EMS 2024 Doctoral Consortium Submission

THE RELATIONSHIP BETWEEN LEADERSHIP TEAM DIVERSITY CHARACTERISTICS AND STRATEGIC CHANGE

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A Meta-Analytic Review Under the Direction of Dr. George Banks University of North Carolina at Charlotte **Introduction.** Strategic change results from the tactics organizational leadership members apply when they are addressing a threat or problem the organization is facing or taking advantage of an opportunity presented by their industry or environment (Kirtley & O'Mahony, 2020). There are decisions made, strategies developed, and tactics implemented by organizational leadership aimed at those threats or opportunities that impact the organization's future (Gioia & Chittipeddi, 1991). The financial impact resulting from these decisions is identified and measured as strategic change (Crossland et al., 2014; Zhang & Rajagopalan, 2010). Broadly defined as the extent to which an organization's financial resource allocation changes over time (Finkelstein & Hambrick, 1990; Oehmichen et al., 2017), strategic change is multidimensional (Chiu et al., 2016), involving many persons, approaches, challenges, uncontrollable factors, and internal politics. In a demonstration of its importance, strategic change has been heavily studied (Golden & Zajac, 2001; Goodstein et al., 1994; Helfat & Martin, 2015). However, some inconsistencies in existing strategic change research require attention if we are to develop a clearer understanding of the relationship between leadership team members and strategic change.

Prior research has suggested that diversity in leadership team member characteristics impacts strategic change, however, such diversity research produced mixed results as to what that impact is. Upper Echelons Theory proposes that the background characteristics of leadership members impact strategic choices and organizational performance (Hambrick & Mason, 1984). Although popular in research, the Upper Echelons Theory presents ambiguity by considering multiple characteristic combinations (Diaz-Fernandez et al., 2019). Initially focused on the Top Management Team (TMT), Upper Echelons Theory has been applied to studying the board of directors, the Chief Executive Officer (CEO), the TMT, or a combination thereof. Based on this theory, several studies have examined diversity characteristics such as age, gender, race, tenure, education level, job function, and relationship-based faultlines in various combinations. In examining one or several characteristics, studies have concluded that diversity has a positive impact on strategic change (Bonner et al., 2023; Samara et al., 2023; Triana et al., 2019; Yokota & Mitsuhashi, 2008). In contrast, others find a negative relationship between leadership team diversity and strategic change (Diaz-Fernandez et al., 2019; Sidhu et al., 2021). These opposing outcomes between separate studies aside, adding additional variables to this relationship produces conflicting impacts in a single study (Richard et al., 2019; Triana et al., 2014). As conflict abounds from exploring leadership team diversity characteristics and their impact on strategic change, multiple studies have concluded that diversity among leadership team members can be a double-edged sword (Saeed & Mukarram, 2022; Triana et al., 2014).

A concrete conclusion of leadership team diversity's impact could provide a more straightforward set of expectations for organizations facing strategic change. Organizational leadership's role in planning and implementing strategic change impacts the organization's future success (Azah et al., 2023). Gaining a better understanding of leadership team diversity's impact on strategic change could provide an expectation of the decision-making process and prospective outcomes. In recent decades, diverse leadership teams have become the norm, and the pace of change has increased. Developing a consistent expectation of the relationship between the diversity of leadership team characteristics and strategic change is more critical than ever. Much research has been done on this; however, the conflict mentioned above in the extant literature

on whether diversity positively or negatively impacts strategic change presents an opportunity for further studies. Performing a meta-analytic review, my dissertation aims to determine the direction of that impact by answering the question: To what extent does leadership team diversity impact strategic change? First, the paper seeks to clarify the relationship between leadership team diversity and strategic change by determining which specific characteristics (age, gender, tenure, etc.) consistently demonstrate a significant impact. Second, it evaluates the six strategic dimensions used to define and understand strategic change. Further clarifying the impact and definition sets expectations for industry executives, board members, organizational stakeholders facing strategic decisions, and academics who study strategic change.

