

# Understanding Strategic Leaders' Role in Competitive Dynamics: Towards an Interface Model

## Presented by:

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# Managers are fundamental to competitive action research, and have been conceptualized at least four different ways.



Managers as Equivalent to the Firm	Managers as Cogs in the Machine	Managers as a Cadre of Decision-Makers	Managers as Specific Executives
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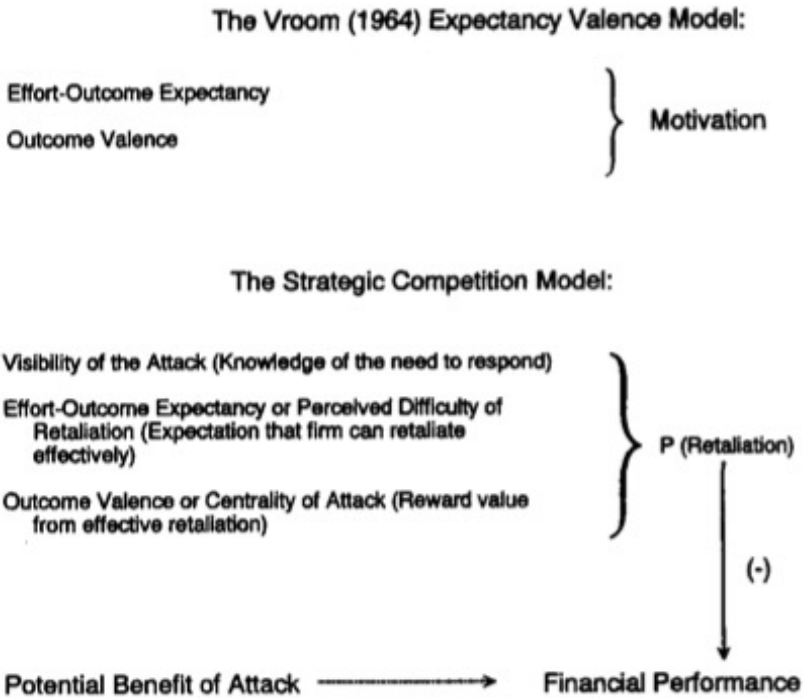


Figure 1. The general models

Sources: Chen and Miller (1994).

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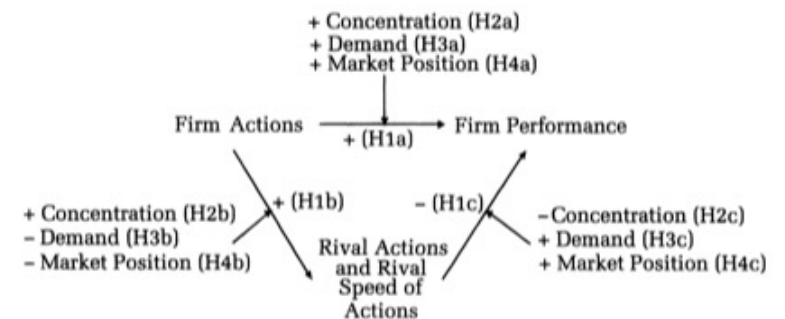


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**TABLE 1**  
Summary of Hypotheses

Hypotheses	Response Imitation	Response Likelihood	Response Lag	Response Order
Hypothesis 1 Proportion of responses to strategic actions	Negative	Negative	Positive	Negative
Hypothesis 2 External orientation	Negative	Positive	Negative	Negative
Hypothesis 3 Structural complexity	Positive	Negative	Positive	Positive
Hypothesis 4a Slack	Negative	Positive	Negative	Negative
Hypothesis 4b Managers' education	Negative	Positive	Negative	Negative
Managers' experience	Positive	Negative	Positive	Positive
Hypothesis 5 Performance	Negative	Positive	Negative	Negative

**FIGURE 1**  
Hypothesized Relationships



Sources: Smith et al. (1991); Derfus et al. (2008).



## MOTIVATION

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Managers as  
Equivalent to the Firm

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Cogs in the Machine

Managers as a  
Cadre of Decision-Makers

Managers as  
Specific Executives

### **THE INFLUENCE OF EXECUTIVE COGNITION ON COMPETITIVE DYNAMICS**

JEREMY J. MARCEL,<sup>1\*</sup> PAMELA S. BARR,<sup>2</sup> and IRENE M. DUHAIME<sup>2</sup>  
<sup>1</sup> McIntire School of Commerce, University of Virginia, Charlottesville, Virginia, U.S.A.  
<sup>2</sup> J. Mack Robinson College of Business, Georgia State University, Atlanta, Georgia, U.S.A.

