BJM BRITISH JOURNAL of MANAGEMENT
BRITISH ACADEMY OF MANAGEMENT
British Journal of Management, Vol. 00, e70050 (2026)
DOI: 10.1111/1467-8551.70050

Changing From the Top: New Outsider CEO and TMT Structure Change

Can Aktan[1] and Maximilian Weis[2]
[1]Sabancı Business School, Orta Mahalle, Tuzla, İstanbul, 34956, Turkey [2]Department of Management, ESCP Business School, Heubnerweg 8–10, 14059, Berlin, Germany
Corresponding author email: mweis@escp.eu

Understanding how new CEOs change top management teams (TMTs) is central to explaining post-succession outcomes. We examine how new outsider CEOs change the TMT's structural interdependence, which refers to the horizontal, vertical and reward linkages that influence collaboration and coordination. Building on CEO succession research and the CEO–TMT interface perspective, we theorize that outsider CEOs reconfigure the TMT structure to support two interrelated post-succession processes: realignment, which redirects the firm's strategy and structure, and integration, through which CEOs embed within the organization's leadership context. Using data from 182 CEO successions in S&P 500 firms between 2007 and 2018, we find that outsider CEOs enhance collaboration, flatten hierarchies and align incentives to increase TMT interdependence. CEO power strengthens these effects and amplifies outsider CEOs' ability to strengthen horizontal and vertical interdependence. Our findings contribute to TMT research by highlighting CEO succession as a central driver of structural change. They also extend succession research by revealing how outsider CEOs use structural design to achieve realignment and integration, and they enrich the CEO–TMT interface literature by showing how outsider CEOs use structural levers to shape their relationships with the TMT.

Introduction

Since the seminal publication of the Upper Echelons Theory (Hambrick and Mason, 1984), strategic leadership scholars have examined top management teams (TMTs)—their composition, processes, incentives and leaders (e.g. Bromiley and Rau, 2016; Finkelstein *et al.*, 2009, Neely Jr *et al.*, 2020). More recently, scholars have called for deeper inquiry into the structural dimension of TMTs, emphasizing how roles and relationships are formally organized (Hambrick, 2007). In this context, Hambrick, Humphrey and Gupta (2015) introduced the concept of TMT structural interdependence, defined as 'the degree to which roles and administrative mechanisms are arranged such that members of an executive group influence one another' (p. 450). Yet, despite this conceptual advancement, the TMT structure, particularly structural interdependence, has received limited empirical attention (Ma, Kor and Seidl, 2022). This neglect is surprising, given that TMT structure plays a central role in information processing, power distribution and collaboration at the top of the organization (Cho and Hambrick, 2006; Hambrick and Mason, 1984), and that changes in structural interdependence often signal broader strategic or environmental shifts (Kor and Mesko, 2013).

CEO succession is a context in which these structural dynamics become salient. New CEOs often make changes to the TMT composition to align leadership with their strategic goals (Domínguez-Cc, Larrañeta and Galán, 2024; Karaevli, 2007; Ma, Seidl and Guérard, 2015; Shen and Cannella Jr, 2002). Yet, beyond who is on the TMT, how the TMT is structured also matters. Upon entering office, CEOs confront two fundamental challenges: (1) realigning the firm's leadership and strategy, and (2) integrating into the organization (Ma, Seidl and Guérard, 2015). These challenges make TMT structural changes a crucial tool for new CEOs, who often lack established relationships and must build legitimacy while executing change (Karaevli, 2007; Xuan, 2009). This need is even more pronounced for outsider CEOs, who are typically appointed during tough times to bring new perspectives while restructuring the TMT to address emerging challenges (Cannella Jr and Lubatkin, 1993; Domínguez-Cc, Larrañeta and Galán, 2024).

Structural interdependence shapes the mechanisms for cooperation, collaboration and control (Hambrick,

1994; Hambrick, Humphrey and Gupta, 2015). While some TMTs are structured for low interdependence and autonomy, others foster tightly interconnected roles and responsibilities, promoting collaboration and joint decision-making. These choices impact how effectively a CEO can mobilize the team and exert influence, ultimately affecting firm processes and outcomes (Buyl, Boone and Hendriks, 2014; Simsek, Heavey and Fox, 2018). For outsider CEOs, TMT structure functions not only as a means of coordination but also as a strategic lever to support integration and enable realignment. To theorize these dynamics, we draw on the CEO–TMT interface framework (Georgakakis *et al.*, 2022), which distinguishes between two mechanisms central to structural change: the functionalism perspective, focusing on how roles, hierarchy and incentives influence TMT interactions, and the structuralism perspective, emphasizing how CEO power drives structural change. Building on these perspectives (Biddle, 1986, 2013), we study three core dimensions of TMT structural interdependence (Hambrick, Humphrey and Gupta, 2015): *TMT horizontal interdependence* (THI) reflects the degree of functional versus divisional organization, with greater interdependence fostering better knowledge exchange and reducing fragmentation. *TMT vertical interdependence* (TVI) represents hierarchical differentiation, where a less hierarchical structure enhances social unity and behavioural integration. *TMT reward interdependence* (TRI) refers to the alignment of TMT incentives and payoffs with firm-level outcomes, with greater interdependence encouraging cohesion and collaboration among members.

