
Preface

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Alejandro Escribá-Esteve is Associate Professor of Strategic Management at the University of Valencia. He received his PhD in Management in 1999, and his current research is focused on the impact of TMT on firms' strategic orientation and strategic choices, with special attention to strategic entrepreneurship. He has published his work in international peer reviewed journals such as *British Journal of Management*, *International Small Business Journal*, *International Marketing Review*, *Service Business* and *Journal of Knowledge Management*. Recently, in cooperation with the co-editors of this issue he founded the series of EIASM International Workshops on Top Management Teams & Business Strategy.

Top managers are considered the most influential decision-makers for firms' strategy, and a large body of research presents evidence for executive effects in different settings (for reviews see Carpenter et al., 2004; Finkelstein et al., 2009). Yet only recently have researchers started to pay attention to the role of the social and environmental contexts in which top management teams (TMTs) are embedded (Carpenter, 2002; Yamak and Üsdiken, 2006; Yamak, 2006; Escribá-Esteve et al., 2012; Minichilli et al., 2010; Nielsen, 2010). Top executives are often informed, influenced, and sometimes constrained by others inside and outside the organisation. As a result, upper echelons face diverse challenges and opportunities when operating in a variety of different contexts (Carpenter, 2002; Nielsen and Nielsen, 2012). Contextual factors at the team, organisational, industry and country level are considered not only important determinants of executive composition but also moderating forces shaping the consequences of executive characteristics for firm strategy and performance (Escribá-Esteve et al., 2012). In addition, the extent to which top managers matter and exert an influence on their firms differ with national level institutional settings and there is an increased interest in the cross-national variation in executive effects (Crossland and Hambrick, 2007; Crossland and Hambrick, 2011).

While most prior research has emphasised context external to the organisation, the papers in this special issue take a different approach by looking at the internal context. This special issue focuses on one particular layer of context, the team context, and aims to advance our theoretical and empirical understanding of the interplay between the top management teams and the CEO. Already back in 1992, Jackson observed that while upper echelons theory argues the strong impact of leaders on their organisation, it fails to recognise the special role of the CEO as the leader of the TMT. Upper echelons theory is

based on an assumption of equality of individual effects, meaning that the CEO has equal influence to the rest of the TMT members. However, Cannella and Holcomb (2005) note that the CEO exerts disproportionate influence over the TMT and its functioning. The degree of influence of individual executives on firm choices depends on the power of the CEO, who as a group leader has the “potential to neutralise both beneficial and debilitating composition effects” (Jackson, 1992, p.371). Team dynamics are particularly important in relation to the effects of TMT diversity. While a dominant CEO is typically associated with TMT homogeneity, a CEO who encourages open dialogue and serves as a guardian of the TMT decision-making processes can ensure that TMT heterogeneity is healthy (Cannella and Holcomb, 2005).

In this special issue, we have selected three articles that explore different aspects of CEO-TMT dynamics; the first study conducted by Wulf and Stubner introduces the concept of position-specific knowledge of a new CEO in exploring the impact on corporate performance following a change at the top. Building on organisational learning theory and CEO-strategy fit research, the study focuses on the ability of the new CEO to succeed in his or her task depending on the fit between selected characteristics of the CEO and the company’s strategic posture. In particular, the authors define position-specific knowledge as prior experiences which help the new CEO to become familiar with the requirements of his or her new position more quickly, in order to avoid risks associated to setting the strategic direction of the company. The authors empirically test this concept using a sample of 59 CEO succession events that occurred between 1987 and 2002 in 48 of the largest publicly listed companies in Germany. Results show that position-specific knowledge of new CEOs indeed has an influence on firm performance during the early tenure of a CEO; at the same time, time-lagged analyses show how this effect vanishes 3–4 years after the succession event. An analysis of the single components of position-specific knowledge of a new CEO, then, shows significant effects for education level fit and industry specialisation while – contrary to the authors’ expectations – educational and functional background fit of the new CEO with his or her position do not appear to have significant impact on firm performance. The article contributes to the ongoing debate on the importance of upper echelons, showing how the use of a learning perspective might be of help to reach a more fine grained fit between corporate strategy and selected experiences of the new CEO.

The second article by Fernández-Mesa, Iborra and Safón deals with the interaction effects of the CEO and TMT characteristics on organisational ambidexterity. The authors note the important role of ambidexterity in determining the firm’s ability to adapt to different environmental conditions. As a dynamic capability, ambidexterity embodies a complex set of routines and specifically the ability of upper echelons to manage the trade-offs needed to simultaneously balance exploration and exploitation in order to face changes in the firm’s environment. The paper argues that the dynamic capability approach emphasises the key role of top level management in appropriately adapting, integrating and reconfiguring organisational skills and resources to align them with changing environments. Based on arguments that ambidexterity dynamism requires managers that possess specific characteristics, the authors develop and test their propositions in a sample of 92 Spanish SMEs. Notably, their findings are based on primary survey responses from the CEOs and at least one TMT member for each firm. The results suggest that while TMT heterogeneity per se may not affect the dynamism of organisational ambidexterity, it moderates the effects of CEO characteristics on ambidexterity. Specifically, the configurations of CEO and TMT characteristics

determine the extent to which firms may successfully manage the challenge to balance exploration and exploitation efforts. The authors point that while CEOs age may reduce organisational ambidexterity, TMT diversity may reverse this trend and help the CEO to face ambidexterity challenges.

The third article by Few and Joshi contributes to our understanding of diversity-TMT behavioural integration relationship by using the concepts of identity and identification. The authors' conceptual work complements the findings of groups and teams literature which claim that functional and departmental backgrounds of the TMT members may lead to the formation of subgroups which may influence the coherence among TMT members unfavourably. Few and Joshi maintain that the unfavourable negative effects of diversity may be moderated by such contextual characteristics as organisational identity and the level of top executives' identification with the organisation. In contexts characterised by strong organisational identity and by high identification of team members with the organisation, the negative influence of functional and departmental diversity may be reduced. Thus, Few and Joshi's paper identifies the conditions under which diversity affects negatively or positively the TMT processes and outcomes in relation to the concepts of identity and identification.

Notably, all three papers focus on issues of TMT diversity, which is a well researched area within the upper echelons research stream (Nielsen, 2010). Each of the papers contributes to the upper echelons literature by providing a different angle to this highly controversial topic area; they explore different types of diversity derived from experiences at different levels and investigate CEOs and executive teams as bundles of attributes (Kor, 2003). Wulf and Stubner focus on the diversity within the individual or the range of personal experiences that a CEO possesses and how they influence firm performance. Fernandez et al. expand the exploration beyond the CEO to the interaction with team diversity, while the paper by Few and Joshi takes an identity perspective and contributes to the existing literature of upper echelons perspective by explaining how organisational identification can help overcome some of the negative effects of diversity.

By bringing these different perspectives to a highly researched and debated research topic, this special issue hopes to advance our current understanding of the consequences of TMT diversity, particularly in the context of Europe. Strong national traditions, close geographic proximity and institutional similarity and differences between European countries have marked the landscape of European practice and research. The deeply rooted cultural, religious and economic traditions lead scholars to appreciate the benefits of diversity despite its potential pitfalls. As such, we hope readers will get to embrace this diversity and better understand the reality of challenges faced by firm upper echelons in the European context.

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