### **THE CLOCK IS TICKING! EXECUTIVE TEMPORAL DEPTH, INDUSTRY VELOCITY, AND COMPETITIVE AGGRESSIVENESS**

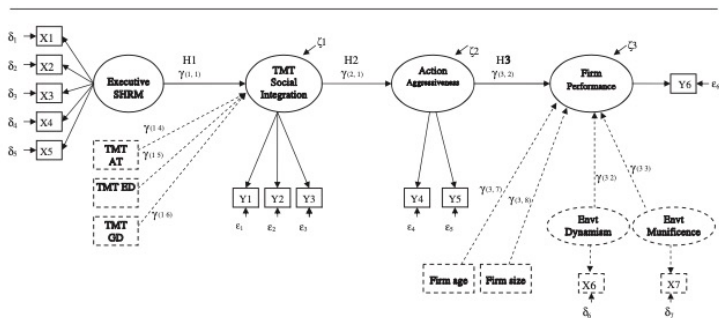
SUCHETA NADKARNI,<sup>1\*</sup> TIANXU CHEN,<sup>2</sup> and JIANHONG CHEN<sup>3</sup>  
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<sup>3</sup> University of New Hampshire, Department of Management, Durham New Hampshire, U.S.A.

**Sources:** Marcel, Barr, and Duhaime (2010); Nadkarni, Chen, and Chen (2016).

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Note: SHRM = strategic human resource management; TMT = top management team; AT = average tenure; ED = education diversity; GD = gender diversity; Env = environmental. Control variables are depicted with dashes.

## CEO compensation and firm competitive behavior: Empirical evidence from the U.S. pharmaceutical industry

Evan H. Offstein<sup>a,\*</sup>, Devi R. Gnyawali<sup>b,1</sup>

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Available online 27 July 2005

