

## **SOCIALISATION AND CHIEF EXECUTIVE COMMITMENT TO THE *STATUS QUO***

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Child's (1972) insight into the role of choice in the selection of appropriate structural mechanisms resuscitated research on the importance and determinants of individual managerial choice. Two decades earlier, March and Simon (1958) had highlighted the "boundedness" of managerial rationality. While some researchers have explored the cognitive aspects of top management decision structuring and choice (see Huff, 1990), others have focussed on more behavioural issues. By the mid-1980s, Hambrick and Mason (1984), building on these foundations, developed an upper-echelons view on strategic decision-making. This view explicates the linkages between underlying psychological bases for bounded rationality, including values, schemas and personality factors with explicitly observable, demographic features such as age, tenure and functional background (Pfeffer, 1983). The fundamental tenet of the upper echelons view is that observable demographic variables can be used as proxies for managers' values and beliefs (Smith, Smith, Olian, Sims, Bannon and Scully, 1994). This view catalysed a stream of research on top management teams (TMTs) (Pettigrew, 1992), offering a parsimonious approach to investigate the antecedents of managerial choice (Pfeffer, 1998).

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<sup>1</sup> The authors thank reviewer comments received at this journal; Don Hambrick, Don Bergh, Peter Smith Ring and seminar participants at National University of Singapore, Nanyang Technological University, Singapore, National University of Ireland, Galway and the University of Pittsburgh for comments on an earlier draft of this article.

In developing a research programme around upper echelons, Hambrick and his colleagues have attempted to explicate a link between observable demographic features and a specific attitude towards conservatism in strategic choice. They labeled the construct reflecting this attitude "commitment to the *status quo*" and defined it as "a belief in the enduring correctness of current organizational strategies and profiles". In formulating the construct, Hambrick, Geletkanycz and Fredrickson (1993) specified and empirically tested some of its antecedents. They found that positive perceptions of current performance were associated with commitment. Moreover, they also found that, while age was unrelated to commitment, tenure in the firm and industry were positively associated with commitment. Subsequently, Geletkanycz (1997) extended the findings to the international arena by incorporating cultural variables into the analysis. She found that managers were committed to the *status quo* in cultural contexts that reflected individualism and short-term orientation. This stream of research is important because it explicitly links demographic antecedents with an intervening managerial orientation. As such, this stream investigates a critical intervening variable between demographic variables and organisational outcomes, which has dominated upper echelons research (Hambrick *et al*, 1993). This paper seeks to advance our knowledge about commitment by testing the effects of differing socialisation patterns (Van Maanen and Schein, 1979; Fondas and Wiersema; 1997) on this attitude. Socialisation patterns are operationalised as variety of foreign, business, industry and functional experiences. These antecedents are justified, because managers' past experiences determine managerial knowledge structures that influence choice (Levitt and March, 1988). Moreover, the study employs a sample that is significantly different from the *Fortune 500* samples that have dominated upper-echelons research (Finkelstein and Hambrick, 1996). As such, the paper extends understanding of commitment to the *status quo* by specifying an additional set of antecedent variables and testing relationships in a different context (Hubbard, Vetter & Little, 1998).

## Theory Development

### *Background*

Much of the upper echelons research has related specific demographic variables with behaviour (Pfeffer, 1998). Moreover, the majority of studies have focussed on the top management team (TMT).

Scholars have addressed the relationships among top management teams and innovation (Bantel and Jackson, 1989), strategy (Michel and Hambrick, 1992;) and change (Grimm and Smith, 1991). While Finkelstein and Hambrick (1990) state (p.486): "The limited empirical evidence on whether the top person or the broader team is a better predictor of organizational outcomes consistently supports the conclusion that the full team has a great effect". Notwithstanding this, using the CEO as the unit of analysis is still important, because the CEO: (1) determines the agenda of the top management team (Kotter, 1982); (2) selects and determines the composition of the top management team (Keck and Tushman, 1993), and (3) symbolises potential strategic change to important constituencies such as capital markets (Friedman & Singh, 1989).

Practitioner interest in the role and effectiveness of the CEO also remains keen. Business magazines, such as *Fortune*, frequently publish "report cards" on CEOs and typically lionise executives. Consultants' prescriptions frequently invoke the critical role the CEO plays in setting the tone for the organisation. As one McKinsey consultant put it (Marmob & Murray, 1995, p. 19): "If you don't have a CEO who is willing to push people to perform better than anyone else in the industry, it's all over. You can't achieve any of the other elements of high performance".

