of executives and organizational persistence/conformity with the industry, to date managerial discretion seems to need analyses considering both the context in which TMTs operate and their power. In the study of Datta *et al.* (2003), industry discretion mediates CEO openness to changing the corporate strategic direction, and industries with low discretion reduce the power of CEOs to act on their firms' strategies. On the same issue, Li and Tang (2010) find support for the hypothesis that market munificence and complexity give CEOs more discretion and, consequently, they behave more riskily. Similarly, two empirical studies (Crossland and Hambrick, 2007, 2011) demonstrate how national-level factors affect executive discretion, reaching the important conclusion that CEO influence varies by country and is proportional to managerial discretion.

On this basis, Hambrick and Abrahamson (1995) update the first conceptualization of managerial discretion (Hambrick and Finkelstein, 1987): criticizing the equal weight initially assigned to its determinants, they define the major elements that make the difference in it, namely, R&D, advertising intensity, and market growth. To date, perhaps even more important to highlight is that when scholars face the problem of ranking the managerial discretion of TMTs, they often use indirect measures, e.g. environmental and organizational factors, thus two of the three factors that compose managerial discretion according to Hambrick and Finkelstein (1987). Instead, the third, more direct, measure of discretion, i.e. the degree to which an executive is personally able to envision or create multiple courses of action, has not yet been employed, thus resulting in the lack of comprehensive studies on the topic.

All this considered about managerial discretion, executive job demands is a second moderator introduced after Hambrick and Mason's seminal framework and refers to the degree "to which an executive experiences his or her job as difficult or challenging" (Hambrick *et al.*, 2005, p. 473). We can consider this moderator as a specification of the already studied job demands variable, but at the executive level. Executive job demands are composed of three sets of factors, namely, task challenges, performance challenges and executive aspirations; from the beginning, this moderator has appeared as interesting, especially regarding its possible influence on the ways in which dominant coalitions take decisions.

In response to Hambrick *et al.* (2005), Ganster (2005) specifies that executive job demands can alter attention given to the information available and risky preferences, thus increasing the difficulty of the decision task; conversely, they also let executives generate innovative alternatives for problems. For example, UE scholars presume that in the case of intensive and pressing jobs (especially in terms of deadlines), dominant coalitions tend to use decisional heuristics largely reflecting their background and experience (Abatecola *et al.*, 2018). Instead, in the case of low work pressures and deadlines, dominant coalitions could tend toward more objective and rational analyses. Similar to managerial discretion, different

amounts of job demands would affect dominant coalitions' strategic choice and, finally, their firm's performance (Hambrick, 2007).

Executive job demands should not be confused with the stress experienced by executives, because "job demands are a potential source or determinant of stress (a *stressor*) along with such other determinants" (Hambrick *et al.*, 2005, p. 475). In this regard, it is important to highlight that the methodology suggested to investigate this moderator is quantitative rather than qualitative, through surveys or examining the documentation of executives' time allocation. Moreover, the executive job demands' initial definition by Hambrick *et al.* (2005) is challenged by Ganster (2005), who focuses on those decisional criteria that might be the key factors of executives' decision-making process. To do so, job demands need operationalization in terms of decision characteristics, that might be self-reported by executives or other informants.

Contrary to managerial discretion, executive job demands have not received the same attention, and the specific literature is, to date, substantially in limbo between Hambrick *et al.*'s (2005) contribution and Ganster's (2005) response.

2.3 Psychological variables and cognitive processes

We can argue that, over time, the attention of UE scholars has no longer only been toward the strategic and organizational outcomes but also, and especially, toward the psychological and cognitive processes that link the socio-demographic features of dominant coalitions (or those of their single influential members) to the outcomes themselves. For example, we have already discussed that the higher the tenure of CEOs, the higher their tendency toward strategic/organizational inertia. Nonetheless, we are still not able to explain the most vivid reason behind this relationship (Hambrick, 2007). However, we should acknowledge that this kind of analyses is not easy, because of the particularly intrusive type of data needed to properly observe executives' behavior (e.g. researchers' attendance at TMT meetings).

On this premise, UE scholars have increasingly been considering the exploration of specific personality traits of executives, such as narcissism, hubris, or overconfidence, as an area which can be particularly promising, to understand not only how the dynamics internal to dominant coalitions effectively work, but also what their overall impact on organizations is. In this regard, a seminal line of enquiry has been that introduced by Chatterjee and Hambrick (2007), who, in studying a sample of American CEOs, discover a cause-effect relationship between narcissism and strategic dynamism.

Their study is also worthy of attention for the way by which narcissism is measured, i.e. through non-psychometrically validated operationalizations (e.g. the CEO's individual picture in the corporate annual report, the CEO's presence in the corporate press releases, or even the CEO's usage of the words "I" or "Me" during public interviews). Massively followed by subsequent analyses in the field, this methodology has given birth to very interesting results, such as the directly proportional relationship between CEO narcissism and her/his attention to discontinued technologies (Gerstner *et al.*, 2013). In this regard, for instance, Zhu and Chen (2014) show that to demonstrate their pre-eminence, narcissistic CEOs often guide their corporation toward strategic directions which are opposite to the previous experience of their directors. In substance, this behavior has the effect of restricting their directors' power.

Although the use of Chatterjee and Hambrick's (2007) measure of narcissism seems reliable and less obtrusive than inventories or questionnaires, other scholars have tried to enhance narcissism proxies to have a more comprehensive evaluation of CEO narcissism. For instance, in evidencing the cause-effect relationship between CEO narcissism and dishonest actions, Rijsenbilt and Commandeur (2013) add several proxies, e.g. CEO duality

and remuneration, public exposure, length of biography and privileges (such as the availability of the corporate jet).

Having explained about narcissism, a second personality variable increasingly receiving analyses is CEO hubris, which is referred to as one of the most relevant facets influencing CEO strategic decision-making processes. Hubris constitutes a compound concept originating from two types of sources (Picone *et al.*, 2014), i.e. individual moods (e.g. narcissism and education) and external motivations (e.g. firms' recent media admiration). These sources impact on CEO hubris; some signs are CEOs' overestimation of their own skills, performance and/or chances of winning and uncontrolled instinct.

The first research on executive hubris is that by Hayward and Hambrick (1997), who use proxies such as recent media admiration and corporate performance and CEO–TMT remuneration gap. They discover that CEO hubris brings acquisition overpayment; indeed, apart from this negative consequence, more recently, hubris has also been proved to speed up decision-making to ameliorate the communication process (Picone *et al.*, 2014) and to facilitate CEO engagement in innovative processes (Arena *et al.*, 2017).