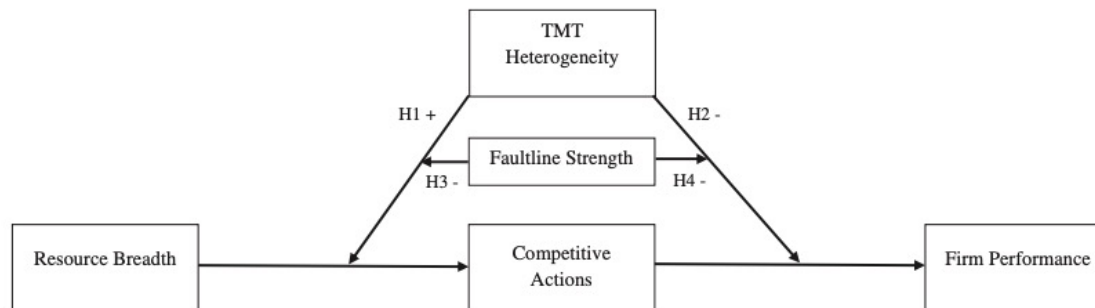


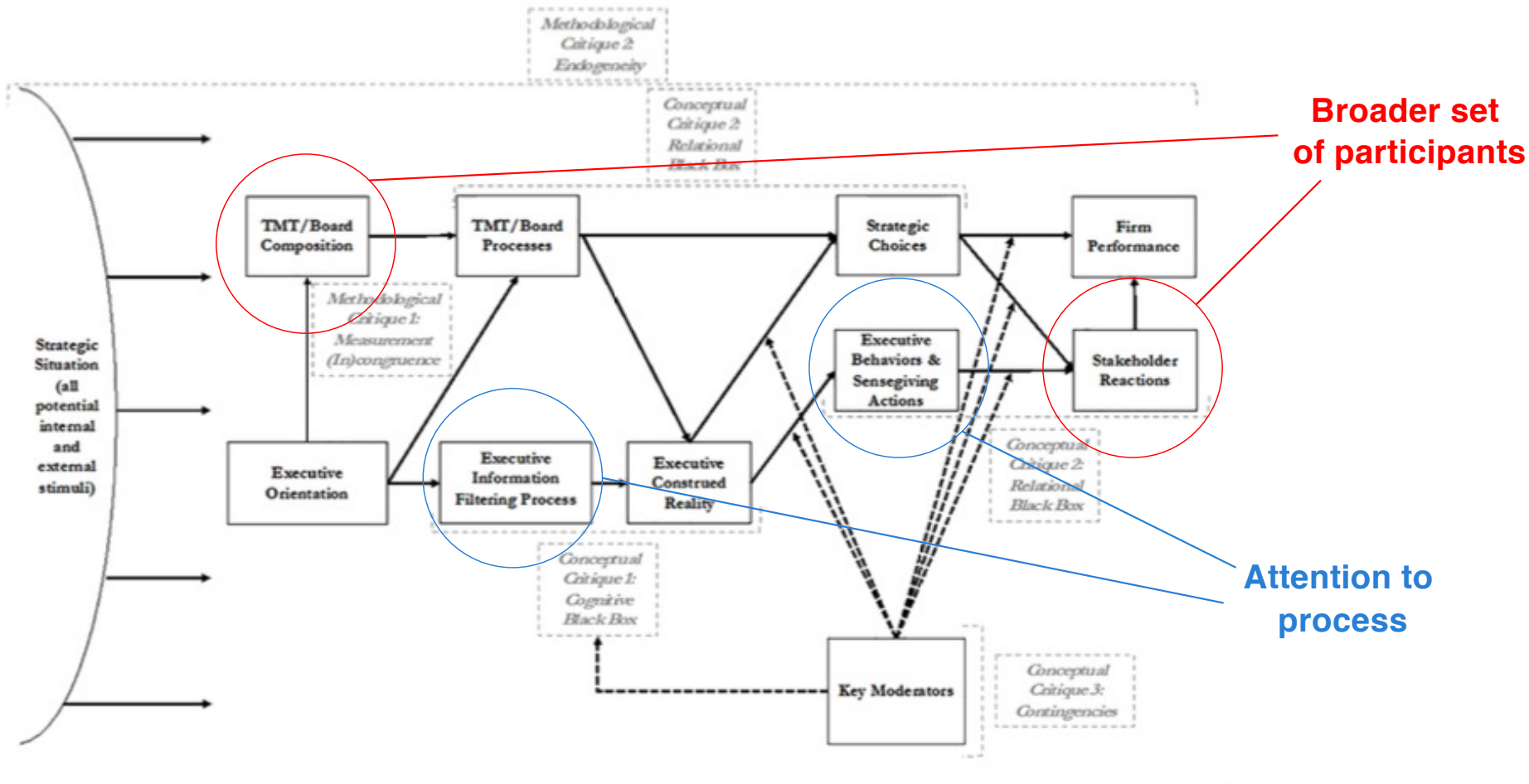
Figure 1. Conceptual model

Sources: Ndofor Sirmon and He (2015); Lin and Shih (2008); Offstein and Gnyawali (2005).

## MOTIVATION

One of the key pillars of this research (the upper echelons view) increasingly pays attention to participants and process.

**Figure 1**  
**Position of Metacritiques Within the Upper Echelons Theory Process Model**



**Sources:** Hambrick and Mason (1984); Carpenter et al. (2004); Neely et al. (2020).



There are some echoes of this trend in competitive dynamics research, but the impact of these advances is more limited.

(as was discussed in the keynotes on Monday...)

## Competitive Repertoire Simplicity and Firm Performance: The Moderating Role of Top Management Team Heterogeneity

Walter J. Ferrier<sup>a</sup> and Douglas W. Lyon<sup>b,\*</sup>

<sup>a</sup> Gatton College of Business and Economics, University of Kentucky, Lexington, KY, USA  
<sup>b</sup> College of Business, Utah State University, Logan, UT, USA

### UTILIZING THE FIRM'S RESOURCES: HOW TMT HETEROGENEITY AND RESULTING FAULTLINES AFFECT TMT TASKS

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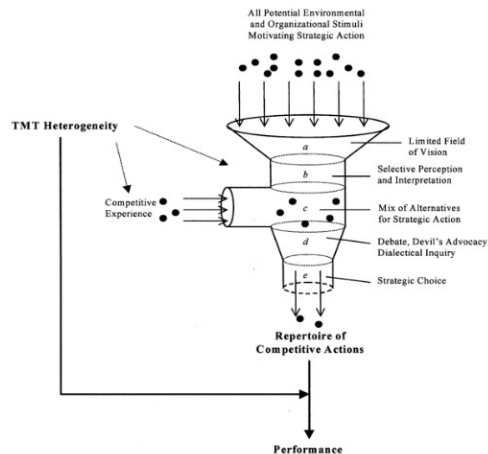


Figure 1. The moderating influence of TMT heterogeneity on the choice among competitive actions.