CEOs differ from the rest of their top management teams. Norburn (1989), in a study of British CEOs, found that they differed from the rest of their TMTs in their variety of functional backgrounds and their level of international experience. This differential exposure is postulated to have consequences for the level of strategic inertia or strategic change envisioned by a CEO. The critical managerial choice for CEOs is the determination of strategy for the firm. Increased attention is being directed at the importance of developing flexibility of response to sometimes capricious environmental change (Volberda, 1997). D'Aveni (1995) suggests that firms face hypercompetitive environments, characterised by temporary periods of advantage that are increasingly being attenuated. Adaptability to the environment is a central concern and research thrust of the strategic management literature (Chakravarthy, 1982). On the other hand, explicit, demonstrable commitment to a particular strategy can act as a powerful signal to competitors and may reduce rivalry (Ghemawat, 1986). Thus, a continuing dilemma for managers is the choice between flexibility and commitment (Ghemawat and del Sol, 1998).

As developed by Fondas and Wiersema (1997), different exposures reflect different socialisation patterns experienced by CEOs,

which are then reflected in perspectives, values and modes of behaviour (Van Maanen and Schein, 1979). Organisational socialisation refers to the set of simultaneous processes that helps an individual acquire a set of appropriate role behaviours, develops task-related skills and abilities and finally, internalises a group's norms and values (Feldman, 1981). Invoking socialisation theory as the underlying process explaining conformity with, or independence from, specific organisational practices adds richness to the more prosaic demographic explanations. Practical comments from directors also reflect this concern. Sir Michael Angus, a former chairman of Unilever, has commented that: "UK banks in general have suffered by promoting executives who have not spent enough time in the outside world".

Fondas and Wiersema (1997), in their conceptual paper, deployed socialisation theory as an explainer of strategic change. Specifically, they argue that career influences affect whether or not the CEO has a custodial orientation, in that they are likely to continue along the same lines as their predecessor, or an orientation for change. This study applies their argument to CEOs' commitment to the *status quo* (Hambrick, Gelatkanycz and Fredrickson, 1993), defined (p.402) as "a belief in the enduring correctness of current organizational strategies and profiles". As such, it is the individual, executive, perceptual corollary to Ghemawat's (1991) organisational definition (p.14): "... the tendency of organizations to persist with their broad courses of action or strategies". The investigation of the determinants of commitment is important as it complements the demographic perspective evident in much of the research on TMTs. In the next section, seven hypotheses are developed and subsequently our method, which extends the original Hambrick *et al* study, is described.

### *Hypothesis Development*

It is proposed that specific career influences affect a CEO's psychological commitment to strategy and leadership style. Such career influences would include prior work experience, educational background, amount and type of experience and international exposure, among others. The biases, perceptions and values of senior managers (Hambrick & Mason, 1984) critically affect organisational strategies because, as Finkelstein and Hambrick (1990, p.484) put it: "top managers structure decision situations to fit their view of the world".

Hambrick *et al* (1993) propose two separate forms of commitment. The first, labelled "Leadership CSQ", addresses the extent to which a CEO respondent believes that an ideal successor would be similar to

the current CEO in terms of expertise and behaviours. The second element is "Strategy CSQ", and reflects the extent to which the CEO respondent believes that the firm's current competitive edge and growth strategies should be similar in the future. In testing some determinants of both forms of commitment, the authors argue that firm performance, organisational tenure, industry tenure would each be positively related to commitment.

In relating the performance variable to commitment, Hambrick *et al* propose that change occurs with dissatisfaction with the current state (Kimberly and Quinn, 1984). Cyert and March (1963) identified problemistic search as a specific behaviour of the firm in response to unsatisfactory performance. Such search behaviour is directed at generating new knowledge and insight to activate new activities (Miller and Chen, 1994). In addition, as argued by Hambrick *et al*, the Chandler (1962) studies showed that top managers responded to performance downturns with significant strategic and structural change. Moreover, good performance may develop slack in the organisation, reducing executives' felt need for change (Milliken and Lant, 1991). Meyer (1982) found in his healthcare study that the hospitals with the greatest "slack" resources did the least to respond to an environmental shock. Reinforcement theory (Skinner, 1969; Starbuck and Milliken, 1988) would also suggest that commitment is related to assessments of adequate performance. The positive reinforcement that satisfactory performance brings to the executive would lead to the reproduction of the specific behaviours and strategies that the executive associates with success (Levitt and March, 1988).

*H1: The better the satisfaction level with current performance, the greater the executive's commitment to the status quo.*

For organisational tenure, it is proposed that career progression would reinforce a belief in the correctness of the organisation's approach. Moreover, tenure in the organisation would increase the individual's psychological commitment to the *status quo*, and also limit the incumbent's critical perspective. Drucker (1994) cautions that managers develop "theories" about competition, customers and the environment and these theories become deeply-rooted, inhibiting adaptation to changing circumstances. Miller and Friesen (1980) found that many CEOs develop what they called "gestalts" among elements of strategy, structure and process. Hinings and Greenwood (1988) point out that these gestalts solidify over time. As these gestalts become more entrenched, the perceived need for change reduces (Miller,

1991). Thus, many authors have suggested that the "gestalt" changes only with the arrival of a new CEO. Parenthetically, Smith and White (1987), found that successive CEOs tended to resemble each other in terms of functional backgrounds, thereby potentially limiting the infusion of new thinking.