Despite these conceptual advances, we still know little about how CEOs actively reconfigure TMT structural interdependence, as most studies have examined structure indirectly through composition or outcomes. This leaves a blind spot in theorizing about the mechanisms of structural change. We address this by examining how outsider CEOs use structural levers (i.e. roles, hierarchy, incentives) to reshape the CEO–TMT interface after succession. Accordingly, we hypothesize that outsider CEOs increase horizontal, vertical and reward interdependence to strengthen collaboration, optimize power dynamics and enhance information processing. From a structuralism perspective, we further hypothesize that CEO power facilitates these changes. Given that outsider CEOs often face constraints and internal resistance, their ability to change the TMT structure is contingent upon the formal authority they hold (Finkelstein, 1992; Ma and Seidl, 2018). By leveraging their power, they can align incentives, reduce hierarchical barriers and foster more cohesive and interdependent TMT structures. Our analysis of 182 CEO successions in S&P 500 firms between 2007 and 2018 largely supports our hypotheses.

Our study makes three contributions: firstly, we advance TMT research (Buyl, Boone and Hendriks, 2014; Hambrick, 2007; Lou *et al.*, 2025) by responding to calls to explore the structural dimension of TMTs. We treat TMT structural interdependence as a consequence and examine how new CEOs change its dimensions. By doing so, we provide a CEO-centric perspective on post-succession TMT structure changes. Secondly, we contribute to CEO succession research (Berns and Klarner, 2017; Datta, Rajagopalan and Zhang, 2003; Lee and Alexander, 1998) by uncovering how new outsider CEOs use TMT structure as a strategic tool for integration and realignment. While prior studies have focused on performance, strategic change and composition effects (Georgakakis, Greve and Ruigrok, 2017; Karaevli and Zajac, 2013), we theorize how structural changes enable CEOs to enhance their information processing capabilities, enhance social cohesion and improve collaboration. Thirdly, we build on CEO–TMT interface research (Georgakakis *et al.*, 2022; Simsek, Heavey and Fox, 2018) to clarify how and why outsider CEOs change TMT interactions through TMT structuring. Specifically, we demonstrate how outsider CEOs utilize TMT restructuring to enhance collaboration and cohesion, leveraging their power to overcome resistance to these changes. By shifting the focus from outcomes and boundary conditions to the structural levers of CEO–TMT interactions (Buyl *et al.*, 2011; Simsek *et al.*, 2005), our study deepens the understanding of how interface dynamics are actively constructed.

Theoretical background and hypotheses

TMT structural configurations

The TMT structure represents different dynamics across firms. Firstly, it reflects the information-processing mechanisms within the TMT, where different roles handle various types of information, and the role relationships determine how information is processed and utilized (Cho and Hambrick, 2006; Ocasio, 1997). Secondly, the TMT structure influences coordination, collaboration and power dynamics among members (Ma, Kor and Seidl, 2022). Functional executives often work closely together for strategic coordination; in contrast, divisional executives work more independently, competing for corporate resources (Hambrick, Humphrey and Gupta, 2015). Thirdly, TMT structural changes reflect the firm's evolving strategic and environmental context, which in turn affects strategy formulation and performance (Kor and Mesko, 2013). Finally, it defines the organizational design in terms of power relationships, resource dependencies and institutional pressures within the environment (Beckman and Burton, 2011; Guadalupe, Li and Wulf, 2014).

Importantly, TMT structures are not passive organizational artefacts; they reflect role expectations and authority relations at the apex of the organization (Georgakakis *et al.*, 2022). From a functionalist perspective (Biddle, 1986, 2013), CEOs interpret and configure roles based on formal responsibilities such as functional versus divisional mandates, using structural arrangements to manage complementarities and coordination demands within the TMT (Hambrick and Cannella Jr, 2004; Hambrick, Humphrey and Gupta, 2015). From a structuralist perspective, TMT structure also reflects CEO–TMT power dynamics, as CEOs may adjust hierarchies or incentives to consolidate authority, mitigate resistance or redefine influence patterns among executives (Cannella and Holcomb, 2005; Shen and Cannella Jr, 2002). Accordingly, TMT structures capture not only how collaboration and information flow are organized but also how CEOs construct the conditions for interaction and control at the top of the organization.

Building on this foundation, the *TMT Structural Interdependence* framework (Hambrick, Humphrey and Gupta, 2015) highlights three dimensions of structural interdependence that shape TMT dynamics: horizontal, vertical and reward. THI refers to the degree to which roles are configured such that the effectiveness of the members influences each other (Hambrick, Humphrey and Gupta, 2015). This involves distinguishing between the divisional and functional structures managed by specific executives—most firms adopt a mix of these structures (Vieregger, Larson and Anderson, 2017). TVI refers to the degree to which members are peers rather than hierarchically separate (Hambrick, Humphrey and Gupta, 2015). TMT hierarchical structures vary substantially across firms, ranging from TMTs with only one title grade (e.g. all members are Executive Vice Presidents) to those with multiple title grades (e.g. Executive Vice Presidents, Senior Vice Presidents and Corporate Vice Presidents) (Hambrick, Humphrey and Gupta, 2015). TRI captures how members are compensated based on group or firm performance, rather than subunit or individual performance (Devers, Wiseman and Holmes Jr, 2007b; Hambrick, Humphrey and Gupta, 2015). While some firms align bonuses with firm outcomes to promote collaboration, others base them on subunit performance, leading to variation in incentives. Such variation can either foster or hinder collaboration, depending on how incentives are aligned.

All three dimensions are conceptually distinct, yet they often coexist within the same team and may interact in affecting team dynamics. For instance, flatter hierarchies (TVI) may amplify the effects of shared incentives (TRI) or role interdependences (THI) on collaboration. Nevertheless, following Hambrick, Humphrey and Gupta (2015), we theorize about these dimensions separately to reflect the distinct organizational design choices they represent. While these dimensions are not mutually exclusive, modelling them independently allows for a more precise identification of the mechanisms through which outsider CEOs influence TMT structure.