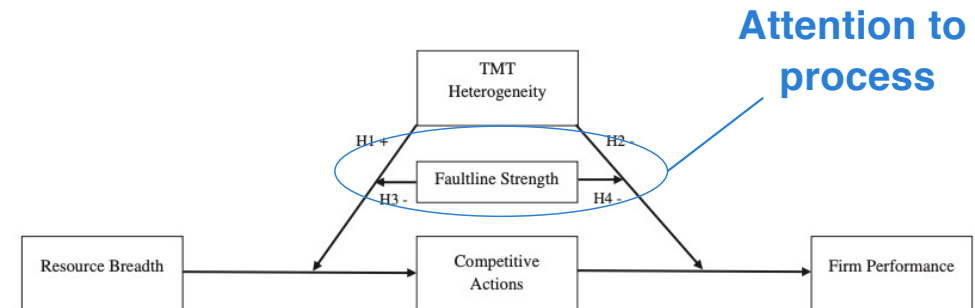


Figure 1. Conceptual model



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### COMPETITIVE REPERTOIRE COMPLEXITY: GOVERNANCE ANTECEDENTS AND PERFORMANCE OUTCOMES

BRIAN L. CONNELLY,<sup>1\*</sup> LASZLO TIHANYI,<sup>2</sup> DAVID J. KETCHEN JR.,<sup>1</sup>  
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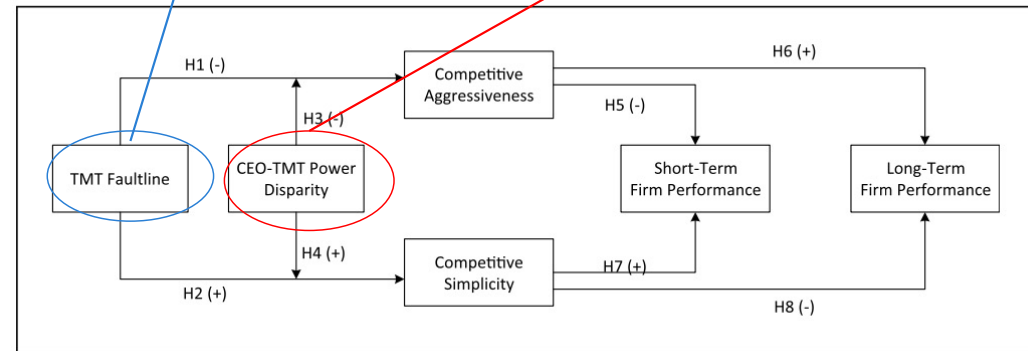
Broader set  
of participants

*Hypothesis 5: CEO-TMT pay gap (at the end of year  $t-1$ ) complements the influence of dedicated institutional ownership (at the end of year  $t-1$ ) on the complexity of a firm's competitive action repertoire over a given year ( $t$ ).*

## The Effects of TMT Faultlines and CEO- TMT Power Disparity on Competitive Behavior and Firm Performance

Attention to  
process

Broader set  
of participants





# The nature of the strategic work that drives competitive action implies such studies should be the rule – not the exception.

A host of actors beyond the core decision-making unit is typically involved in competitive action patterns (Floyd and Lane, 2000; Floyd and Wooldridge, 1992, 1997; Seidl et al., 2019; Wooldridge et al., 2008) with myriad “beneath the surface” interactions to make sense of the competitive environment, select appropriate responses, and liaise with stakeholders to secure needed resources, align behavior, and legitimize the course of action.