As executives are promoted through the hierarchy, it is expected that, because of the positive reinforcement they receive, their view of the correctness of the organisation's ways is enhanced (Hambrick *et al*, 1993; Wanous, 1980). As the CEO's tenure increases, a difficulty may emerge in seeing alternative ways of doing things. This is illustrated in Reed's (1978) historical study of the US Foreign Service, where senior officers eschewed new techniques of diplomacy in a dynamic environment, the senior officers having been highly socialised in traditional techniques of diplomacy and world-views.

With industry tenure, Spender's (1989) finding of the existence of industry recipes justifies the assertion that industry tenure would be associated with commitment. He found that executives in industries developed common frames of reference. These frames of reference provided guides and metaphors to executives. The individuals who have participated in the industry the longest would, presumably, be extensively socialised into the common pool of knowledge in the industry, and would be most convinced about its validity.

*H2: The longer an executive's tenure in the industry, the greater his or her commitment to the status quo.*

Fondas and Wiersema (1997) suggest that managers with greater depth and variety of experience would bring to a new CEO's job a fresh perspective and would be less committed to the status quo. Awareness of alternative ways of competing, or of exploiting competencies located across multiple functions, will reflect a manager's knowledge base (Levitt and March, 1988). A critical influence on this knowledge base is the manager's past range of experience. Thus the variety of functional experience would contribute to the creation of more complex cognitive schemas (Chattopadhyay, Glick, Miller and Huber, 1999). However the effect of functional experience has had a long and chequered history in the organisational literature. Given that managers' belief structures are derived from their experience, Dearborn and Simon (1958) suggested that an individual's functional background provides a frame of reference for defining problems. Different functions provide different frames and expectations about time horizons and the relative importance of particular problems. In fact, a major source of differentiation in the organisation is the allocation of

individuals to specific functions (Lawrence and Lorsch, 1967). Recently, Chattopadhyay, Glick, Miller and Huber (1999) tested competing explanations of executive belief structures. In a study of 371 executives across 58 strategic business units, they found that functional background had very little effect on belief structures. However, they asserted that variety of functional experience enabled executives to see connections between functional areas. Walsh (1988), in replicating Dearborn and Simon's study, pointed out that, while there was little evidence of parochial information processing, he did find that functional experience influenced information-seeking and -processing behaviours. Moreover, a subsequent study by Bowman and Daniels (1995) found that functional background influenced executives' perceptions of strategic priorities. Thus, the greater the variety of experience, the more complex the schemas used to process information. As a result,

*H3: The more varied the executive's functional background, the lower his or her commitment to the status quo.*

In addition to variety of functional experience, the actual content of that experience may have a significant effect. Hambrick and Mason (1984) categorise functional experience into output and throughput categories. Output categories include marketing, sales and R&D while throughput categories include finance, production, purchasing and personnel. Song (1982) found that CEOs of conglomerate diversifiers tended to have finance and accounting backgrounds, while those of internal diversifiers tended to have marketing backgrounds. Miles and Snow (1978) argue that the TMTs of Defenders, Prospectors, Analyzers and Reactors reflect specific combinations of functional backgrounds. Critically, they argue that Prospector TMTs are dominated by individuals with output function experience, while Defender TMTs are dominated by individuals with throughput function experience, with Prospectors following a strategy characterised by rapid change and new product introduction while Defenders pursue more conservative strategies. It could be argued that managers who have been socialised predominantly in throughput functions will be more custodial in their orientation than those socialised in output functions. Thus,

*H4a: The greater the experience gained in output functions, the lower the commitment to the status quo.*

*H4b: The greater the experience gained in throughput functions, the greater the commitment to the status quo.*

Similarly, experience gained across a variety of industries would expose a manager to a greater variety of industry "recipes" (Spender, 1989). Prahalad and Bettis (1986) coined the term "dominant logic" to refer to the specific "mind set or world-view or conceptualization of the business and the administrative tools to accomplish goals and make decisions in that business" (p. 491). They suggest that managers should be encouraged to enrich the variety of their experience so that adherence to a specific dominant logic does not have dysfunctional, mal-adaptive consequences. A number of studies have pointed to the development of common frames of reference that develop among executives within an industry (Hambrick, 1982). Awareness of alternative ways of competing (dominant logics) may be influenced by managers' past experience in taking actions across a variety of industries (Amburgey, Kelly and Barnett, 1993; Miller & Chen, 1994). Thus,

*H5: The wider the industrial experience, the lower the commitment to the status quo.*

Similarly, the greater the exposure the CEO has to different organisational and business conditions, the greater the repertoire of information sources and contacts and thus, the greater the reduction in the embeddedness of a particular milieu. An executive who sits on other companies' boards has an expanded field of vision (Lorsch, 1989). Such exposure broadens the individual executive's environmental perspective and provides examples of strategy alternatives (Geletkanycz & Hambrick, 1997). Thus, exposure to different business conditions, through participation on other boards of directors, may reduce the tenacity with which a specific dominant logic (Prahalad & Bettis, 1986) may be adhered to.