Post-succession processes and structural changes

CEO succession plays a crucial role in shaping the structure and functioning of the TMT. New CEOs often initiate changes to the TMT to address two interrelated post-succession challenges: (1) *realignment*, which involves initiating strategic and structural changes to redirect the firm, and (2) *integration*, which refers to becoming embedded in the organization's leadership context (Ma, Seidl and Guérard, 2015). Realignment refers to the CEO's efforts to reconfigure the strategic and structural context of the organization to implement their vision. It involves changes to strategy, structure, processes and key personnel to better fit the evolving environment and leadership preferences (Keck and Tushman, 1993; Ma, Seidl and Guérard, 2015). These strategic and structural changes generate substantial new knowledge that needs to be rapidly processed, creating non-routine information-processing demands (Dess and Beard, 1984; Eisenhardt and Bourgeois III, 1988). Integration, in contrast, refers to the process through which the CEO gains acceptance, builds trust and establishes working relationships with stakeholders, including TMT members. It involves the development of a psychological contract with the team, the management of early impressions and the reduction of relational and political uncertainty (Friedman and Saul, 1991; Helmich and Brown, 1972).

Changing the TMT structure is central to addressing both challenges. Structural changes can support integration by providing mechanisms that reduce coordination frictions, establish interdependent roles and promote behavioural cohesion. Such changes help the CEO to embed themselves within the leadership architecture and minimize resistance from incumbent executives. At the same time, reconfiguring roles, hierarchies and incentives enables the CEO to signal strategic change, enhance information processing and shift power dynamics in favour of their new agenda. These structural levers thus act as tools for mobilizing the TMT in support of the CEO's intended strategic direction.

These dynamics are especially salient for outsider CEOs, who are more likely to change TMTs (Domínguez-Cc, Larrañeta and Galán, 2024; Kesner and Dalton, 1994). Outsider CEOs are typically hired when significant change is expected, bringing fresh knowledge and a broader search for strategic options (Cannella Jr and Lubatkin, 1993; Domínguez-Cc, Larrañeta and Galán, 2024). We argue that outsider CEOs rely on three structural levels, that is, horizontal, vertical and reward interdependence, to manage the

post-succession integration and realignment. In the following sections, we develop hypotheses on how and under what conditions these structural changes occur.

Outsider CEOs and TMT horizontal interdependence

We suggest that new outsider CEOs establish a more horizontally interdependent TMT structure (i.e. one that is both functional and centralized) to manage the challenges of realignment and integration. Greater horizontal interdependence enhances the TMT's information-processing capacity (Hambrick, Humphrey and Gupta, 2015), thereby supporting the CEO's realignment efforts. By centralizing functions, outsider CEOs enhance intra-organizational knowledge flow and support knowledge recombination across the organization (Henderson and Cockburn, 1994). A more centralized structure enhances information exchange among TMT members (Karim and Kaul, 2015), enabling outsider CEOs to transfer their external expertise into the organization. Strategic changes, such as changing market or product strategies, create additional information processing requirements (Henderson and Fredrickson, 2001), which can be more effectively addressed through a horizontally interdependent TMT (Nobel and Birkinshaw, 1998).

At the same time, horizontal interdependence supports a new CEO's integration by promoting stronger ties between the CEO and TMT members. Greater horizontal interdependence minimizes political behaviour (Foss and Klein, 2014), fosters synergies within the TMT (Joseph, Klingebiel and Wilson, 2016) and improves collaboration and communication (Hambrick, Humphrey and Gupta, 2015), helping the new CEO integrate into the organization. In contrast, a divisional structure, which is less horizontally interdependent, can lead to power struggles, as divisional executives compete for resources (Beckman and Burton, 2011). These executives often hold greater autonomy, potentially posing challenges for outsider CEOs in building trust and collaboration (Hambrick, Humphrey and Gupta, 2015).

Taken together, outsider CEOs are likely to prefer a more horizontally interdependent TMT because it enables strategic realignment while supporting personal integration. Centralized functions enhance knowledge sharing across the organization and facilitate collaborative interactions among TMT members, each of whom is responsible for a distinct part of the firm's value chain (Hambrick, Humphrey and Gupta, 2015). For instance, Sean Connolly, upon becoming CEO of ConAgra Foods in 2015, restructured the TMT by introducing two new functional roles: Chief Supply Chain Officer and Chief Growth Officer. These roles centralized critical functions such as supply chain, marketing and innovation, promoting collaboration and improving knowledge flows across units. This restructuring enhanced speed to market, boosted margins and supported strategic goals (Harris, 2015). Based on the above arguments, we suggest:

H 1. *New outsider CEOs increase the THI after succession.*

Outsider CEOs and TMT vertical interdependence

We suggest that new outsider CEOs aim for more vertically interdependent (i.e. less hierarchical) TMTs for several reasons. Reducing hierarchy supports realignment by enhancing the team's ability to process nonroutine and diverse knowledge (Hambrick *et al.*, 1998; Siegel and Hambrick, 1996). TMTs with reduced social stratification and status barriers are more likely to implement decentralized structures and processes that support creativity and information exchange (Boone *et al.*, 2019). These dynamics enable outsider CEOs to expand the firm's resource base and enhance the TMT's information-processing capabilities.