## Analysis



## Formulation

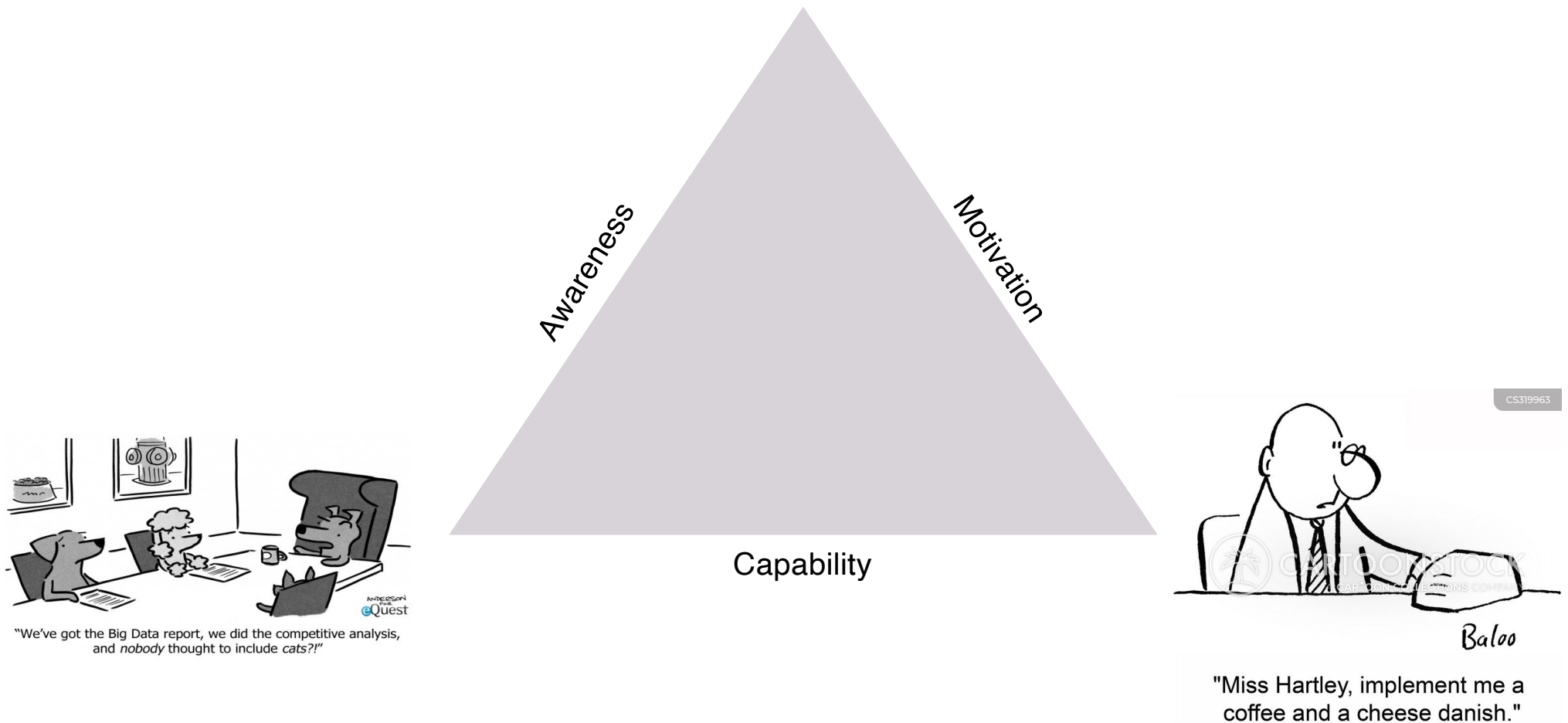


## Implementation

## MOTIVATION

**The nature of the strategic work that drives competitive action implies such studies should be the rule – not the exception.**

Note that this cannot be straightforwardly resolved by inciting the well-known AMC framework.



**Note:** The prism representation is due to Walter Ferrier's keynote presentation earlier in this conference.



## To make progress, we borrow concepts from the upper-echelons literature related to interfaces.

**Managerial interfaces:** *The situations in which managers and/or salient stakeholders' personal and interpersonal orientations come into contact with and influence each other*