In order to merge all the personality traits explained above, Hiller and Hambrick (2005) propose adopting the psychologically validated construct of Core Self-Evaluation (CSE), seminally introduced by Judge *et al.* (1997). According to them, the CSE index of executives should be consistently higher than average, and this would influence their strategic decisions. Despite this theoretical and methodological pillar, other researchers have differed from this suggestion over the years. For example, Li and Tang (2010) measure executive hubris through comparing CEOs' perception of their corporations' economic performance and the real context. In their analysis of the connection between CEO hubris, firm risk orientation and managerial discretion, they find that, in the case of high managerial discretion, CEO hubris is strongly and positively associated with risk orientation; at the same time, when comparing contrasting cultural environments (i.e. American and Chinese), Li and Tang (2013) discover that CEO hubris is also widely impacted by the beliefs and values at country-system level.

On the basis of all the above, we can stress that this most recent UE research avenue, focused on executive personality, also seems to constitute an answer to some initial criticisms of the 1984 UE model. These criticisms argued that the substantive links between the socio-demographic proxies initially proposed by Hambrick and Mason and their supposed psycho-cognitive bases were conceptually ambiguous and, thus, their explanatory power was, *de facto*, limited. Conversely, the same criticisms claimed the use of specific indicators for executive attitudes, judgments and cognitive processes. Indeed, UE scholars have always counterpointed that using socio-demographic features constitutes an analytical convenience, but the core of their model remains in the set of values, cognitive and interpretative bases of a supposed dominant coalition.

So, the use of the Five-Factor Model of personality as a tool for evaluating the overall personality of individuals is increasingly becoming the standard in strategic leadership studies (Colbert *et al.*, 2014). This is because its reliability, in terms of the personality variables' stability over time, has been demonstrated to be valid even when comparing different cultures (Barrick *et al.*, 2013). Moreover, the difference in personality traits and its magnitude among CEOs leads to cognitive diversity, which can positively and negatively affect firms' strategic decision processes and choices. Indeed, cognitive diversity could be an important research arena for UE scholars, also because of the contrasting results discovered in relation to demographic diversity. Those divergences are also responsible for the heterogeneity in the perceptions of executives about their firms' performance.

In the UE literature, cognitive functions have usually been measured through surveys and questionnaires when specific cognitive aspects are under investigation. [Abrahamson and Hambrick \(1997\)](#) are the first to advance the study of cognitive functions and focus on the relationship between firms' attentional homogeneity in different industries and their discretion. They find an inverted relationship between these two elements and increase the interest in the attention pattern of who sits in the boardroom, thus contributing to that stream of research called *the attention-based view of the firm* ([Ocasio, 1997, 2011](#); [Joseph and Ocasio, 2012](#); [Joseph and Wilson, 2018](#)). Studies on attention pattern are first conducted through analysis of shareholders' letters, because they are expected to "reflect some form of consensus among various managers in the upper echelons of organizations" ([Abrahamson and Hambrick, 1997](#), p. 519). Other scholars, subsequently, continue researching TMT attention patterns through this approach. Only [Tuggle et al. \(2010\)](#) deviate from this path through analyzing board meeting minutes; their scope is different from that of previous scholars, because they investigate entrepreneurial issues (i.e. choice of product-market domain). Moreover, their study seems to be very comprehensive, because TMT composition, the process behind the decisions and TMT attention patterns are considered, together, as variables affecting strategic choice.

Notwithstanding all the above, we might assert that new approaches could also be useful for the research in this avenue, such as the faction and causal map for identifying TMT cognitive diversity ([Tegarden et al., 2009](#)); or, if the interest moves towards the CEO/TMT cognitive style and their strategic decision outcomes, validated tools such as the Myers–Briggs Type Indicator could be borrowed from the extant cognitive literature, which has already shown fruitful results at the managerial level of investigation ([Hough and ogilvie, 2005](#)).

In sum, although seminal attempts to explore the relationship between executive personality and organizational outcomes date back to the 1970s, this research avenue has definitely flourished together with the fast and massive diffusion of the UE perspective worldwide. However, results on this side are far from being considered as conclusive. In fact, problems exist in terms of the heterogeneity of the psychological and organizational variables used, which constitutes an obstacle to the possibility of conducting appropriate meta-analytical reviews. Problems also exist regarding the psychometric validation of the personality data used in many of the extant studies, which seems to be the physiological consequence of limited cross-disciplinary publications in this field and of the so-called publication bias ([Abatecola et al., 2013](#)).

2.4 Environmental factors

Over time, the evolving context of UE analyses has also become pivotal, especially for a number of research implications in terms of firm-environment relationships. In particular, looking at the industry level of the environment, the most investigated industries have been those of semiconductors, furniture, food, aerospace and cement. While some studies have focused on Canadian and Dutch firms, the majority have focused on US firms ([Nielsen, 2010a](#)). Also, with this representing another key element in our discussion, in partial juxtaposition to the initial UET 1984 framework, the analysis of CEOs, rather than whole dominant coalitions, has been progressively developed, together with others, as a specific line of enquiry within the UE field. We could argue that this development does not seem casual, for one main reason: as just stated, the majority of UE studies have largely devoted attention toward Western countries in general and American firms in particular ([Wang et al., 2012](#)).

Some studies are trying to fill this geographical gap by presenting results from other Eastern countries, among which China has been collecting the most significant amount of observations. Analyses demonstrate how, in China, the demographic characteristics of the chairperson drastically affect corporate performance and corporate entrepreneurship (Wei and Ling, 2015) under the moderation of the environment (measured through the managerial discretion variable). Qian *et al.* (2013) not only confirm the moderating role of the Chinese institutional environment but also discover that TMT functional diversity is generally not associated with cognitive and affective tensions, due to the emphasized harmony deriving from Chinese cultural characteristics.

In this constantly growing comparison between West and East, their similarities and reciprocal influence are considered as central. Christensen *et al.* (2012) study the imitation of one elite by the other, discovering, for the public sector, that Chinese executives tend to learn from the West (USA and UK) and imitate them, especially when they have significant experience in business management techniques. Although the above studies focus their attention on Eastern economies and firms, comprehensive studies which take into account both West and East are scarce (Crossland and Hambrick, 2007); cross-cultural and cross-countries investigations are thus suggested. Furthermore, with regard to the role of culture, what seems surprising is the limited attention given to the impact of different cultural contexts on executive personality formation and its evolution.