At the same time, vertical interdependence supports the new CEO's integration efforts. Less hierarchical TMTs tend to exhibit higher-quality communication (O'Reilly, Snyder and Boothe, 1993), more frequent communication (Smith *et al.*, 1994), faster decision-making (Eisenhardt, 1989) and reduced interpersonal conflict. These teams achieve greater consensus, particularly regarding task allocation and responsibilities (Bunderson *et al.*, 2016; Knight *et al.*, 1999). Such qualities help outsider CEOs to build relationships with TMT members and navigate their initial unfamiliarity with the firm. In contrast, more levels of hierarchy in the TMT can hinder integration and interaction within the TMT (Firk *et al.*, 2022). For instance, TMT members with greater structural power may be less inclined to share information or collaborate, posing challenges for outsider CEOs (Buyl *et al.*, 2011). To mitigate these risks, outsider CEOs are likely to design less hierarchical TMTs, reducing power conflicts and creating a more cohesive working environment.

Taken together, we suggest that new outsider CEOs prefer less hierarchical TMT structures to reduce social stratification and status asymmetries. Greater vertical interdependence enhances information-processing and fosters a strong sense of social unity, where members perceive each other as peers (Hambrick, Humphrey and Gupta, 2015). For instance, upon his appointment as CEO of Alexion Pharmaceuticals in 2017, Ludwig Hantson restructured the TMT to eliminate title disparities. By elevating Senior Vice President roles to Executive Vice President, Hantson created a TMT where all members held the same title. This move enhanced collaboration, emphasized the strategic importance of compliance and stakeholder management and prevented conflicts stemming from hierarchi-

cal differences (S&P Capital IQ, 2017). Therefore, we suggest:

H 2. *New outsider CEOs increase the TVI after succession.*

Outsider CEOs and TMT reward interdependence

We suggest that new outsider CEOs increase TRI for several reasons. Aligning compensation across TMT members strengthens coordinated execution and firm-level strategic realignment. When compensation is tied to individual or sub-unit performance, collaboration often suffers and the team's capacity for information-processing may diminish (Bloom and Michel, 2002). Pay inequalities often lead to disagreements, reduced collaboration and strategic misalignment as members are inconsistently incentivized to manage risks (Carpenter and Sanders, 2004). To address these challenges, outsider CEOs restructure bonus systems to emphasize overall firm performance. By reducing compensation disparities and linking compensation to long-term incentives, such as stock options and restricted stock grants, they foster shared accountability and cross-unit information sharing (Carpenter and Sanders, 2004; Larcker, 1983).

Greater reward interdependence also supports the new CEO's integration into the organization. Unequal distribution of bonuses and incentives among TMT members can lead to perceptions of inequity, jealousy and dissatisfaction, ultimately undermining team cohesion (Devers *et al.*, 2007a; Hambrick, Humphrey and Gupta, 2015). In contrast, when rewards are perceived as equitable and collectively earned, they promote collective accomplishment and shared fate among the TMT members (Hambrick, 1995; Hambrick, Humphrey and Gupta, 2015). This fosters a more unified and inclusive team climate, easing the CEO's efforts to build legitimacy and navigate early relational dynamics. While tournament theory suggests that individual- and subunit-based compensation (with less reward interdependence) enhances personal motivation (Lazear, 1981; Main, O'Reilly III and Wade, 1993), excessive pay dispersion reduces team productivity and coordination (Devers, Wiseman and Holmes Jr, 2007b; Hambrick, 1995).

Taken together, we suggest that outsider CEOs increase TRI by introducing firm-based and long-term incentives. This approach enhances TMTs' information-processing abilities by reducing pay disparities and inequalities, enabling outsider CEOs to leverage their knowledge and expertise while realigning the organization. At the same time, increasing TRI promotes a sense of collective accomplishment and shared fate among TMT members, helping new CEOs build trust and integrate more smoothly into the organization. For instance, when Carly Fiorina became CEO of HP in 1999, she restructured the TMT's incentive system to focus on the firm's overall performance rather than divisional results. Fiorina observed that HP operated as independent silos with little collaboration. By linking bonuses to overall performance, she encouraged information sharing and cross-functional cooperation, thereby enhancing TMT integration and alignment (Fiorina, 2001). Thus, we suggest:

H 3. *New outsider CEOs increase the TRI after succession.*

Moderating effect of CEO power

When new CEOs change the TMT structure, they often face constraints. One of the most critical factors is their level of power. Scholars have long suggested that new outsider CEOs have limited power due to their short tenure and lack of embeddedness within the organization (Hambrick and Fukutomi, 1991), despite being expected to initiate substantial changes (Karaevli and Zajac, 2013). This tension suggests that limited power may hinder a new CEO's ability to initiate structural changes and integrate effectively during the post-succession phase (Fondas and Wiersema, 1997). Conversely, new CEOs who possess relatively greater power are better positioned to overcome these challenges and adapt the TMT structure to align with their strategic preferences (Golden and Zajac, 2001). Changes to the TMT structure are shaped by power dynamics between the CEO and TMT members, as well as by authority structures at the firm's highest levels (Denis, Lamothe and Langley, 2001; Finkelstein, 1992). From the *structuralism* perspective (Georgakakis *et al.*, 2022), such power relations significantly impact how and why structural changes occur. Accordingly, we suggest that CEO power moderates the relationship between outsider CEO succession and changes in TMT horizontal, vertical and reward interdependence.