### Who takes part?

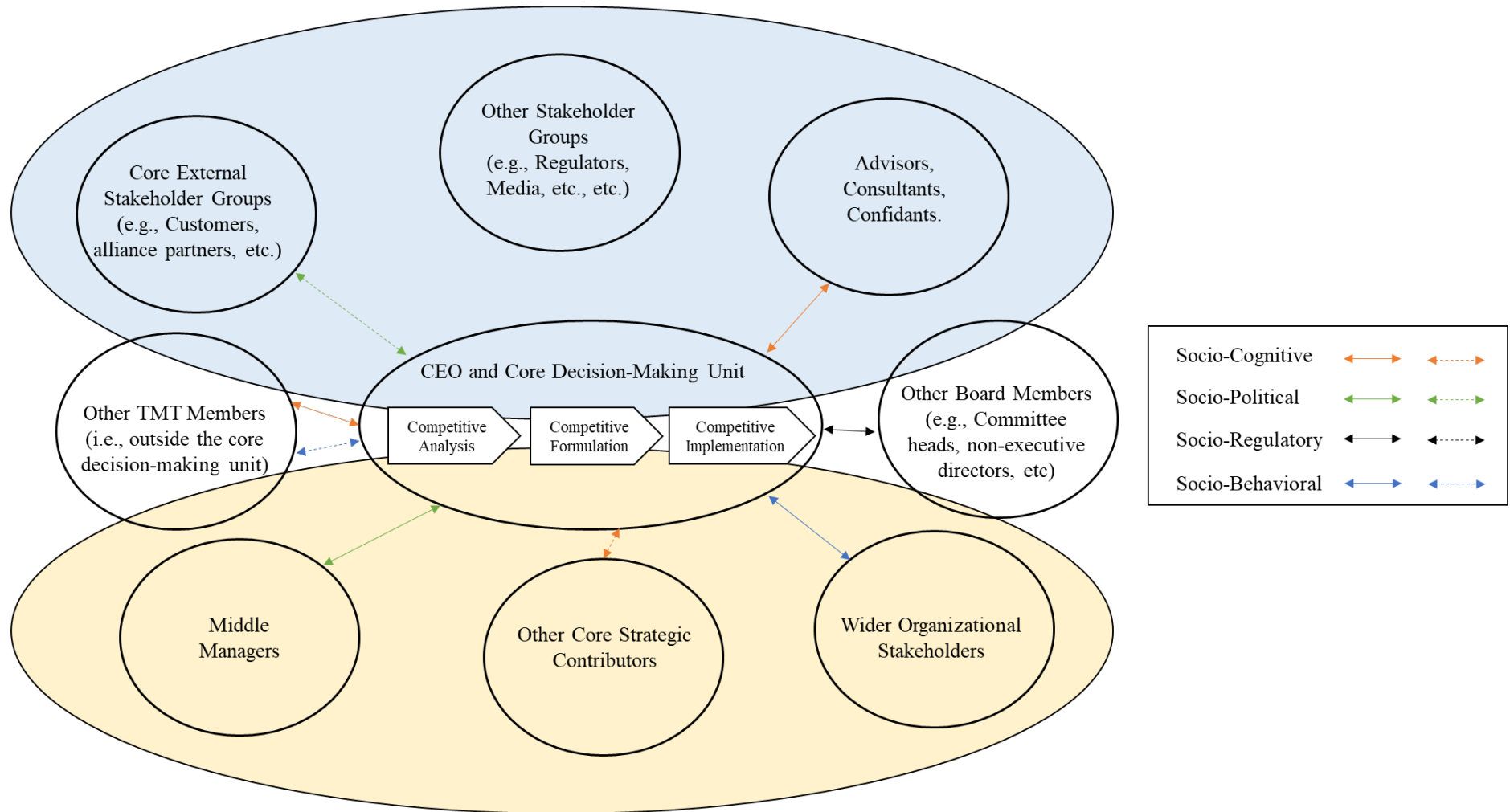
### How do the parties influence each other?

CEOs	BODs	<b>Socio-cognitive</b> interface properties facilitate sharing, consolidating, and processing information through activities such as sense-making and sense-giving (Raes et al. 2007)
	TMTs	<b>Socio-political</b> properties capture the extent to which parties to an interface engage in rational persuasion, consultation, ingratiation, personal appeals, exchange relationships, coalition tactics, and pressure to protect their interests (Enns et al. 2003)
	Middle Managers	<b>Socio-regulatory</b> properties capture how parties to an interface engage in goal regulation and performance management activities to enhance each other's contributions and facilitate collaboration (e.g., Ling et al. 2008)
	Advisors / Consultants	<b>Socio-behavioral</b> properties facilitate the coordination of people, assets, capabilities, and knowledge by developing trust, facilitating prosocial actions, and forging deeper social interactions (Friedman et al., 2016; Ou et al., 2014)
Regulators	Key Customers	
	Competitor CEOs	<b>Enabling</b> interfaces enhance the capacity and capability of managers to achieve more than otherwise would be possible
		<b>Constraining</b> interfaces limit managerial discretion, thwart goal accomplishment, or impede capability development.

Sources: Raes et al (2011); Simsek et al. (2018)

## Taken together, these tools allow us to put forward a model of competitively relevant managerial interfaces.

Importantly, we envision that each firm has a set of interfaces that change over time.



