

# Understanding the Emergence and Development of Qualitative Collaboration within Top Management Teams with new CEOs: A Trajectory Analysis.

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## Introduction

- Studies on CEO succession (e.g., Denis, Langley, & Pineault, 2000; Denis, Langley, & Rouleau, 2010) have started to incorporate the '**upper echelons**' perspective on leadership (Hambrick & Mason, 1984).
- Qualitative strategic decisions and positive organizational performances can only emerge when within-TMT dynamics reflect what we call a **qualitative collaboration**, or a fruitful way of working within the TMT to reach team objectives.
- We know very little about **how** qualitative collaboration within TMTs with new CEOs **emerges** and **develops** over time.



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2/21

## Introduction

- We lack good **process theory** that is capable of explaining and predicting **what happens in real time** from the moment a new CEO enters the TMT.
- A good starting point that would substantively advance process theorizing is to **develop a taxonomy** that categorizes possible pathways of developing qualitative collaboration into a **limited number of prototypical trajectories** (Fiss, 2011; Sokal, 1974).
- Next: Proposing different existing **theoretical trajectories**, developing a **taxonomy** of theoretical trajectories, **empirical study** among 14 CEO succession events within existing TMTs to **verify and enrich** our taxonomy.



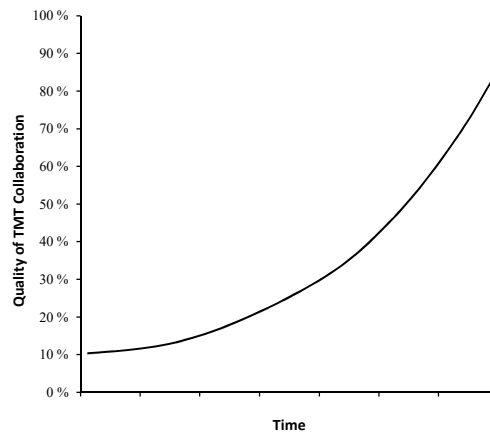
## Identifying Theoretical Trajectories

- Although the dynamics within a heterogeneous sample of TMTs with new CEOs can clearly differ, certain prototypical temporal patterns are likely to be discernible, where **some are much more likely than others**.
- Within the literature on CEO succession, team processes, and newcomer adjustment, we found support for **the presence of three theoretical trajectories**.