*H6a: The greater the number of external directorships the CEO has, the lower the commitment to the status quo.*

As stated by Miller and Chen (1994):

"... awareness of alternative ways of competing may be influenced not only by current conditions, but also managers' past experience in taking action." (p.6).

One critical aspect of experience is the variety of companies that the CEO has worked in, thus:

*H6b: The greater the variety of company experience the CEO has, the lower the commitment to the status quo.*



One notable omission from the upper echelons perspective is the role and effect of international experience. This may again reflect the preponderance of studies undertaken in the US context. However, it is noteworthy that Gelatkancycz (1997) found significant differences in commitment across national cultures. Experience across a variety of national cultures could affect the complexity of cognitive schemas applied to problems. As argued by Fondas and Wiersema (1997), individuals with less extensive and varied work experience face a higher level of uncertainty due to their inexperience. Extensive international experience would expand the repertoire of information sources, contacts and issues that the executive could access. This expanded repertoire would, in turn, reduce the embeddedness (Granovetter, 1985) of an executive in a particular social system (firm, industry). Thus, the individual is exposed to alternate sources of ideas and insights generated may be more novel (Geletkancycz and Hambrick, 1997).

*H7: The more extensive the executive's international experience, the lower his or her commitment to the status quo.*

## Research Methodology

Given the extension logic of the study, many of the original concepts and measures employed are also used here. In the original study, commitment was operationalised as a similarity measure, reflecting the concordance between a set of indicators describing current (1988) strategy and leadership variables with an assessment for the same indicators for the year 2000. In this study, the interval chosen was 1998–2015. The selection of a relatively long interval is a significant design choice. One theoretically justifiable alternative hypothesis is that CEOs will be committed to the *status quo* of current strategy if there is a long investment lead-time, lock-out, lock-in or other form of organisational inertia (Ghemawat, 1991). It is posited that specifying a long interval for the respondent mitigates the effect of these alternative explanations because such situations could realistically be "unwound" within a 15-year horizon.

## Sample and data collection

The sample was drawn from the Kompass Directory of business establishments in Ireland, which is a comprehensive register. A random sample of 300 firms was selected, the names of the CEOs were identified, a questionnaire was mailed to them and their personal response requested. After two weeks, a second mailing was completed. We

received 92 responses, representing a response rate of 31%, which compares favourably with the response rate of 20% achieved in the original study. In addition, 85% of the respondents identified themselves as CEOs, which again compares favourably with the rate achieved in the original study (49%). The respondents were distributed in age as follows: 25-40 years (21%); 40-55 years (57%), and 55 and over, (22%).

A comparison between the early respondents and later respondents did not reveal any significant differences across the commitment, performance and environmental change variables. Assuming that non-respondents have similar characteristics to late respondents (Oppenheim, 1966), we conclude that there is little evidence of response bias. Given that the independent and dependent variables are measured simultaneously with the same instrument, a concern arises over common method variance. Following the recommendations of Podsakoff and Organ (1986), a factor analysis of the main independent and dependent items revealed that no single factor accounted for more than 15% of the total variance of the items. While this *ex-post* test is relatively weak, it provides some comfort over the likelihood of response sets.

## *Measures*

### Commitment to the Status Quo

We measure commitment to the *status quo* (CSQ) using the two indices employed in the original study namely: Leadership CSQ (CSQL) and Strategy CSQ (CSQS). Leadership CSQ addresses the degree to which the respondent believes that the firm's ideal CEO in 2015 should be similar to the incumbent in terms of expertise and behaviours. Two separate five-point scales assessed this. One scale measures expertise across 11 areas, such as accounting, technology and media skills, among others. Respondents are then asked to evaluate both their own current level of expertise and the "desired" level for a successor CEO in 2015. The second scale asks respondents to rate and compare 15 behavioural descriptions across the same time interval and include such items as: "frequently communicates with customers"; "delegates substantial authority" and "maintains lean staff". Consistent with the original study, the scores dealing with CEO skills and behaviours are averaged together to form a single scale (see **Appendix 1** for the items). The alphas for the combined scales across the two periods were 0.69.