All this stated, to date, another major call for research is in the identification of executive profiles worldwide, about which, especially outside US boundaries, the extant knowledge is limited, e.g. in terms of sectoral homogeneity or economic systems whose culture is less individualistic than that of America (Wang *et al.*, 2012). Studying if and how the homogeneity of these executive profiles has been co-evolving with the culture of these economic systems also appears worth mentioning. In this regard, over an observation period of 15 years, Crossland and Hambrick (2007) make a comparison of the CEO-performance rapport in USA, Japan, and Germany; they discover that only in the US CEO performance individually acts as a superior driver of corporate performance. In contrast, the performance of Japanese firms appears to be much more driven by the institutional, cultural, industrial and organizational environment (thus, with CEOs counting much less). Crossland and Hambrick interpret this juxtaposition through managerial discretion, which, in fact, is the highest in the USA and the lowest in Japan. Some years later, Crossland and Hambrick (2011) analyze corporate performance, through managerial discretion, at national level – an analysis which greatly advances the theory of managerial discretion itself.

Moreover, and particularly because of their current importance in the global landscape, studying the impact of transnational institutions, such as the UN Global Compact and OECD, would be particularly significant (Yamak *et al.*, 2014). In the same vein, what seems to be missing is an approach that strictly evaluates the impact of the change regarding environmental features on the change in any TMT composition, an aspect that Carpenter *et al.* (2004) earlier claimed.

The research evidence and avenues reported above can be directly associated with the fast-growing concept of organization/environment co-evolution (Abatecola *et al.*, 2016; Breslin, 2016; Cafferata, 2016; Panicia and Leoni, 2017). In this regard, Yamak *et al.* (2014) show that, if we consider the periods 1985-1994, 1995-2004 and 2005-2012, UET has increasingly devoted attention to the role of the external environment, although more on the industrial (i.e. analysis of the influence of the competitive environment/sector) than institutional side (i.e. analysis of the influence of the regulations, culture, and other macro variables, at the country level). Nevertheless, analyses of this kind still appear to have received less attention, if compared to the overall UE scientific production on other aspects.

Moreover, the focus on the kinds of environment mentioned above seems to miss another important kind, i.e. the organizational environment, initially considered by Hambrick and Mason (1984) when referring to the internal state of the objective situation.

Attention to the environment has focused on three kinds of effects (Yamak *et al.*, 2014): direct effects of the environment on both the TMT composition and processes; mediation effects of TMTs, in terms of both their composition and processes, on the relationship between the environment and organizational outcomes; and moderation effects of the environment on the relationship between the TMT composition/processes and organizational outcomes. In this regard, the dynamicity of the industrial environment has been investigated in different works (McCarthy *et al.*, 2010); but, to date, studies are missing which elaborate on how the evolution of the institutional environment, thus of the macro-system, may affect TMT composition, processes and outcomes (Yamak *et al.*, 2014).

3. Implications

More recently, UET has developed into *strategic leadership theory*, which:

[...] focuses on the executives who have overall responsibility for an organization – their characteristics, what they do, how they do it, and particularly, how they affect organizational outcomes. The parties who are the subjects of strategic leadership research can be individuals (e.g. CEOs), groups (e.g. TMTs), or other governance bodies (e.g. Boards) (Finkelstein *et al.*, 2009, p. 4).

In this regard, the UE conceptual and methodological avenues evolving over time – and discussed earlier in this article – have identified a number of appealing research avenues, as further exposed in this section.

3.1 Heterogeneity/homogeneity of the dominant coalition

We can argue that, notwithstanding the massive amount of evidence on the heterogeneity/homogeneity of dominant coalitions, studies have not yet produced conclusive results, and the question of whether heterogeneity is positive or negative remains lively (Nielsen, 2010a). For example, TMT heterogeneity is found to facilitate strategic change and raise operational performance (Naranjo-Gil *et al.*, 2008), increase firm performance in terms of return on assets (Nielsen and Nielsen, 2013) and stimulate the employment of a CEO/COO duo (Marcel, 2009).

Blau's index of diversity (1977) has been increasingly used to assess the diversity among TMTs according to the socio-demographic variables studied. Moreover, another measure of TMT heterogeneity, consisting of administering a self-reported questionnaire in which TMTs rate their diversity on the basis of their socio-demographic features, has recently been implemented (Li, 2014); however, concerns about its ability to detect constructs remain. We agree that scholars need to understand the antecedents of homogeneity/heterogeneity, because despite rare exceptions, almost all the studies have approached this variable as independent rather than dependent.

3.2 Managerial discretion

We have stated that the degree of managerial discretion in American CEOs is much higher than that of their counterparts in other countries. Given their autonomy and power in explicating their role, American CEOs seem particularly appealing, from a conceptual point of view, as *per se* units of analysis of study, especially regarding their supposed explanatory power of organizational performance.

Herrmann and Datta (2002) analyze the relationship between CEO succession and foreign market entry mode of 126 US firms and support their hypothesis that CEOs with great

experience, throughput backgrounds, great legitimacy and international tenure prefer full control entry modes. Important insights also emerge from the analysis of CEO successions, in that the tenure of the CEO predecessor moderates the odds of CEO duality (Horner and Valenti, 2012); in this case, 177 CEO successions are analyzed from a sample of firms in the Fortune 1000 index.

Another study that massively considers US CEOs is that of Hambrick and Quigley (2014), who, analyzing 830 CEOs of US listed companies in 44 different industries over a 20-year period, study their effect in industries with different grades of discretion. They try to address the overarching question of *how much CEOs matter*, through using a new variable, called *CEO in Context* (CiC), which is in contrast to customized techniques. This variable contemporarily considers:

- (1) industry's condition through the size-weighted mean return on assets;
- (2) industry's discretion through Hambrick and Abrahamson's (1995) discretion ratings;
- (3) firm's condition through the ROA, return on sales, and market-to-book value; and
- (4) CEO effect, through the mean ROA for the two years prior to the CEO's start (i.e. inherited conditions) and the company's MTB ratio (i.e. inherited company health). Contrary to previous analyses, in which CEOs account for 10-20 per cent, CEOs actually account for 30-40 per cent of corporate performance.

In sum, according to Quigley and Hambrick (2015), the current massive attention to American CEOs is because CEOs are, *de facto*, increasingly significant to date. In particular, these scholars find that from 1950 to 2009, there is a robust increase in the proportion of variance in performance attributable to CEOs of US public corporations.

More generally, as far as the evolving appeal of CEOs as *per se* units of analysis, especially in American firms, is concerned, two theoretical refinements, additionally developed over time, also merit attention.