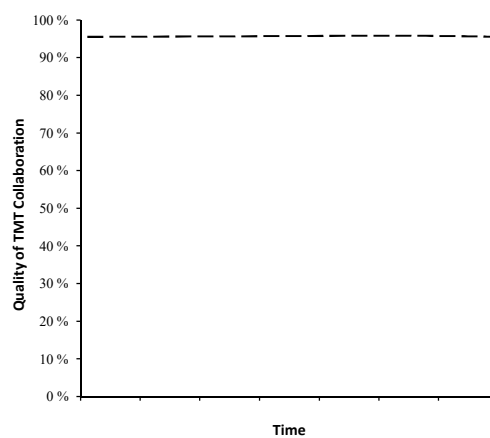
## Identifying Theoretical Trajectories

- Theoretical Trajectory 1: **Efficient Learning and Growing**



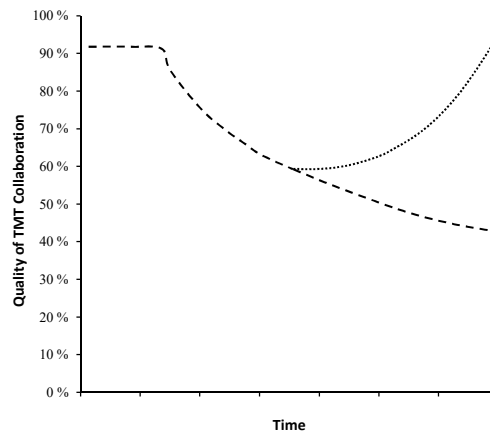
## Identifying Theoretical Trajectories

- Theoretical Trajectory 2: **Ready Made Bed**



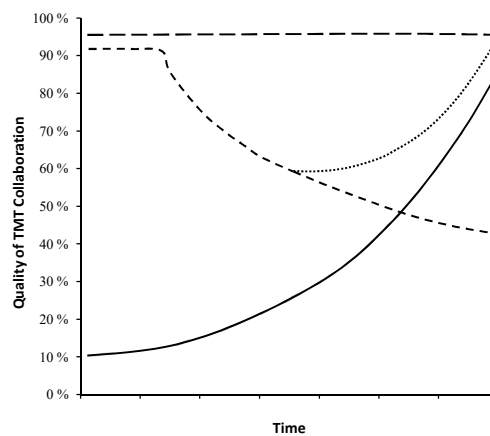
## Identifying Theoretical Trajectories

- Theoretical Trajectory 3: **Dissolution**



## Identifying Theoretical Trajectories

- Three Theoretical Trajectories



## Toward a Taxonomy

Theoretical trajectory	Initial level of collaboration quality	Theoretical implication	Relative bandwidth
1 Efficient Learning & Growing	Low, attributed to arrival of new CEO in the TMT	Increasing collaboration quality over time	Large
2 Ready Made Bed	High, because of effective selection or grooming phase	Maintaining high collaboration quality over time	Smallest
3 (Temporary) Dissolution	High, because of effective selection or grooming phase	Initial high collaboration quality, (temporary) declining over time	Smaller

PROPOSITION 1. *The majority of observed trajectories will reflect Efficient Learning and Growing, Ready Made Bed, and (Temporary) Dissolution trajectories.*



## Methods

### ▪ Sample:

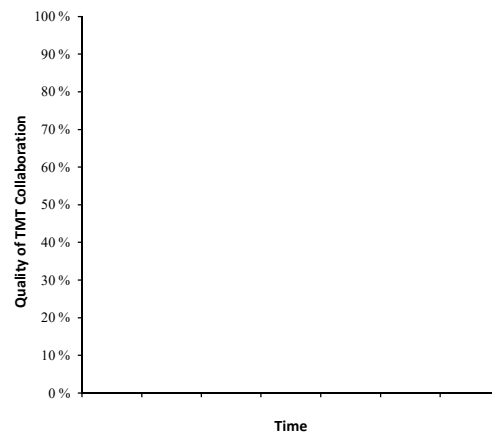
- **14 organizations** where a new CEO was appointed between two years and seven months before the moment of contact.
- The organization needed to have **an existing TMT** and the new CEO should **not have had working experience with the existing members of the TMT**.
- 14 organizations from various industries. Organizations were non-listed with an average number of employees of 440. Our final sample consisted of one female CEO (7%) and 13 men (93%). The average age of the new CEOs was 47.9 years (SD=3.8), with an average general working experience of 24.5 years (SD=4.5). Average tenure of the new CEOs in the organization was 14.9 months (SD=6.7, Max=28 months, Min=7 months). Finally, the average number of TMT members was 5.9 (SD=2.6) at the beginning of the new CEO's tenure and 6.6 members (SD=2.2) at the moment of participation.



## Methods

- **Collection of Developmental History Data**

Retrospective Development Visualization – RDV Grid



## Methods

- **Analysis:**

- **Pattern Matching** technique (Denzin & Lincoln, 1984; Eisenhardt, 1989; Yin, 2009).
- First step: a **case study database** was created in which all the collected data was organized and documented (Yin, 1994).
- **Seven month** time window.
- Second step: a **consensus-coding approach** was followed.



## Results

- **General:** 11 cases (79%) matched with one of the three theoretical trajectories, three cases (21%) did not match.
- **Specific:**
  - (1) Our taxonomy of theoretical trajectories would predict **differences in the level** of collaboration quality **at the beginning** of the new CEO's tenure.
  - Observation: 11 cases (79%) were starting with **low levels** of collaboration quality and three cases (21%) were starting with **higher levels** at the beginning of the new CEO's tenure.



## Results

- **Specific:**
  - (1) Our taxonomy of theoretical trajectories would predict **differences in the level** of collaboration quality **at the beginning** of the new CEO's tenure.
  - Observation: Temporal indications - **Low levels:**

Inc. 1 Case 6: In the beginning, it was somewhat difficult. We realized that he (new CEO) had no experience with the industry of our organization so we were not really enthusiastic when he started here. Nobody knew him. We didn't know if he was capable for this job or that he knew what he was doing here.

CEO Case 8: The team was not performing well, there was not a clear vision. Important procedures and processes within the team were missing. They were all doing their thing on their own way. There was a lot of criticism towards each other within the team.
  - Observation: Temporal indications - **High levels:**

Inc. 1 Case 5: There was first some kind of training period to smooth the power transition. In those two months, a first foundation was built between the incumbent team members and the new CEO. We answered a lot of questions and had a lot of talks about things that could go better according to us. It resulted in a first feeling of trust towards him, we started to know with whom we had to deal with. During those moments, he received a lot of support from our previous CEO. He started off very well. We had a feeling of safety because we were convinced that they selected someone appropriate.