**Source:** Figure 1. Enabling interfaces are shown as solid lines, constraining interfaces as dashed lines.



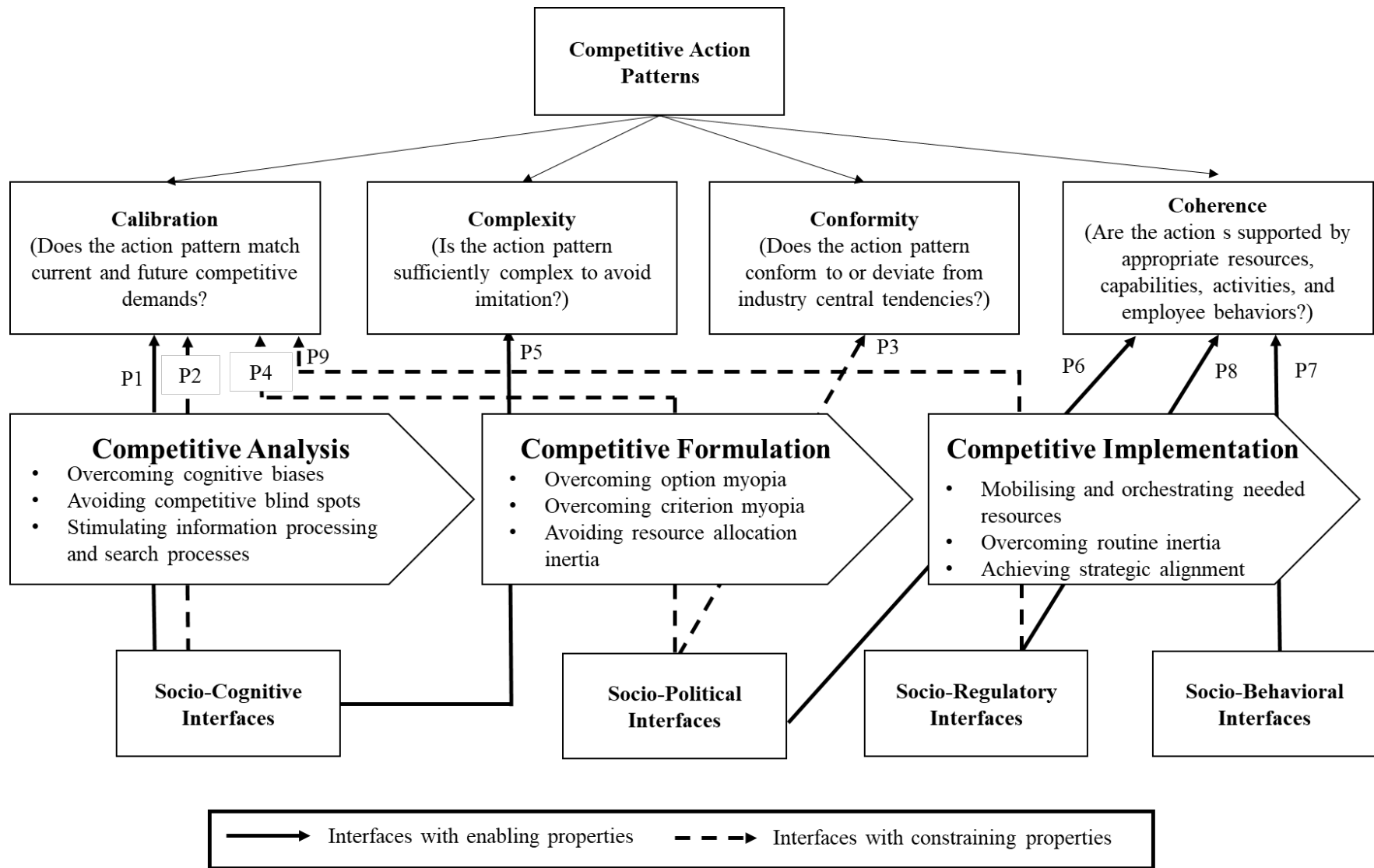
# Several cases highlight the critical nature of interfaces in the context of competitive dynamics.

	Coca-Cola (1966-1980)	Schindler India (Late 1990s)	Blockbuster (2005-2007)
<b>Actors (Who)</b>	a) Paul Austin, CEO b) TMT	a) Silvio Napoli, Unit head b) Division team	a) John Antiocco, CEO b) Carl Icahn, Board member
<b>Personal and Interpersonal Orientations (What)</b>	An “austere” management style, and personality characterized by low agreeableness	Regarding Napoli: “when he focuses on an issue he manages to get everybody else’s focus in that direction”	Antiocco recounts: “Carl [Icahn] never physically attended a board meeting [...] It’s always hard when someone calls in to a board meeting, and with Carl it’s even more difficult. He likes to make himself heard, and he can go on forever. [...] Frankly, it was a bit of a free-for-all. [...] I began holding half the board meetings at his New York office.”
<b>Interface Properties (How)</b>	<b>Constraining socio-behavioral</b> influence: “The fear Austin communicated to his direct reports was probably transmitted to others down the chain of command, creating a culture in which standard operating procedure was never questioned and utter loyalty to the company and boss was demanded” (p. 798)	<b>Enabling socio-cognitive</b> influence: “It’s true that if you look at Silvio, M.K., and me we are all very different. At first we had sessions where the discussion would get pulled in every direction, but I think in the end, it did bring about a balance” (p.6)	<b>Constraining socio-political</b> influence: “Carl and his two chosen directors were now on our board of eight. Even though he lacked a majority, sheer force of will gave him a lot of power. Since it could be a formidable task, after a while the other directors were disinclined to pick a fight with him” (p. 42)
<b>Competitive Implications</b>	Most strategic decision making related to actions routed through Austin	Building a new subsidiary (greenfield venture) in competitive space	Increasingly difficult to implement certain competitive actions, such as terminating late fees even though evidence suggested stores that did so had better performance