The former refinement regards the increasing attention towards the possible distribution of power within the members of dominant coalitions. Finkelstein (1992) is the first to define the characteristics of power for a dominant coalition, later also used by Bigley and Wiersema (2002), namely: number of titles; compensation; stock ownership; family link to founders; functional expertise; elite education; and number of outside board memberships. On this basis, Finkelstein finds that the higher the average functional background in finance within a dominant coalition, the higher the amount of acquisitions performed by that coalition, and especially that these results appear as even more robust when, inside the same coalition, the decisional power of the specific members with a financial background is weighted. Thus, if we consider the physiological decisional autonomy of American CEOs, the support for their study as *per se* units of analysis appears tautological.

Similarly, with a particular focus on successions, Quigley and Hambrick (2012) suggest that power dynamics involve three important parties: the board, incumbent CEO and successor CEO; moreover, they find that prior CEOs restrict the discretion of the new CEO if the former are still sitting on the board. On this point, Horner and Valenti (2012) specifically analyze power distribution, in CEO successions featured by CEO duality, and find that incoming CEOs, with previous chair experience, and outgoing CEOs, with high tenure, represent those whose power is the highest.

Quigley and Hambrick (2012) calculate predecessor retention as a percentage representing the relative value of a specific year in which a predecessor is retained as chair; for example, if a prior CEO remains as chair for 15 months, the retention value is coded as

100 per cent for the first year, 25 per cent for the second and 0 per cent for subsequent years. The *first free year*, which represents the discretion of the new CEO, is the year in which there is no predecessor as chair, and it is coded as a dummy variable.

Taking into account all the above regarding the distribution of power within a dominant coalition, the latter refinement about CEOs runs in parallel to the focus on the real integration among any coalition's members. In this regard, TMT's socio-behavioral integration is seen as a central mechanism, together with action aggressiveness, for competing in hypercompetitive contexts. This mechanism, measured through questionnaires aimed at identifying interpersonal and task-related interactions or shared vision, has been added to the more general concept of behavioral complexity that drives strategic decisions. This further refinement is vital for understanding TMT processes, because the integration among TMTs is one of the main variables for temporary advantage in highly competitive contexts and can also moderate the ambiguous effects of diversity (Ou *et al.*, 2014).

In sum, the goal here is not to verify whether integration is beneficial for organizational performance or not: in fact, this effect currently appears as consolidated (Cafferata, 2016). But, what happens when integration is low in dominant coalitions? In this case, can we still consider coalitions as an appropriate unit of analysis *per se*? Or, should we focus on some of their most influential sub-groups/single members? In this case, we might again argue for further support in the study of CEOs.

In conclusion, according to Wangrow *et al.* (2015), to date, managerial discretion is a concept that, although having attracted attention over time, needs further refinements for defining better: its construct and measures (in a dynamic way); the managers' characteristics that influence perceived discretion (e.g. self-efficacy) and the institutional environment; whether/when the forces behind this construct work as substitutes or complements; and the effects of this construct within the firm's boundaries and the intra-organizational variables.

3.3 Causality

The intention is not just toward understanding what socio-demographic features can be mainly predictive of specific organizational outcomes, thus considering the former as antecedents. The focus is also, and especially, toward the study of the so-called *reverse causality* (Hambrick, 2007), which we can also discuss here with the (thought-provoking) term *board building*. As previously introduced in this article, reverse causality substantially attempts to study if specific environmental/institutional or sectoral/industrial characteristics favor the appointment of executives with specific socio-demographic features, investigated here as consequences. In sum, the question that reverse causality attempts to address is whether there exists an executive profile particularly appropriate to a particular kind of industry, given the prospective expectations of behavior and performance claimed by its players (Abatecola and Cristofaro, 2016). What socio-demographic features should this executive have?

Some scholars have recently tried to address the above question. For example, Carter and Spence (2014) investigate the profiles of who is appointed as partner in the four most important auditing companies worldwide. In this specific case, the research question is qualitatively addressed through interviewing TMT members and managers likely to become partners. This approach, particularly in the UE field, gives these scholars the possibility of reaching interesting conclusions in determining the behavioral features (e.g. focused on growth, being trustable and having charisma), rather than the socio-demographic features, that a manager needs to have to become a top manager.

As for causality, we finally highlight here that a possible problem of endogeneity can also exist (Hambrick, 2007). In particular, this problem consists of the notion that executives do not take specific decisions as a reflection of their socio-demographic features (as the initial UE hypothesis would indicate), but mainly on the basis of the expectations of the Board that appointed them. The dialectical and co-evolutionary assumption seems to emerge again, with the board acting, this time, as the environment/context.

3.4 Remuneration of the dominant coalition

On this side, the UE research is moving toward considering the combined effect, on organizational behavior, of the interaction between the socio-demographic features of the dominant coalition and its remuneration. For example, Geletkanycz and Sanders (2012) make a point through drawing on the previous UE model by Carpenter *et al.* (2004). According to the former, compensation is a “mechanism that alternatively amplifies or mutes the effects of executive attributes” (p. 520); this mechanism is also supported by previous evidence from Cho and Hambrick (2006), who find that when executives have a high proportion of incentive-based pay, they are more oriented to make strategic changes and develop the skills required in changing industries. Similarly, Lin and Cheng (2013) shed light on the relationship between CEO compensation, TMT compensation and degree of international expansion. They find that although the first two variables are positively correlated on the basis of the increasing degree of international expansion, they grow at a different pace, which lets CEOs be paid more than TMTs for the highest level of international expansion.

Of course, studying the relationship between executive remuneration and organizational performance is, *per se*, not new. However, what is new here is the study of the relationship between remuneration and executive socio-demographic features, e.g. Hambrick (2007, p. 340) posits questions such as:

What different effects are, comparatively, produced by an aggressive long-term incentive plan on the behaviour of a 45-year old CEO and on that of a 65-year old CEO? What are the reactions, in terms of strategic behaviour, of CEOs with different economic backgrounds in front of the same incentive plan?

Geletkanycz and Sanders (2012) also propose additional elements of inquiry associated with the research questions mentioned above, such as those regarding international differences, social comparisons surrounding executive compensation and compensation disclosures. Moreover, UE scholars are presently investigating not only CEO compensation but also that of other important executives, such as CFOs.

4. Conclusions

In this article, have discussed the conceptual and methodological developments of UET over time, focusing on the evolving contribution of UET to what we know about strategic leadership. Much of our discussion (and associated implications for future research) is summarized here.