## Results

- **Specific:**

- (2) Our taxonomy of theoretical trajectories would predict **differences in the further dynamics over time**, i.e., positive change following low levels; neutral, or (temporary) negative change following high levels.
- Observation: Within the sub-sample of initial low levels of collaboration quality (N = 11), **eight cases** (73%) showed a general increase in collaboration quality over time, as is implied by the **Efficient Learning and Growing trajectory**.

- Temporal indications:

CEO Case 3: In the beginning, I communicated the strategy I wanted to follow. It created a positive dynamic within the team, we all became motivated to reach those goals. By deciding that budgeting activities had to be done as a group, we were able to share our stories and experiences. It was really a lever to grow more closely to each other. I've organized a two-day trip outside the company with whole the group to get to know each other better. It strengthened the trust and cohesion within the group.



## Results

- **Specific:**

- (2) Our taxonomy of theoretical trajectories would predict **differences in the further dynamics over time**, i.e., positive change following low levels; neutral, or (temporary) negative change following high levels.
- Observation: Within the sub-sample of initial low levels of collaboration quality (N = 11), **three cases** (27%) showed clear signs of **initial rise**, but were **followed by (temporary) declines** in collaboration quality over time.

- Temporal indications:

CEO Case 12: In the next month, the first improvement we made was completely destroyed. In the previous months, I already felt that the collaboration with the new person in the team was not going very fluent. In the seventh month, there was a revolt. He collected some other persons around him and went to the Board of Directors to ask for my removal. He still had a lot of rancor because he wasn't selected as CEO, something I wasn't aware of before. The Board of Directors confirmed their trust in me and called him to account. Because of his long tenure here, he wasn't fired. At that moment, our relation was really bad. We went down to where we started.





## Results

- **Specific:**

- (2) Our taxonomy of theoretical trajectories would predict **differences in the further dynamics over time**, i.e., positive change following low levels; neutral, or (temporary) negative change following high levels.
- Observation: Within the sub-sample of initial higher levels of collaboration quality (N = 3), **two cases** (67%) showed subsequent sustainment of the level of collaboration quality over time, as is implied by the **Ready Made Bed trajectory**.

- Temporal indications:

CEO Case 5: Already on my first day as CEO, I've made our meetings more structured and allowed team members to add topics to the agenda. I've always tried to stimulate joint discussions, open and honest, trying to reach consensus on a constructive way. My office has always been open for them or I approached them for a small talk. They've been able to tell me everything they wanted or give me feedback. That has been very positive, it maintained the bond and trust between us. I heard that they've felt appreciated in their work because they've all been involved in what we were doing.



## Results

- **Specific:**

- (2) Our taxonomy of theoretical trajectories would predict **differences in the further dynamics over time**, i.e., positive change following low levels; neutral, or (temporary) negative change following high levels.
- Observation: Within the sub-sample of initial higher levels of collaboration quality (N = 3), **one case** (33%) matched the **Dissolution trajectory**.

- Temporal indications:

CEO Case 4: In the second and third month, we had a small setback. We gradually started to realize that we didn't have the same agenda. We were not on the same level of understanding about some details and bigger issues we talked about before. Those problems had to be solved. I organized six training days for whole the team during the next month in which I invited some external coaches. We worked on case studies and they gave us advice on how we could better deal with each other. It had a positive effect on our collaboration. By following this training as a team, it strengthened the bond between each other, which was positive for our further way of working.



## Results

- **Specific:**
  - (3) Our taxonomy of theoretical trajectories would predict **large-bandwidth Efficient Learning and Growing** trajectories, **smaller-bandwidth (Temporary) Dissolution** trajectories, and **smallest-bandwidth Ready Made Bed** trajectories.
  - Observation: **large-bandwidth Efficient Learning and Growing** trajectories, **smaller-bandwidth (Temporary) Dissolution** trajectories, and **smallest-bandwidth Ready Made Bed** trajectories.

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## Results

- **Conclusion:** our data verifies our taxonomy/proposition, but allows us to enrich it regarding the level of collaboration quality at the beginning of the new CEO's tenure and further dynamics over time.

Initial level of collaboration quality	Observed trajectory	Temporal development	Relative bandwidth
Low, attributed to arrival of new CEO in the TMT and/or characteristics of the TMT	1a Efficient Learning & Growing	Increasing collaboration quality over time	Large
	1b Struggling Learning & Growing	Initial rise, further (temporary) declining over time	Large
High, because of grooming phase or internal succession with no new team members	2 Ready Made Bed	Maintaining high collaboration quality over time	Smallest
	3 (Temporary) Dissolution	Initial high collaboration quality, (temporary) declining over time	Smaller

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## Results

▪ **Conclusion:**