In measuring commitment to strategy, two scales are used, one dealing with what Hambrick *et al* call "competitive weapons", and the second dealing with "growth strategies". These scales are also drawn from the original study. Items for the competitive weapons scale include: low price, premium image, and new products/services. Items for growth strategy included: acquisitions in industries new to the firm, internal development, and joint venture approaches (see **Appendix 1** for a full list of items). Respondents are asked to rate and compare current strategies with "ideal" future strategies in 2015. Once more, the alphas for the scales across the two periods were 0.79 and 0.77 respectively.

The projective approach in asking respondents to describe appropriate behaviours and tactics in the future is employed to identify the similarity in profiles between the current position and desired future position. In both the leadership and strategy CSQs, difference scores are developed, reflecting how the respondent believes the future state is different to the current state. However, because we wish to measure similarity (reflecting "commitment") and not "difference", it was necessary to transform the difference scores. Hambrick *et al* transformed the difference scores into a similarity measure by subtracting the difference from 4, which is the maximum difference on a five-point scale. Thus, the result measures a degree of commitment, which was the approach used in this study.

### Performance

Hambrick *et al* (1993) measured perception of current performance using a four-point item to describe the profitability of the company. We use a different approach. We asked respondents to indicate their degree of satisfaction with the achievement of their firm's objectives on a scale of 1–100 points (with "1" reflecting an extremely poor level of satisfaction, and "100" reflecting total satisfaction) (Lawrence and Lorsch, 1967). This is used because it is a more comprehensive measure of satisfaction, is ratio-scaled and reflects the objective of the measure more closely. In this study, respondents are being asked to identify their satisfaction with performance (Perf), whereas the Hambrick study uses a perceptual measure of actual performance. This is an important difference, because previous studies have used samples drawn from predominantly public companies that are driven by earnings; this sample is drawn from private companies, which may have less unitary objective functions. In addition, we argue that the perception of satisfaction is conceptually closer to the dependent variables of interest. While using perceptual measures is less precise than using

objective indicators, Dess and Robinson (1984) have found a positive correlation between perceptual and objective indicators. Moreover, in this study, we are directly assessing the respondents' perceptions of satisfaction, which are more closely related to the dependent variables of interest.

#### Organisational and Industry Tenure

These measures were based on the same direct questions used in the original study: How long have you been employed by the company? (Coyrs); How long have you worked in your current industry? (Indyrs). The same precautions that were used to avoid multicollinearity problems in the original study were employed in this study. In particular, distinguishing between the effects of organisational and industry tenure required the development of a created variable, additional tenure in industry (Addten), which is operationalised as industry tenure minus organisational tenure.

#### Socialisation/Experience Variables

These measures were based on the following questions: How many countries have you worked in? (Country); How many years have you spent abroad? (Foryrs). In addition, respondents were asked to identify their functional backgrounds across finance, marketing, production, R&D, purchasing and personnel and to specify the number of years spent in each function (Waller, Huber and Glick, 1995). To measure industry experience respondents were presented with a list of 15 industry sectors (which are employed in national statistics to measure industrial activity) and were asked to specify the ones in which they had prior work experience. Other demographic variables measured directly include the number of companies which the individual had worked in (Cpny) and the number of external directorships held (Directr).

#### Environmental change

This variable (Envdlt), as in the original study, was specified as a control variable. It measures the degree to which elements of the environment are expected to change significantly over the horizon period of the study. The importance of adding this control variable accounts for the possibility that respondents would see need for commitment or change as a response to environmental determinants, and not as a consequence of values, filters and other psychological bases as posited in the hypotheses. We operationalise environmental change differently, using as a measure of market and technological

change (Jaworski and Kohli, 1993). This is done to reduce respondent fatigue, as the original scale is longer than the one used here. The alpha for the scale was 0.70.

## Results

Means and standard deviations for the study variables are provided in **Table 1**, which also provides comparable data for the Hambrick *et al* (1993) study. As shown, the commitment variables show greater variation (as measured by standard deviations) in this study. Both organisational and industry tenures are slightly longer in this sample compared to the originals. The correlation matrix is displayed in **Table 2**. The efficacy of using environmental change (Envdlt) as a control variable is apparent, with significant negative correlation, as expected with both leadership (CSQL) and strategy (CSQS) commitment. The correlations also indicate that performance (Perf) is positively related to the leadership dimension of commitment, and is strongly, positively related to the strategy dimension of commitment. These relationships are as expected. The table also shows that none of the independent variables used in the same regression are correlated more highly than 0.39, which is below the level expected to affect regression estimates (Cronbach, 1951; Van de Ven and Ferry, 1979).