Conflict in Results. Multiple researchers assume that a diverse group of organizational executives will influence the group's strategic decision-making (Miller et al., 1998) and thereby impact the organization's strategic change initiatives. Diversity is an intriguing topic, demonstrated by the significant research interest that the relationship between diversity and strategic change has attracted (Zhou et al., 2022). As a result of the high level of interest, this relationship has been widely studied. However, inconsistent findings on the outcomes of the relationship are abundant in the extant literature (Diaz-Fernandez et al., 2019). Conflict exists between studies on whether diversity amongst leadership team members might or might not impact the likelihood of strategic change for their organization. In study results where the conclusion is positive that leadership team diversity does make an impact, the amount of significance has been inconsistently determined. Several prior studies, including the seminal paper on Upper Echelons Theory, advocate that a homogeneous leadership team is associated with a greater chance of strategic change because the individual members are more aligned (Hambrick & Mason, 1984; Richard et al., 2019). Conversely, other studies find evidence that heterogeneity in a leadership team population is a better facilitator of strategic change (Boeker, 1997; Naranjo-Gil, 2015; Naranjo-Gil et al., 2008; Wu et al., 2019) on the position that a variety of experiences and viewpoints foster innovation and, therefore, strategic change. Additionally, research has been performed to analyze the degrees of homogeneity and heterogeneity and how they might impact an organization's ability to execute a strategic change initiative successfully (Wiersema & Bantel, 1992; Zhou et al., 2022).

Throughout the existing literature, multiple studies refer to the diversity of leadership team members as a "double-edged sword." (Kanadli et al., 2018; Triana et al., 2014; Wang et al., 2022; Wu et al., 2011; Yokota & Mitsuhashi, 2008). This description indicates that researchers concede that leadership team diversity can be equally beneficial to an organization as it may be harmful at the same time (Naranjo-Gil et al., 2008) and that while diverse groups are likely to have a broader array of perspectives and resources, they may have trouble reaching consensus, leading to conflict among members (Kanadli et al., 2018). With a wide variety of characteristics and seemingly endless combinations thereof, coupled with environmental factors such as the economy, industry, and regulatory environment, finding a consistent conclusion has proved challenging. Contributing to this conflict could be the inconsistent inclusion of diversity characteristics, the multiple approaches to measuring strategic change, and various levels of methodological rigor in study designs. Is it possible that the variation in approaches has created conflicting or inconsistent results? It would be unwise to draw such a bold conclusion. By

examining identically defined variables across several studies, this paper intends to answer the following research questions: What is diversity of a leadership team's relationship with strategic change? Furthermore, how does a greater presence of women on a leadership team impact strategic change? In pursuit of these questions, I will perform an analysis of diversity as individual characteristics, not bundled as a single context.

Meta-analytic Review. To be included in this meta-analytic review, a study meets the following criteria: first, the study included strategic change as a variable; second, the study provided correlation coefficients demonstrating the relationship between strategic change and leadership diversity characteristics; third, the study disclosed the sample size so that I can calculate the effect size weighted by the sample size. I will include only those studies that detailed the criteria for how strategic change was identified and measured in their analysis (e.g., strategic resource allocation profile, strategic variation/strategic deviation, industry-specific key metrics). Due to the large volume of data, I will code the studies with the assistance of DBA scholars trained to extract and code the necessary correlations, sample sizes, and reliability information. All assisting coders will successfully complete a practice trial in which their percentage of agreement for the coding of three articles meets or surpasses 90% agreement with the project lead's coding.

This meta-analytic review will be performed based on the method established by Hunter and Schmidt (Hunter & Schmidt, 2004; Schmidt, 2015). Additionally, an analysis of duplication will be performed to address duplicate study effects and the possible compromise to the validity of this meta-analytic review (Wood, 2008). This analysis is intended to address the risk of bias in a single data set utilized in more than one publication and the possible aggregated effects in a metaanalysis. To avoid publication bias, I will apply the trim and fill procedure to explore the degree of symmetry through a funnel plot distribution (Kepes et al., 2013). Publication bias addresses the exclusion of unpublished studies in a meta-analysis, thereby creating a possible risk that a metaanalysis is not representative of a completed prior study, even if that exclusion is unintentional. By applying such a detailed and rigorous search procedure (Kepes et al., 2013), my intention is to ensure the dataset is as complete as possible. In addition, I will follow the procedure introduced by Hunter and Schmidt to observe and analyze the credibility intervals of the data (Hunter & Schmidt, 2004). After this, I will conduct a relative importance analysis of the correlation matrices from prior studies to examine the contribution of specific variables, such as firm size and firm age, had on an organization's occurrence or likelihood of strategic change by themselves, exclusive of the relationship between strategic change and leadership team members.

To focus on the relationship between leadership team diversity characteristics and the impact those diversity characteristics have on the likelihood of strategic change, my hypotheses will be written to explore the relationship between diversity characteristics and strategic change. Variables will include age, tenure, gender, educational background, and functional background. Additionally, I will ask the following question: To what extent does industry have a moderating effect on the relationship between leadership team gender diversity and strategic change? Ultimately, I aim to provide a more comprehensive evaluation of the relationship between leadership team diversity and strategic, studies, variables, diversity characteristics, and geographic locations in a meta-analytic review.

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