CEO power as a moderator of THI. We suggest that CEO power strengthens the relationship between outsider CEO succession and THI. CEOs with greater power are more likely to pursue riskier strategies such as innovation and internationalization (Adams, Almeida and Ferreira, 2005; Boustanifar, Zajac and Zilja, 2022), placing higher demands on the TMT's information-processing capacity. Greater power allows these CEOs to more effectively access and mobilize key resources, such as knowledge, more effectively and encourage other TMT members to provide these resources (Boivie *et al.*, 2016; Grabke-Rundell and Gomez-Mejia, 2002). As a result, greater power better positions outsider CEOs to increase horizontal interdependence by centralizing functional responsibilities, enabling the

TMT to process information and coordinate more effectively.

Moreover, CEO power enhances an outsider's ability to foster a collaborative climate conducive to horizontal interdependence. CEOs with greater power tend to engage in sense-making behaviour and open knowledge sharing, which promotes participation and collaboration (Lines, 2007). In contrast, outsider CEOs with limited power may face resistance when attempting to alter structural arrangements or build cross-functional integration. Thus, the positive effect of outsider CEO succession on THI is more substantial when the CEO has greater power. We suggest:

H 4a. *The positive relationship between new outsider CEO succession and THI is moderated by CEO power, such that the increase in THI is stronger when the new outsider CEO has greater power.*

CEO power as a moderator of TVI. We suggest that CEO power strengthens the relationship between outsider CEO succession and TVI. CEOs with greater power tend to spend more time analysing the organizational challenges and internal processes (Lines, 2007). Greater power enables them to mitigate the complexities and uncertainties associated with strategic change (Li, Lu and Phillips, 2019). Consequently, they may challenge existing hierarchies and lower status barriers within the TMT. These actions foster vertical interdependence, where executives across hierarchical levels contribute more equally to decision-making and coordination.

In addition, greater power enables CEOs to reduce conflict and promote more democratic and efficient decision-making processes (Dowell, Shackell and Stuart, 2011; Haleblian and Finkelstein, 1993; Sah and Stiglitz, 1991). These behaviours are consistent with greater TVI, where TMT members across hierarchical levels rely on each other for input and coordination. Accordingly, the positive relationship between outsider CEO succession and TVI is stronger when the new CEO has greater power. Thus, we suggest:

H 4b. *The positive relationship between new outsider CEO succession and TVI is moderated by CEO power, such that the increase in TVI is stronger when the new outsider CEO has greater power.*

CEO power as a moderator of TRI. Finally, we suggest that CEO power strengthens the relationship between outsider CEO succession and TRI. CEOs with greater power are better positioned to develop and implement effective policies that drive teams towards shared strategic goals (Greve and Mitsuhashi, 2007). They are also more likely to prioritize firm interests over personal gains and utilize their authority to improve their firms (Davis, Schoorman and Donaldson, 1997; Donaldson, 1990). As a result, powerful outsider CEOs are more able to introduce reward structures that emphasize interdependence by linking the incentives of TMT members to shared outcomes, thereby reducing internal pay disparities and supporting complex strategic initiatives.

In addition, greater power allows CEOs to have more opportunities to influence remuneration decisions and reflect their preferences within these decisions (Bebchuk and Fried, 2005; Chin, Hambrick and Treviño, 2013). As a result, new outsider CEOs with greater power are more likely to persuade the board of directors to adopt more interdependent reward systems. Such systems foster a sense of shared fate among TMT members, supporting the CEO's integration into the organization by enhancing cohesion and collective identification. Thus, we suggest:

H 4c. *The positive relationship between new outsider CEO succession and TRI is moderated by CEO power, such that the increase in TRI is stronger when the new outsider CEO has greater power.*

Data and methods

Sample

Our sample comprises a subset of firms listed in the S&P 500 Index as of the end of 2018. Following Hambrick and Cannella (2004), we included industries with at least 15 firms based on 2-digit SIC codes. We obtained data on TMT structures from the 10-Ks and proxy statements of S&P 500 firms (Hambrick and Cannella Jr, 2004; Menz and Scheef, 2014), which list the names and titles of TMT members. We retrieved financial data from Compustat, information on board structures from BoardEx, and executive compensation information from ExecuComp. To ensure data coverage, we manually collected data from 2007 to 2018, as TMT data in the SEC database significantly improved after 2006. We chose to end the observation period in 2018 to capture TMT structural changes under typical conditions. The years that followed, especially with the emergence of COVID-19 in late 2019, brought widespread, crisis-driven disruptions that could obscure the CEO succession dynamics central to our study. In addition, we applied several exclusion criteria to refine the sample. Firms undergoing mergers, acquisitions or spinoffs during the observation period were excluded, as were those with incomplete or inconsistent reporting on TMT information, TMT members' roles and responsibilities or financial data.

Consistent with Krause, Roh and Whitler (2022), who define TMTs as 'executives responding to the CEO who meet regularly to develop the organisational strategy and oversee its implementation', we identified

TMT membership using the executives reported in 10-K/SEC annual reports or DEF 14/SEC proxy statements[1] (Abt and Knyphausen-Aufseß, 2017; Menz and Scheef, 2014), which are two frequently used sources to identify TMT membership. The average TMT size in our sample is eight members, consistent over the observed years and aligning with the average of 6.2 reported in prior studies (Krause, Roh and Whitler, 2022).

To identify CEO succession events, we utilized data from BoardEx and verified dates using ExecuComp, annual reports and press releases. We excluded interim appointments. Our final sample comprises 182 CEO successions across 150 firms over a 12-year period, distributed across 13 industries as defined by 2-digit SIC codes.