**TABLE 1: MEANS AND STANDARD DEVIATIONS OF MAJOR VARIABLES : COMPARISON WITH HAMBRICK *ET AL* (1993)**

	Current study		Hambrick <i>et al</i>	
	Mean	S.D.	Mean	S.D.
CSQ Leadership	3.21	0.48	3.39	0.32
CSQ Strategy	3.42	0.41	3.52	0.32
Organizational tenure	17.26	11.62	15.47	12.33
Industry tenure	23.03	11.57	20.15	12.08
Foreign Years	2.40	5.53		
Foreign Countries	1.67	1.62		
Functional areas	2.76	1.62		

**Tables 3** and **4** report regression results for the CSQL and CSQS dependent variables respectively. The regression equations' explanatory powers are slightly greater in this study than the original. This may reflect the effect of changing the operationalisation of performance.

**TABLE 2: CORRELATION MATRIX**

	Directr	Foyrs	Country	Fnarea	Thr'put	Output	Pastind	Cpny	Perf	Envdlt	Addten	Csqr	Csqg
Directr	1.000												
Foyrs	0.044	1.000											
Country	0.224**	0.147	1.000										
Fnarea	0.016	0.193	-0.034	1.000									
Thr'put	-0.023	0.217**	-0.121	0.788***	1.000								
Output	0.069	0.304***	-0.178	0.461***	0.304***	1.000							
Pastind	-0.103	0.055	-0.074	-0.103	-0.066	-0.107	1.000						
Cpny	0.201	0.217**	-0.052	-0.119	-0.032	-0.133	0.117	1.000					
Perf	0.132	-0.035	0.004	-0.120	-0.128	0.040	0.078	0.163	1.000				
Envdlt	0.100	-0.005	0.198*	-0.035	-0.177	-0.143	0.215**	-0.177	0.118	1.000			
Addten	-0.135	0.124	0.188*	0.170	0.078	0.152	-0.065	0.078	0.120	0.003	1.000		
Csqr	0.038	0.257***	0.198*	0.018	0.020	0.166	-0.186	0.067	0.201**	-0.343***	0.265***	1.000	
Csqg	0.197	0.064	0.163	-0.193*	-0.156	-0.166	-0.072	-0.087	0.246***	-0.234***	0.042	0.425**	1.000

Sample size = 92

\* indicates significance at 10%

\*\* indicates significance at 5%

\*\*\* indicates significance at 1%

**TABLE 3: RESULTS OF REGRESSION ANALYSES (STANDARD ERRORS IN PARENTHESIS) — DEPENDENT VARIABLE: COMMITMENT TO STATUS QUO-LEADERSHIP**

Variable/Model	I	II	III	IV	V	VI	VII
Intercept	2.918*** (0.223)	2.904*** (0.209)	2.802*** (0.202)	2.772*** (0.255)	2.957*** (0.215)	2.942*** (0.203)	2.831*** (0.202)
Current Performance	0.007*** (0.003)	0.006*** (0.003)	0.008*** (0.003)	0.008*** (0.003)	0.007*** (0.003)	0.007*** (0.003)	0.008** (0.003)
Environmental Change	-0.536*** (0.140)	-0.530*** (0.137)	-0.543*** (0.136)	-0.527*** (0.255)	-0.497*** (0.143)	-0.487*** (0.134)	-0.611 (0.134)
Additional Tenure in Industry		0.013*** (0.005)					
Variety of functions			0.012 (0.02)				
Output function years				-0.003 (0.009)			
Throughput function years				0.002 (0.02)			
Previous industry experience					-0.03 (0.025)		
No. of companies employed						0.011 (0.012)	
No. of external directorships						-0.007 (0.022)	

Variable/Model	I	II	III	IV	V	VI	VII
Years Spent Abroad							0.019** (0.008)
No. of countries employed							0.026*** (0.010)
Adjusted R-sqr (%)	15.8	20.6	17.1	17.4	16.5	13.9	27.2

Sample size = 92

\* indicates significance at 10%

\*\* indicates significance at 5%

\*\*\* indicates significance at 1%





Variable/Model	I	II	III	IV	V	VI	VII
No. of countries							0.02** (0.01)
Foreign years							0.003 (0.007)
Adjusted R-sqr (%)	11	13	16	19	13	16	18

Sample size = 92

\* indicates significance at 10%

\*\* indicates significance at 5%

\*\*\* indicates significance at 1%

In reviewing the results for commitment to leadership CSQ (**Table 3**), the control variable, expected environmental change, was consistently negative and significant across all models. Also similar to the Hambrick *et al* study, as seen in Model I, satisfaction with performance (Perf) is positively related to CSQ thereby supporting *Hypothesis 1*. Not surprisingly, satisfaction with current performance in many ways limits the search for new leadership skills and behaviours. Given the weight of this finding, and its extensive support from both theoretical and empirical work, it was decided to specify performance as a control variable in the remainder of the equations to provide a more rigorous series of hypothesis tests. From **Table 3** (Model II), additional tenure is significantly related to commitment, supporting *Hypothesis 2*. As shown in the original study, additional tenure in the industry was significantly and positively related to CSQ (Model II)<sup>2</sup>. The findings thus far replicate the findings of the original study but in a dramatically different context (Finkelstein and Hambrick, 1996). The remaining tests extend the original study.