**Sources:** Peterson et al. (2003); Silvio Napoli At Schindler India (A) (HBS Case); Miles and Watkins (2007); Antioco (2011)..



**We advance a subset of propositions that can be envisioned when putting interfaces and competitive action patterns into conversation.**



**Source:** Figure 2.

Note that our propositions are articulated by considering the influence of the interface on the agency of the core decision-making unit (e.g., a subset of managers drawn from the TMT and BOD).





# Implications and future research directions

## Our big picture goal:

To develop a vocabulary and grammar for constructing models that leverage managerial interfaces to explain variations in competitive action patterns within and across firms

## Theoretical implications for competitive dynamics:

Illustrate how enabling and constraining interfaces of varying types shape the analysis, formulation, and implementation of competitive actions

Extend the treatment of top managers beyond a unitary entity

Offer new constructs to provide a concrete application of existing interfaces work

## Potential future research directions:

Consideration of non-social interfaces (e.g., technical and inter-organizational interfaces, Ashenbaum and Terpend, 2010; Birkinshaw et al., 2017)

Intersection of an interfaces perspective with deep insights on executive construal variables pertinent to competitive reasoning (e.g., Marcel, Barr, and Duhaime, 2010)

Use interfaces as a bridge towards integrating process explanations of strategy with competitive action research

# Appendices

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# Managerial Interfaces as a Complementary Perspective to Existing Lenses

	Managers as Equivalent to the Firm	Managers as Cogs in the Machine	Managers as a Cadre of Decision-Makers	Managers as Specific Executives	Managers as Actors in Managerial Interfaces
<b>Unit of Analysis</b>	Firm	Managers as a collective (both executives and line managers)	Managers with strategic decision-making authority (often, but not always, top management)	Individual executives or teams of executives	Multiple, interdependent groups of managers
<b>Conceptualization of Managers</b>	Non-existent; firms are granted agency and act on their own behalf	The managerial group confers capabilities to the firm; firms may differ to what extent they possess these capabilities	Managers differ across firms in their cognitive structures and differ from the firm in their objectives	Executives are unique and in positions of authority; their traits shape their behavior	Managers are a set of interdependent actors whose collective interactions shape competitive actions
<b>Bases of Managerial Influence on Competitive Action Patterns via Strategic Work</b>					
<b>Competitive Analysis</b>	Managers could be part of the sensory apparatus that detect competitive stimuli	Managers as a group differ in their sensing capabilities	Managerial cognitions shape competitor identification and the perception of potentially threatening activities	Executives vary in their sensing capabilities, temperament, and extent of their inside and outside social networks	Processes such as advice seeking and issue selling influence the flow of information throughout the system
<b>Competitive Formulation</b>	The firm acts with the unity of purpose	The managerial group reacts on behalf of the firm based on teleology or thermostatic regulation	Managers as a group may be more threatened by specific competitors; their objective function also may differ from the firm	Executives have different values and motivational drives and may differ in their circumstances and modes of judgment	The drive to act stems from a complex interplay of motivations possessed by different groups of actors
<b>Competitive Implementation</b>	Managers are an implicit means by which actions are executed	The managerial group collectively possesses the knowledge, skills, and abilities to execute specific competitive actions	Managers may differ in their knowledge structures and cause-effect mapping, resulting in different behavioral patterns	Executives differ in their ability to coordinate and motivate the efforts of others, as well as their experience in executing actions	Routines for resource mobilization and action execution depend on the coordinated action of multiple groups within and outside the upper echelons
<b>Relevant Theories / Perspectives</b>	Expectancy-valence / motivation theory Organizational information processing	Organizational learning Behavioral theory of the firm Micro-foundations	Agency theory Managerial cognition	Upper echelons view Executive psychology Strategy process Leadership theories	Upper echelons view Systems theory Social interfaces Multiteam systems Network theory Strategy process