First, as Figure 1 can help synthesize, the UE model has been progressively enhanced through the consideration of new TMT characteristics, moderators and processes.

From Figure 1, what seems again extremely important to highlight are the co-evolutionary dynamics that many relationships among UE variables are constantly acquiring. The latest challenges raised by many UE scholars are focused on pushing the research call toward the adoption of the *multi-level* analysis (Hitt *et al.*, 2007) – a specific approach often used in the organizational evolution field by co-evolutionary scholars. This

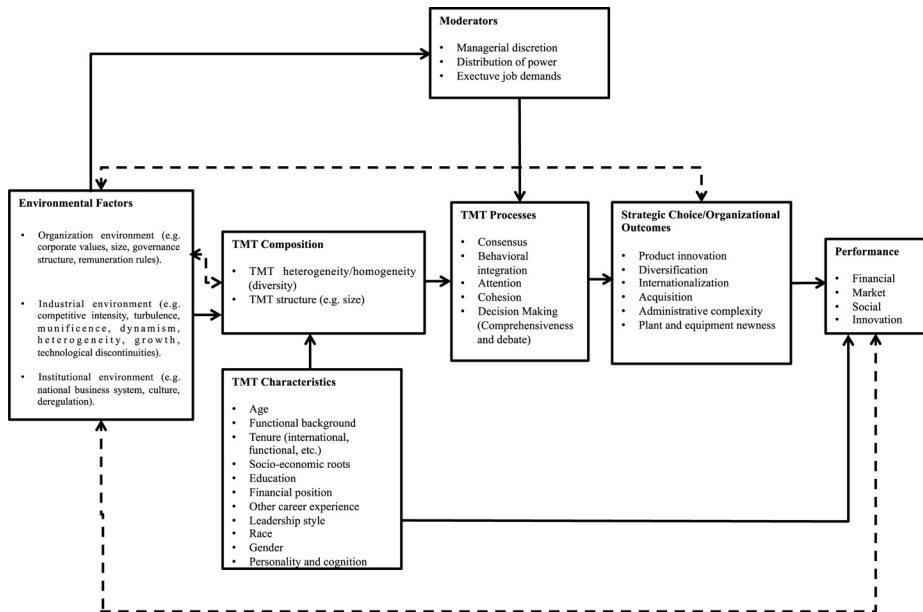


Figure 1.
A possible updated
perspective on the UE
model (and its
co-evolutionary
dynamics)

Notes: Dotted arrows highlight the co-evolution between the connected variables. Continuous arrows highlight one-way effects

Source: Own elaboration

approach helps when investigating phenomena through multilevel lenses to enrich the understanding of the social behavior of individuals because of the different influences they undergo from the different systems in which they are embedded.

Mainly through qualitative approaches, evolutionary scholars have, over time, demonstrated great interest in investigating several co-evolutionary dynamics at different macro, meso and micro levels of inquiry; while some studies have considered levels such as corporate and system, others have considered levels such as national, industry and technology. We argue here that co-evolutionary perspectives can provide not only a superior understanding of competitive dynamics over time but also an understanding of how one single organization – investigated under its different levels – specifically evolves (Breslin, 2016; Cafferata, 2016).

Second, conceptual uncertainties still regard some UE constructs. In particular, it seems that some moderators should be investigated through more direct approaches, such as questionnaires and interviews, than through indirect proxies, because of the operationalization problems already discussed. We have written that managerial discretion has received great attention, and that a consolidated approach has been built for considering its external and internal determinants (i.e. two of its three components). But, to our knowledge, the personal nature of the members of the firm's dominant coalition (i.e. its third component) has not received any attention, because of the difficulties in investigating this in a direct way.

Similarly, both cognitive and personality traits should be studied more through direct tools rather than proxies. More than once, these traits have been studied through the use of

observable socio-demographic characteristics, rather than through administering psychometrically validated questionnaires. In this regard, the psychological tool called CSE is receiving growing attention (Judge *et al.*, 1997, 1998; 2004; Cristofaro, 2017b), because of its power to summarize different factors of the executive personality under a single, comprehensive umbrella. We also agree that this tool could represent a solution for the direct measuring of executive self-concept.

However, some conceptual variables need clarification regarding their supposed construct. For example, executive job demands seems to be at a crossroads: as highlighted by Ganster (2005), this construct needs to be studied more under the lens of the key determinants of the executive decision making process than through the three sets of factors seminally identified by Hambrick *et al.* (2005). This twofold view of the same concept seems to be limiting the research on the role of this variable in strategic decisions.

In conclusion, from all we have discussed in this article, two final and intertwined insights seem to emerge, especially in terms of how strategic leadership currently works under UE lenses: on the one hand, it seems that the development subsequent to the seminal 1984 UE model has, over time, gradually, but constantly, reduced its strongly voluntaristic assumptions toward much more moderated co-evolutionary assumptions; on the other hand, it seems that the emerging psychological and cognitive moderators of UE variables are presently reinforcing the centrality of TMTs, in that they affect their processes and strategic choices. This is also why the fast-growing field of behavioral strategy is increasingly prospected as the next step of the UET evolutionary path in forthcoming years.

References

- Abatecola, G., Belussi, F., Breslin, D. and Filatotchev, I. (2016), "Darwinism, organizational evolution, and survival. Key challenges for future research", *Journal of Management and Governance*, Vol. 20 No. 1, pp. 1-17.
- Abatecola, G., Cafferata, R. and Poggesi, S. (2012), "Arthur stinchcombe's 'liability of newness': contribution and impact of the construct", *Journal of Management History*, Vol. 18 No. 4, pp. 402-418.
- Abatecola, G., Caputo, A. and Cristofaro, M. (2018), "Reviewing cognitive distortions in managerial decision making: toward an integrative co-evolutionary framework", *Journal of Management Development*, Vol. 37 No. 5, pp. 409-424.
- Abatecola, G. and Cristofaro, M. (2016), "Upper echelons and executive profiles in the construction value chain: evidence from Italy", *Project Management Journal*, Vol. 47 No. 1, pp. 13-26.
- Abatecola, G., Mandarelli, G. and Poggesi, S. (2013), "The personality factor: how top management teams make decisions. A literature review", *Journal of Management and Governance*, Vol. 17 No. 4, pp. 1073-1100.
- Abrahamson, E. and Hambrick, D.C. (1997), "Attentional homogeneity in industries: the effect of discretion", *Journal of Organizational Behavior*, Vol. 18 No. S1, pp. 513-532.
- Arena, C., Michelon, G. and Trojanowski, G. (2017), "Big egos can be green: a study of CEO hubris and environmental innovation", *British Journal of Management*, Vol. 29 No. 2, pp. 316-336.
- Barrick, M.R. and Mount, M.K. (1991), "The big five personality dimensions and job performance: a meta-analysis", *Personnel Psychology*, Vol. 44 No. 1, pp. 1-26.
- Barrick, M.R., Mount, M.K. and Li, N. (2013), "The theory of purposeful work behavior: the role of personality, higher-order goals, and job characteristics", *Academy of Management Review*, Vol. 38 No. 1, pp. 132-153.
- Bendickson, J., Muldoon, J., Liguori, E.W. and Davis, P.E. (2016), "Agency theory: background and epistemology", *Journal of Management History*, Vol. 22 No. 4, pp. 437-449.