In testing *Hypothesis 3*, the variety of functional experiences was not significantly related to CSQ (Model III). Furthermore, the type of functional experience (*Hypothesis 4*) did not have a significant effect on the dependent variable. Neither the amount of output or throughput function experience had a significant effect on leadership CSQ (Model IV).

*Hypothesis 5* proposed that variety of industrial experience would be positively related to commitment. In testing this hypothesis, the number of industries where the individual had been employed is used, and again fails to reach significance (Model V). Thereafter (Model VI), the number of companies employed and, secondly, the number of outside directorships held by the CEO were employed to measure variety of company experience. Neither achieves significance (Model VI).

The extent of foreign experience was found to be positively related to Leadership CSQ (*Hypothesis 6*). As shown, the number of years spent abroad and the number of countries that respondents worked in were both positively related to leadership commitment (Model VII). The direction of this finding is contrary to the hypothesized effect. Thus, foreign experience seems to provide a strong belief that the firm's leadership characteristics should remain the same.

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<sup>2</sup> An alternative explanation is that AGE is related to both the dependent variable and independent variable (ADDTEN). However no significant effect was found for AGE on the dependent variables.

Although there are some similarities with the results, a contrasting story is provided by CSQS (**Table 4**). Satisfaction with current performance and environmental change are both significantly related to CSQS, in the directions hypothesized, thereby supporting *Hypothesis 1* (Model 1). Once more, performance is used in the subsequent analyses to provide a more rigorous test of the hypotheses proposed. Additional tenure is not significantly related to commitment, thereby only partially supporting *Hypothesis 2* (Model II).

In terms of variety of functional experiences, the number of functional areas experienced marginally achieves significance in the hypothesized direction (Model III). Model IV also shows that output experience is negatively related to commitment, as hypothesized. However, variety of industrial experience is not related to commitment (Model V). Model VI tests whether the number of directorships and the number of companies the individual had worked for affects Strategy CSQ. Neither had a significant effect on Strategy CSQ.

Finally, in evaluating the effect of foreign experience, the number of countries lived in is significantly, and positively, related to Strategy CSQ, contrary to the hypothesized direction (Model VII). However, the extent of foreign experience (in years), did not achieve significance.

## Discussion

The replication element of the study provides more evidence of the positive effect that current performance has on commitment. In this sample, the level of significance achieved by this variable is much higher than in the original work. The power of the effect may have been enhanced by the operationalisation of performance adopted here. Naturally, there remain two sides to this conclusion. On the one hand, commitment to an obviously successful recipe, at both the individual and organisational levels of analysis is important. On the other hand, commitment to a currently successful recipe in an environment of rapid change may court disaster.

The most interesting findings from this study are the differences found between commitment to the *status quo* across leadership and strategy dimensions. In the original study, Hambrick *et al* found largely consistent results across both dependent variables. This study found differences. The effect of additional tenure in the industry is not consistent with the original finding, with tenure associated with leadership commitment but not associated with strategy commitment. While positive reinforcement theory explains the hypothesized result,

the absence of significance for strategy needs further thought. One possible explanation is that the independent variable is too distant from the dependent variable to have any effect. While controls were introduced in the study, perhaps the psychological commitment among respondents to their strategies is strictly mediated by perceptions of performance. However their attachment to a particular leadership style is much more personal, and is itself a learned behaviour and style, and people become committed over time to a particular presentation of self.

In terms of functional experience, no significant effect was found for Leadership CSQ. However, variety of functional experiences was negatively related to Strategy CSQ. This reinforces the argument that variety of experiences may be important in loosening one's commitment to a particular functional fixedness within the strategy. In particular, familiarity with the details and nuances of employing different combinations of competitive weapons may be enhanced through the insight accumulated within a broad variety of functions. This is also interesting and again is suggestive that variety of functional experiences expands the appreciation of functional strategies in support of business level strategies. Such an expanded appreciation apparently loosens one's commitment to the current approach to strategy. This is consistent with Van Maanen and Schein's (1979) assertion that changes in the knowledge base of given roles alter the means followed by practitioners. Moreover, the result is partially reinforced with the finding that experience in output functions is negatively related to commitment. The hypothesis was proposed because these functions emphasize responsiveness and adaptability. Boeker's (1997) finding that new organisational entrants with output function experience influenced new market entry by their employing firms is consistent with this result.

The results of the hypotheses concerning variety of business experience were disappointing. The variety of industrial experience was not related to commitment. Perhaps in measuring variety as the number of industries where the participant had experience was too crude. This "count" could be weighted in future research by the time spent across industries. Moreover, it may be instructive to assess the variety of industries experienced with respect to their levels of discretion (Hambrick and Abrahamson, 1995) and then assess the effect on commitment. For instance, if the CEO has spent his/her entire career in low discretion environments, then it may be difficult to conceptualise alternative approaches.