Variables

Dependent variables. TMT horizontal interdependence was measured as the ratio of functional executives to the total TMT size (Guadalupe, Li and Wulf, 2014; Hambrick, Humphrey and Gupta, 2015). We reviewed the titles and classified them as either functional or divisional, verifying the accuracy through cross-checks against firm records and press releases.[2]

TMT vertical interdependence was measured by the number of title gradations in the TMT each year (e.g. C-level, EVPs, SVPs and possibly VPs) (Hambrick, Humphrey and Gupta, 2015; Nath and Mahajan, 2011). Following Hambrick, Humphrey and Gupta (2015), a Chief Operating Officer (COO) was coded as an additional title grade if present.

TMT reward interdependence was measured following Hambrick, Humphrey and Gupta (2015). We created a single measure by standardizing and averaging the following three indicators for each of the TMTs across all years: (1) co-movement of bonuses (reversed from the formula below[3]), (2) co-movement of non-cash pay (stock options and restricted stock grants) calculated with the below formula again expect that the bonuses were replaced with non-cash pay, and (3) the proportion of non-cash pay, as described above, to the total pay of the TMT. For all DVs, we have used a 2-year average following the CEO succession (Vancil, 1987).

Independent variables. We coded *outsider CEO* as 1 if the CEO had less than 2 years of firm tenure at the time of their appointment, otherwise 0 (Cannella Jr and Lubatkin, 1993; Harris and Helfat, 1997; Zhang and Rajagopalan, 2010).

Moderation variable. We focused on *CEO structural power*, which pertains to allocating formal roles within an organization (Finkelstein, 1992). We used a composite measure based on CEO duality (Feng *et al.*, 2011) and CEO pay slice (Bebchuk, Cremers and Peyer, 2011; Jiraporn *et al.*, 2016). We standardized and summed the two proxies to form our composite index of CEO power.

Control variables. We controlled for relevant CEO, TMT, board, firm and environmental characteristics. Firstly, we accounted for several variables affecting TMT changes. Using the pre-entry condition in quarter 0, we controlled for the *prior TMT structure* of each DV, which is the value of the relevant DV immediately before the first observation of a particular CEO (Crossland *et al.*, 2014; Quigley and Hambrick, 2012). Since we are interested in changes in the role structure, we also controlled for *TMT compositional change* (i.e. changes in the individuals on the TMT), operationalized as the number of exits and entries in a given year.

We further controlled for several characteristics of the newly appointed CEO because their demographics might influence decision-making (e.g. Boeker, 1997). *CEO age* was measured as the years since birth (Wiersema and Bantel, 1992). We also controlled for factors affecting a new CEO's ability or need to enact changes (Quigley and Hambrick, 2012). Thus, we controlled for *prior CEO stays on board* as a dummy when the former CEO continues on the board after stepping down, since this could indicate the previous CEO's persistent power and impact (Quigley and Hambrick, 2012).

In line with prior research, we included TMT controls. *TMT size* was measured as the sum of the TMT members, and *TMT tenure* was calculated as the average tenure of all TMT members (Wiersema and Bantel, 1993). Since the propensity to engage in TMT changes may vary with a firm's level of establishment or inertia (Crossland *et al.*, 2014), we controlled for *firm size*, measured as the number of employees (in thousands) during the CEO's appointment quarter (log-transformed) (Tushman and Rosenkopf, 1996). We also controlled for *firm age* (Haleblian and Finkelstein, 1993), measured as the years since the firm's founding (log-transformed). Since firm performance influences CEO decision-making (e.g. Wagner, Pfeffer and O'Reilly

[1]A definition of the executives included can be found at the following link: https://www.ecfr.gov/current/title-17/chapter-II/part-229/subpart-229.400/section-229.40.

[2]For example, we noticed that 'operations' was frequently used in some executive titles. We had to consult company resources and executive biographies to understand the nature of roles related to 'operations'. For example, Werner Geissler from Procter and Gamble and Jeffrey Nygaard from Seagate Technology had similar titles as 'Head of Operations'. When we checked the job descriptions of both executives from their firm websites, we noticed that Werner Geissler was responsible for the global profit centres of Procter and Gamble, whereas Jeffrey Nygaard had accountability for the production and supply chain functions of Seagate Technology. Therefore, Werner Geissler's role was labelled as 'divisional' and Jeffrey Nygaard's as 'functional'.

[3]We measured this by examining the percentage change in bonus for each executive, and then computing the coefficient of variation (CoV) of these changes among team members. To increase reliability, we averaged the CoV from t-2 to t-1 *and* from t-1 to t (e.g. for year $t = [\mathrm{CoV}(ti - (t\text{-}1)\mathrm{i}) + \mathrm{CoV}((t\text{-}1)\mathrm{i} - (t\text{-}2)\mathrm{i})] / 2$).

III, 1984), we accounted for the *pre-succession firm performance*, measured as the industry-adjusted ROA in the year preceding a CEO's appointment.

To account for the board's potential influence on TMT changes (Giambatista, Rowe and Riaz, 2005), we controlled for *board size*, measured as the number of executive and non-executive directors, *board independence*, measured as the number of independent outside directors on the board at the time of a CEO's appointment (Zajac and Westphal, 1996), and *board tenure*, measured as the average of all board member's tenure (Acharya and Pollock, 2013; Carpenter, 2002). We also controlled for *board functional diversity*, measured as the Herfindahl index of members' dominant functional experience (Wiersema and Bantel, 1992; Hambrick, Cho and Chen, 1996).