- Bergh, D.D. (2001), "Executive retention and acquisition outcomes: a test of opposing views on the influence of organizational tenure", *Journal of Management*, Vol. 27 No. 5, pp. 603-622.
- Bigley, G.A. and Wiersema, M.F. (2002), "New CEOs and corporate strategic refocusing. How experience as heir apparent influences the use of power", *Administrative Science Quarterly*, Vol. 47 No. 4, pp. 707-727.
- Blau, P. (1977), *Inequality and Heterogeneity: A Primitive Theory of Social Structure*, New York, NY, Free Press.
- Breslin, D. (2016), "What evolves in organizational co-evolution?", *Journal of Management and Governance*, Vol. 20 No. 1, pp. 45-67.
- Bromiley, P. and Rau, D. (2016), "Social, behavioral, and cognitive influences on upper echelons during strategy process: a literature review", *Journal of Management*, Vol. 42 No. 1, pp. 174-202.
- Busenbark, J.R., Krause, R., Boivie, S. and Graffin, S.D. (2016), "Toward a configurational perspective on the CEO: a review and synthesis of the management literature", *Journal of Management*, Vol. 42 No. 1, pp. 234-268.
- Cafferata, R. (2016), "Darwinist connections between the systemness of social organizations and their evolution", *Journal of Management and Governance*, Vol. 20 No. 1, pp. 19-44.
- Cannella, A.A. and Holcomb, T.R. (2015), "A multi-level analysis of the upper-echelons model", *Research in Multi Level Issues*, Vol. 4, pp. 263-273.
- Carpenter, M.A. (Ed) (2011), *The Handbook of Research on Top Management Teams*, Edward Elgar, Cambridge, MA.
- Carpenter, M.A., Geletkanycz, M.A. and Sanders, W.G. (2004), "Upper echelons research revisited: antecedents, elements, and consequences of top management team composition", *Journal of Management*, Vol. 30 No. 6, pp. 749-778.
- Carter, C. and Spence, C. (2014), "Being a successful professional: an exploration of who makes partner in the big 4", *Contemporary Accounting Research*, Vol. 31 No. 4, pp. 949-981.
- Chatterjee, A. and Hambrick, D.C. (2007), "It's all about me: narcissistic chief executive officers and their effects on company strategy and performance", *Administrative Science Quarterly*, Vol. 52 No. 3, pp. 351-386.
- Cho, T.S. and Hambrick, D.C. (2006), "Attention as the mediator between top management team characteristics and strategic change: the case of airline deregulation", *Organization Science*, Vol. 17 No. 4, pp. 453-469.
- Christensen, T., Dong, L., Painter, M. and Walker, R.M. (2012), "Imitating the west? Evidence on administrative reform from the upper echelons of Chinese provincial government", *Public Administration Review*, Vol. 72 No. 6, pp. 798-806.
- Colbert, A.E., Barrick, M.R. and Bradley, B.H. (2014), "Personality and leadership composition in top management teams: implications for organizational effectiveness", *Personnel Psychology*, Vol. 67 No. 2, pp. 351-387.
- Cristofaro, M. (2017a), "Herbert simon's bounded rationality: its historical evolution in management and cross-fertilizing contribution", *Journal of Management History*, Vol. 23 No. 2, pp. 170-190.
- Cristofaro, M. (2017b), "Candidates' attractiveness in selection decisions: a laboratory experiment", *Baltic Journal of Management*, Vol. 12 No. 4, pp. 390-407.
- Crossland, C. and Hambrick, D.C. (2007), "How national systems differ in their constraints on corporate executives: a study of CEO effects in three countries", *Strategic Management Journal*, Vol. 28 No. 8, pp. 767-789.
- Crossland, C. and Hambrick, D.C. (2011), "Differences in managerial discretion across countries: how nation-level institutions affect the degree to which CEOs matter", *Strategic Management Journal*, Vol. 32 No. 8, pp. 797-819.
- Cyert, R.M. and March, J.G. (1963), *A Behavioural Theory of the Firm*, Prentice Hall, Englewood Cliffs, NJ.