In addition, neither variety of external directorships nor variety of company experience were significantly related to the dependent variables of interest. The finding that variety of outside directorships did not have a significant effect on Leadership CSQ is, perhaps, not that surprising. The time available for non-executive directors to observe alternate leadership styles and behaviours is limited, and thus would not necessarily provide an opportunity to reflect and potentially change one's own leadership style. Moreover, such appointments may have more symbolic than substantive effect and executives may place little effort on the opportunity provided by external board service (Geletkanycz and Hambrick, 1997).

It is also worth highlighting that both Leadership and Strategy CSQ are significantly and positively affected by foreign experience (*Hypothesis 7*). This is an "interesting" finding because the direction of the result is contrary to the hypothesis. This combination is suggestive of a linkage between specific experiences and the development of both "hard" and "soft" skills among executives. From the findings, work experiences in foreign countries are related to a commitment to maintaining continuity of extant leadership skills and behaviours. Foreign experience may expand the individual's behavioural repertoire, and this repertoire is seen as valuable and worth reproducing in the future. This finding would seem to reinforce practice among many organisations of providing foreign assignments to develop leadership talent (Black, Morrison and Gregerson, 1999). It may also be the case that foreign experience could be confounded with career success. In many organisations, foreign assignments may be seen as rewards/inducements to further promotion (Daily, Certo and Dalton, 2000). Therefore, the effect may reflect a career performance effect. An additional explanation for this result is that executives may receive foreign postings to ensure a subsidiary's compliance with organisational practices, thereby infusing the executive with a strong sense of commitment and loyalty to organisational practice.

There are potentially significant implications for management development and succession. In the first instance, variety of functional experiences seems to have a significant, negative effect on Strategy CSQ, but no effect on Leadership CSQ. This means that variety of functional experiences decreased their commitment to existing competitive and growth tactics. One potential explanation of this finding is that the leaders surveyed had had extensive variety of experiences. Thus, while those experiences were associated with flexibility in the deployment of strategic weapons, variety itself was not associated with flexibility in identifying the skills and behaviours of the next genera-

tion of leaders. Thus, it would appear that cross-functional training and exposure may lead to greater flexibility in task-related skills and abilities but may have less impact on appropriate role behaviours.

This paper has made a number of contributions. First, it has successfully replicated the main findings of the Hambrick *et al* study in a very different context. The context change is important because the sample reflects smaller companies, where organisational inertia could be expected to be significantly lower than the *Fortune 500* sample that has dominated research in this area. Given this lower level of inertia, it could be argued that the internal validity of the study is enhanced. Second, this study has expanded our knowledge of the antecedents to commitment. More specifically, it specified functional, international and managerial variety of experience as antecedents to commitment. Positive findings were found to support functional and international experiences. This is an important result, as it may suggest that the relationship between demographic variables and specific attitudes is not well understood. Thus, relating demographic variables to organisational behaviours and outcomes become problematic. The findings in this study reinforce the conclusion offered by Smith *et al* (1994), who caution against the use of demographic predictors in the absence of process measures. However, the theoretical assertions surrounding some of these predictions were not supported. Thus, in bringing this work further, it is hoped that a more fine-grained approach could be employed to identify specific patterns of commitment to the *status quo* within the leadership skills and strategy domains. In addition, future extensions of this line of research would benefit from incorporating the perceptions of other members of the top management team about the CEO's commitment to the *status quo*.

Thus, in terms of future research, the use of personality variables such as dogmatism, tolerance for ambiguity and locus of control could be used as predictors of commitment to the *status quo*. In furthering the investigation of commitment in a longitudinal study, one intriguing opportunity would be to track CSQ over the duration of a CEO's tenure. Hambrick and Fukutomi (1991) propose that there are five discernible periods in the normal tenure of a CEO. It might be expected that CSQ would increase in the latter epochs of a CEO's career, as partially shown in these results. Overall, it must be admitted that the pattern of poor results found in this study are reflective of other studies that have related demographic variables with values and beliefs (Markoczy, 1997). Thus, rather than using demographic variables as proxies, perhaps the time has come to measure beliefs directly.

Future research should also address the limitations of this study. In the first instance, in the new economy, the operationalisation of growth strategy and competitive tactics requires considerable thought. In the current study, we used the same operationalisation as Hambrick and his colleagues, however the impact of technological change will continue to transform firm strategy (Evans and Wurster, 1999) and will affect the validity of the scales used. Another weakness is the use of surveys to capture all the data. However, we feel that more research in this area is required as the phenomenon of commitment to the *status quo* offers significant insight into executive attitudes, which in turn influence behaviour. It would be illuminating if measures of executive attitude could be correlated with subsequent strategic moves.

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