Lastly, since dynamic and fast-changing environments are characterized by a greater need for strategic and TMT changes (Richard *et al.*, 2019), we controlled for *industry munificence*, which we measured as the average growth or decline in industry sales over the prior 5 years (Tang, Li and Yang, 2015), *industry dynamism* as the standard deviation of industry sales growth over the prior 5 years and *industry complexity* as the industry sales concentration (Zhu, Hu and Shen, 2020). We also controlled for temporal trends using *yearly fixed effects* and *industry dummies*. We lagged all control variables by one year to avoid simultaneity bias (Weng and Lin, 2014).

Analysis

Because the selection of an outsider CEO is not random and is often driven by a firm's need for change, there is potential for endogeneity. Specifically, it can be challenging to disentangle the independent effects of selecting an outsider CEO from other factors that simultaneously influence TMT changes. To address potential endogeneity in the decision to hire an outsider CEO, we employed a two-stage Heckman model (Heckman, 1979). In the first stage, we estimated a probit model, clustered at the firm level, to predict the likelihood of appointing an external CEO during a succession event. This analysis included all observations involving CEO succession. Consistent with prior studies (Keil, Lavie and Pavićević, 2022; Quigley *et al.*, 2019), we incorporated exclusion restriction variables (Semadeni, Withers and Certo, 2014), specifically *the industry rate of external CEO appointments* (at the two-digit SIC level) and the *presence of an internal CEO candidate* (i.e. an executive holding the title of president or COO). Both variables affect the probability of CEO succession but are not highly correlated with residuals in the second-stage models (Certo *et al.*, 2016). We included the inverse Mills ratio, labelled λ *Outsider CEO succession*, as a control in the second-stage models to test our hypotheses on TMT changes following a CEO's succession. In line with prior research (Keil, Lavie and Pavićević, 2022), we used generalized least square (GLS) regressions with clustered standard errors at the firm level to take into account the correlated observations of firms with multiple CEO successions during the study period. The results of the first-stage model are presented in Table 1.

Table 1. First-stage Heckman selection model–Probability of outside CEO succession

Variables	Outside CEO succession
Pre-change performance	−0.564***
	(0.181)
Ind. munificence	0.002
	(0.010)
Ind. dynamism	0.344***
	(0.124)
Firm size	0.029**
	(0.012)
Firm age	0.006
	(0.024)
Predecessor CEO duality	0.181***
	(0.050)
Industry outside succession rate	13.489*
	(7.123)
Internal CEO candidate presence	0.221***
	(0.057)
Industry succession rate	−0.564***
	(0.181)
Log-likelihood	−2813
Wald chi-squared	59.85

Note: Robust standard errors are in parentheses.
$^{***}p < 0.01$. $^{**}p < 0.05$. $^{*}p < 0.1$.

Results

Table 2 shows the descriptive statistics and correlation matrix of the variables included in our analyses. Across all models, including those incorporating interaction terms, the average variance inflation factors (VIFs) range from 2.71 to 2.80. The vast majority of variables, including all focal independent variables and interaction terms, have VIFs well below the conventional threshold of 10. Specifically, the CEO outsider has VIFs between 2.47 and 2.51 in the baseline and between 2.78 and 2.84 in the interaction models. The CEO power ranges from 2.41 to 2.50 in the baseline models and from 4.19 to 4.31 in the interaction models. The interaction term has VIFs between 3.37 and 3.41. These values suggest that multicollinearity is not a concern for the interpretation of our key effects (Cohen, 2013). Only two control variables, environmental dynamism (13.85–14.50) and environmental complexity (11.03–11.07) show higher VIFs, which is expected given their conceptual proximity. Table 3

Table 2. Descriptive statistics and correlations

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
(1) TMT Hor. Ind. (t_1–t_2)	1.00																				
(2) TMT Ver. Ind. (t_1–t_2)	−0.17	1.00																			
(3) TMT Rew. Ind. (t_1–t_2)	−0.08	0.09	1.00																		
(4) CEO outsider	0.02	−0.12	0.02	1.00																	
(5) CEO power	−0.02	−0.01	−0.11	0.23	1.00																
(6) CEO age	−0.13	0.04	0.13	0.05	0.02	1.00															
(7) Firm size	−0.18	0.14	0.16	−0.30	−0.19	0.17	1.00														
(8) Firm age	−0.19	0.13	0.09	−0.20	0.05	0.20	0.39	1.00													
(9) Prior CEO stays board	−0.12	−0.11	−0.14	−0.06	−0.03	0.10	0.05	0.12	1.00												
(10) TMT size	−0.12	0.26	0.07	−0.07	0.04	0.11	0.31	0.19	−0.09	1.00											
(11) TMT tenure	0.04	−0.13	−0.17	−0.12	−0.05	0.05	−0.05	0.11	0.00	0.06	1.00										
(12) TMT people change	0.10	−0.02	0.11	0.01	−0.12	−0.03	−0.06	−0.09	−0.13	−0.03	−0.22	1.00									
(13) Board Func. diversity	−0.06	0.03	0.01	−0.02	0.11	0.01	−0.05	0.09	0.07	0.00	−0.01	−0.01	1.00								
(14) Board tenure	−0.08	0.05	0.05	−0.16	−0.07	0.04	0.04	0.14	0.12	0.00	0.04	−0.10	−0.08	1.00							
(15) Board size	−0.07	0.06	−0.02	−0.27	−0.04	0.13	0.38	0.25	0.04	0.23	−0.05	−0.09	0.01	0.18	1.00						
(16) Board independence	−0.03	−0.07	0.06	0.04	0.06	0.03	0.00	0.14	0.23	0.08	−0.02	0.04	0.57	0.16	0.09	1.00					
(17) Prior performance	0.02	0.01	−0.01	0.06	0.11	−0.03	0.00	−0.09	−0.08	−0.05	−0.09	0.02	0.02	−0.12	0.01	−0.05	1.00				
(18) Ind. munificence	−0.02	0.06	0.06	0.11	0.12	0.04	0.11	0.00	−0.01	0.14	−0.11	−0.03	−0.04	−0.07	0.00	−0.02	0.06	1.00			
(19) Ind. dynamisms	−0.17	−0.02	0.10	0.02	−0.09	0.00	0.16	0.13	0.13	−0.04	−0.07	0.01	0.04	0.03	0.02	0.04	0.07	−0.01	1.00		
(20) Ind. complexity	0.23	−0.06	−0.06	−0.03	0.22	0.00	−0.07	0.19	−0.02	0.05	−0.07	−0.01	0.09	−0.10	0.03	0.14	0.01	0.09	−0.25	1.00	
(21) λ Outside CEO Suc.	0.14	−0.06	0.07	0.18	0.01	−0.20	−0.08	−0.20	−0.18	0.01	−0.23	0.05	0.03	−0.13	−0.04	−0.06	0.15	0.08	0.07	−0.01	1.00
Mean	0.60	3.24	0.07	0.28	−0.36	53.76	9.52	36.16	0.65	8.09	2.86	0.22	0.34	5.55	10.92	0.85	−3.73	0.40	0.14	0.72	1.72
SD	0.16	0.73	0.33	0.45	1.08	5.38	1.32	19.42	0.48	2.67	1.61	0.24	0.09	2.60	3.12	0.17	10.80	2.12	0.15	0.07	0.27