- Datta, D.K., Rajagopalan, N. and Zhang, Y. (2003), "New CEO openness to change and strategic persistence: the moderating role of industry characteristics", *British Journal of Management*, Vol. 14 No. 2, pp. 101-114.
- Davis-Blake, A. and Pfeffer, J. (1989), "Just a mirage: the search for dispositional effects in organizational research", *Academy of Management Review*, Vol. 14 No. 3, pp. 385-400.
- De Coster, D.T., Rhode, J.G., Gaines, M.B. and Murphy, E.H. (1971), "The accountant's stereotype: real or imagined, deserved or unwarranted", *Accounting Review*, Vol. 46 No. 4, pp. 651-664.
- Finkelstein, S. (1992), "Power in top management teams: dimensions, measurement, and validation", *Academy of Management Journal*, Vol. 35 No. 3, pp. 505-538.
- Finkelstein, S. and Hambrick, D.C. (1990), "Top-management-team tenure and organizational outcomes: the moderating role of managerial discretion", *Administrative Science Quarterly*, Vol. 35 No. 3, pp. 484-503.
- Finkelstein, S., Hambrick, D.C. and Cannella, A.A. (2009), *Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards*, Oxford University Press, Oxford.
- Ganster, D.C. (2005), "Executive job demands: suggestions from a stress and decision-making perspective", *Academy of Management Review*, Vol. 30 No. 3, pp. 492-502.
- Gardner, W.L. and Martinko, M.J. (1996), "Using the myers-briggs type indicator to study managers: a literature review and research agenda", *Journal of Management*, Vol. 22 No. 1, pp. 45-83.
- Geletkanycz, M.A. and Sanders, W.M.J. (2012), "New directions on compensation and upper echelons", *Corporate Governance: An International Review*, Vol. 20 No. 6, pp. 519-525.
- Gerstner, W.C., Konig, A., Enders, A. and Hambrick, D.C. (2013), "CEO narcissism, audience engagement, and organizational adoption of technological discontinuities", *Administrative Science Quarterly*, Vol. 58 No. 2, pp. 257-291.
- Gould, A.M., Bourk, M.J. and Joulle, J.-E. (2017), "From the industrial revolution to Trump: six periods of changing perceptions of American business managers", *Journal of Management History*, Vol. 23 No. 4, pp. 471-488.
- Hambrick, D.C. (2007), "Upper echelons theory: an update", *Academy of Management Review*, Vol. 32 No. 2, pp. 334-343.
- Hambrick, D.C. and Abrahamson, E. (1995), "Assessing managerial discretion across industries: a multimethod approach", *Academy of Management Journal*, Vol. 38 No. 5, pp. 1427-1441.
- Hambrick, D.C. and Finkelstein, S. (1987), "Managerial discretion: a bridge between polar views of organizational outcomes", *Research in Organizational Behavior*, Vol. 9, pp. 369-406.
- Hambrick, D.C., Finkelstein, S. and Mooney, A.C. (2005), "Executive job demands: new insights for explaining strategic decisions and leader behaviors", *Academy of Management Review*, Vol. 30 No. 3, pp. 472-491.
- Hambrick, D.C. and Mason, P.A. (1984), "Upper echelons: the organization as a reflection of its top managers", *Academy of Management Review*, Vol. 9 No. 2, pp. 193-206.
- Hambrick, D.C. and Quigley, T.J. (2014), "Toward more accurate contextualization of the CEO effect on firm performance", *Strategic Management Journal*, Vol. 35 No. 4, pp. 473-491.
- Hayward, M. and Hambrick, D.C. (1997), "Explaining the premiums paid for large acquisitions: evidence of CEO hubris", *Administrative Science Quarterly*, Vol. 42 No. 1, pp. 103-127.
- Herrmann, P. and Datta, D. (2002), "CEO successor characteristics and the choice of foreign market entry mode: an empirical study", *Journal of International Business Studies*, Vol. 33 No. 3, pp. 551-569.
- Hiller, N.J. and Hambrick, D.C. (2005), "Conceptualizing executive hubris: the role of (hyper)core self-evaluations in strategic decision-making", *Strategic Management Journal*, Vol. 26 No. 4, pp. 297-319.
- Hitt, M.A., Beamish, P.W., Jackson, S.E. and Matthieu, J.E. (2007), "Building theoretical and empirical bridges across levels: multilevel research in management", *Academy of Management Journal*, Vol. 50 No. 6, pp. 1385-1399.

- Horner, S.V. and Valenti, A. (2012), "CEO duality: balance of power and the decision to name a newly appointed CEO as chair", *Journal of Leadership, Accountability and Ethics*, Vol. 9 No. 3, pp. 53-74.
- Hough, J.R. and ogilvie, D. (2005), "An empirical test of cognitive style and strategic decision outcomes", *Journal of Management Studies*, Vol. 42 No. 2, pp. 417-448.
- Jong, A., van der Poel, M. and Wolfswinkel, M. (2017), "The changing relation between CEOs and shareholders: a case study on royal philips NV, 1971-2001", *Journal of Management History*, Vol. 23 No. 4, pp. 375-400.
- Joseph, J. and Ocasio, W. (2012), "Architecture, attention, and adaptation in the multibusiness firm: General Electric from 1951 to 2001", *Strategic Management Journal*, Vol. 33 No. 6, pp. 633-660.
- Joseph, J. and Wilson, A.J. (2018), "The growth of the firm: an attention-based view", *Strategic Management Journal*, Vol. 39 No. 6, pp. 1779-1800.
- Judge, T.A., Locke, E.A. and Durham, C.C. (1997), "The dispositional causes of job satisfaction: a core evaluations approach", *Research in Organizational Behavior*, Vol. 19, pp. 151-188.
- Judge, T.A., Locke, E.A., Durham, C.C. and Kluger, A.N. (1998), "Dispositional effects on job and life satisfaction: the role of core evaluations", *Journal of Applied Psychology*, Vol. 83 No. 1, pp. 17-34.
- Judge, T.A., Van Vianen, A.E.M. and De Pater, I.E. (2004), "Emotional stability, core self-evaluations, and job outcomes: a review of the evidence and an agenda for future research", *Human Performance*, Vol. 17 No. 3, pp. 325-346.
- Kahneman, D. and Tversky, A. (1979), "Prospect theory: an analysis of decision under risk", *Econometrica*, Vol. 47 No. 2, pp. 263-291.
- Li, C.R. (2014), "Top management team diversity in fostering organizational ambidexterity: examining TMT integration mechanisms", *Innovation: Management, Policy and Practice*, Vol. 16 No. 3, pp. 303-322.
- Li, J. and Tang, Y. (2010), "CEO hubris and firm risk taking in China: the moderating role of managerial discretion", *Academy of Management Journal*, Vol. 53 No. 1, pp. 45-68.
- Li, J. and Tang, Y. (2013), "The social influence of executive hubris: cross-cultural comparison and indigenous factors", *Management International Review*, Vol. 53 No. 1, pp. 83-107.
- Lin, W.T. and Cheng, K.Y. (2013), "The effect of upper echelons' compensation on firm internationalization", *Asia Pacific Journal of Management*, Vol. 30 No. 1, pp. 73-90.
- Locke, E.A. and Latham, G.P. (2004), "What should we do about motivation theory? Six recommendations for the twenty-first century", *Academy of Management Review*, Vol. 29 No. 3, pp. 388-403.
- McCarthy, I.P., Lawrence, T.B., Wixted, B. and Gordon, B.R. (2010), "A multidimensional conceptualization of environmental velocity", *Academy of Management Review*, Vol. 35 No. 4, pp. 604-626.
- Magnusson, P. and Boggs, D.J. (2006), "International experience and CEO selection: an empirical study", *Journal of International Management*, Vol. 12 No. 1, pp. 107-125.
- Marcel, J.J. (2009), "Why top management team characteristics matter when employing a chief operating officer: a strategic contingency perspective", *Strategic Management Journal*, Vol. 30 No. 6, pp. 647-658.
- Mintzberg, H. (1978), "Patterns in strategy formation", *Management Science*, Vol. 24 No. 9, pp. 934-948.
- Mintzberg, H., Ghoshal, S., Lampel, J. and Quinn, J.B. (2003), *The Strategy Process: Concepts, Contexts, Cases*, Pearson Education, UK.
- Naranjo-Gil, D., Hartmann, F. and Maas, V.S. (2008), "Top management team heterogeneity, strategic change and operational performance", *British Journal of Management*, Vol. 19 No. 3, pp. 222-234.
- Nielsen, S. (2010a), "Top management team diversity: a review of theories and methodologies", *International Journal of Management Reviews*, Vol. 12 No. 3, pp. 301-316.

- Nielsen, S. (2010b), "Top management team internationalization and firm performance. The mediating role of foreign market entry", *Management International Review*, Vol. 50 No. 2, pp. 185-206.
- Nielsen, B.B. and Nielsen, S. (2013), "Top management team nationality diversity and firm performance: a multilevel study", *Strategic Management Journal*, Vol. 34 No. 3, pp. 373-382.
- Ocasio, W. (1997), "Towards an attention-based view of the firm", *Strategic Management Journal*, Vol. 18 No. 1, pp. 187-206.
- Ocasio, W. (2011), "Attention to attention", *Organization Science*, Vol. 22 No. 5, pp. 1286-1296.
- Ou, A.Y., Tsui, A.S., Kinicki, A.J., Waldman, D.A., Xiao, Z. and Song, L.J. (2014), "Humble chief executive officers' connections to top management team integration and middle managers' responses", *Administrative Science Quarterly*, Vol. 59 No. 1, pp. 34-72.
- Paniccia, P.M.A. and Leoni, L. (2017), "Co-evolution in tourism: the case of Albergo Diffuso", *Current Issues in Tourism*, doi: [10.1080/13683500.2017.1367763](https://doi.org/10.1080/13683500.2017.1367763).
- Park, K.M. and Gould, A.M. (2017), "The overlooked influence of personality, idiosyncrasy and eccentricity in corporate mergers and acquisitions: 120 years and six distinct waves", *Journal of Management History*, Vol. 23 No. 1, pp. 7-31.
- Picone, P.M., Dagnino, G.B. and Minà, A. (2014), "The origin of failure: a multidimensional appraisal of the hubris hypothesis and proposed research agenda", *Academy of Management Perspectives*, Vol. 28 No. 4, pp. 447-468.
- Qian, C., Cao, Q. and Takeuchi, R. (2013), "Top management team functional diversity and organizational innovation in China: the moderating effects of environment", *Strategic Management Journal*, Vol. 34 No. 1, pp. 110-120.
- Quigley, T.J. and Hambrick, D.C. (2012), "When the former CEO stays on as a board chair: effects on successor discretion, strategic change, and performance", *Strategic Management Journal*, Vol. 33 No. 7, pp. 834-859.
- Quigley, T.J. and Hambrick, D.C. (2015), "Has the CEO effect increased in recent decades? A new explanation for the great rise in America's attention to corporate leaders", *Strategic Management Journal*, Vol. 36 No. 6, pp. 821-830.
- Rijsenbilt, A. and Commandeur, H. (2013), "Narcissus enters the courtroom: CEO narcissism and fraud", *Journal of Business Ethics*, Vol. 117 No. 2, pp. 413-429.
- Sambharya, R.B. (1996), "Foreign experience of top management teams and international diversification strategies of US multinational corporations", *Strategic Management Journal*, Vol. 17 No. 9, pp. 739-746.
- Simon, H.A. (1947), *Administrative Behaviour*, Macmillan, New York, NY.
- Tang, Y., Li, J. and Liu, Y. (2015), "Does founder CEO status affect firm risk taking?", *Journal of Leadership and Organizational Studies*, Vol. 23 No. 3, pp. 322-334.
- Tegarden, D.P., Tegarden, L.F. and Sheetz, S.D. (2009), "Cognitive factions in a top management team: surfacing and analyzing cognitive diversity using causal maps", *Group Decision and Negotiation*, Vol. 18 No. 6, pp. 537-566.
- Tuggle, C.S., Schnatterl, K. and Johnson, R.A. (2010), "Attention patterns in the boardroom: how board composition and processes affect discussion of entrepreneurial issues", *Academy of Management Journal*, Vol. 53 No. 3, pp. 550-571.
- Tversky, A. and Kahneman, D. (1973), "Availability: a heuristic for judging frequency and probability", *Cognitive Psychology*, Vol. 5 No. 2, pp. 207-232.
- Wang, H., Waldman, D.A. and Zhang, H. (2012), "Strategic leadership across cultures: current findings and future research directions", *Journal of World Business*, Vol. 47 No. 4, pp. 571-580.
- Wangrow, D.B., Schepker, D.J. and Barker, V.L. III, (2015), "Managerial discretion: an empirical review and focus on future research directions", *Journal of Management*, Vol. 41 No. 1, pp. 99-135.

- Wei, L.Q. and Ling, Y. (2015), "CEO characteristics and corporate entrepreneurship in transition economies: evidence from China", *Journal of Business Research*, Vol. 68 No. 6, pp. 1157-1165.
- Wowak, A., Gomez-Mejia, L. and Steinbach, A. (2017), "Inducements and motives at the top: a holistic perspective on the drivers of executive behaviour", *Academy of Management Annals*, Vol. 11 No. 2, pp. 669-702.
- Wren, D.A. and Bedeian, A.G. (2017), *The Evolution of Management Thought*, 7th ed., Wiley, US.
- Yamak, S., Nielsen, S. and Escribá-Esteve, A. (2014), "The role of external environment in upper echelons theory: a review of existing literature and future research directions", *Group and Organization Management*, Vol. 39 No. 1, pp. 69-109.
- Zhu, D.H. and Chen, G. (2014), "CEO narcissism and the impact of prior board experience on corporate strategy", *Administrative Science Quarterly*, Vol. 60 No. 1, pp. 31-65.

About the authors

Gianpaolo Abatecola, PhD, is an Associate Professor of Management at the University of Rome Tor Vergata, Department of Management and Law, where he currently serves as the Director of the PhD Program in Management. His main research interests and publications lie in the fields of behavioral strategy, managerial decision-making and co-evolution. On these themes, he has also taught in a number of universities across Europe and USA. Gianpaolo Abatecola is the corresponding author and can be contacted at: abatecola@economia.uniroma2.it

Matteo Cristofaro, PhD, is a Post-Doctoral Fellow in Management at the University of Rome Tor Vergata, Department of Management and Law. His main research interests and publications lie in the fields of behavioral strategy, managerial decision-making and co-evolution.