Note: Correlations with magnitude larger than 0.09 are significant at the $p < 0.05$ level.

Table 3. GLS estimates for post-succession TMT structure

	(1)	(2)	(3)	(4)	(5)	(6)
Variables	Hor. Ind. (t_1–t_2)	Hor. Ind. (t_1–t_2)	Ver. Ind. (t_1–t_2)	Ver. Ind. (t_1–t_2)	Rew. Ind (t_1–t_2)	Rew. Ind (t_1–t_2)
CEO outsider		0.047**		−0.203*		0.135**
		(0.023)		(0.108)		(0.060)
CEO power	0.005	0.004	−0.024	−0.016	−0.055**	−0.060***
	(0.009)	(0.009)	(0.043)	(0.043)	(0.023)	(0.023)
Prior horizontal interdependence	0.528***	0.534***				
	(0.064)	(0.064)				
Prior vertical interdependence			0.282***	0.281***		
			(0.054)	(0.053)		
Prior reward interdependence					0.091**	0.081**
					(0.040)	(0.039)
TMT size	−0.001	−0.002	0.030*	0.033*	−0.002	−0.003
	(0.004)	(0.004)	(0.018)	(0.018)	(0.010)	(0.010)
TMT tenure	0.004	0.005	0.020	0.015	−0.019	−0.017
	(0.006)	(0.006)	(0.030)	(0.030)	(0.017)	(0.017)
CEO age	0.001	0.000	−0.024***	−0.021***	0.007	0.005
	(0.002)	(0.002)	(0.008)	(0.008)	(0.004)	(0.004)
Firm size	0.002	0.006	0.042	0.025	−0.009	0.003
	(0.010)	(0.010)	(0.048)	(0.048)	(0.026)	(0.026)
Firm age	−0.001	−0.001	0.011***	0.011***	0.003	0.003
	(0.001)	(0.001)	(0.004)	(0.003)	(0.002)	(0.002)
Prior CEO stays BoD	−0.036*	−0.038*	−0.224**	−0.212**	−0.154***	−0.163***
	(0.020)	(0.020)	(0.094)	(0.093)	(0.052)	(0.052)
Board Func. Div.	0.127	0.127	−0.272	−0.267	0.274	0.276
	(0.139)	(0.138)	(0.675)	(0.668)	(0.363)	(0.358)
Board tenure	−0.002	−0.001	0.015	0.011	−0.004	−0.001
	(0.004)	(0.004)	(0.019)	(0.019)	(0.011)	(0.011)
Board size	−0.000	0.000	−0.032*	−0.033*	0.003	0.004
	(0.004)	(0.004)	(0.019)	(0.019)	(0.010)	(0.010)
Board independence	0.060	−0.002	−1.392**	−1.134*	0.682*	0.519
	(0.134)	(0.136)	(0.627)	(0.636)	(0.348)	(0.351)
Prior performance	−0.001	−0.002	−0.007	−0.006	−0.006*	−0.007**
	(0.001)	(0.001)	(0.006)	(0.006)	(0.003)	(0.003)
Industry munificence	−0.004	−0.004	−0.053**	−0.052**	−0.022*	−0.022*
	(0.005)	(0.004)	(0.021)	(0.021)	(0.012)	(0.012)
Industry dynamism	−0.058	−0.018	−0.981	−1.142	−0.778**	−0.678*
	(0.153)	(0.153)	(0.707)	(0.706)	(0.392)	(0.389)
Industry complexity	0.040	−0.001	0.034	0.206	0.967	0.841
	(0.293)	(0.290)	(1.377)	(1.367)	(0.762)	(0.754)
TMT Comp. change	−0.006	−0.007	0.189	0.192	−0.159	−0.160
	(0.040)	(0.040)	(0.190)	(0.189)	(0.105)	(0.103)
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes
Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes
λ Outside CEO succession	−0.170**	−0.205**	0.725*	0.881**	−0.031	−0.128
	(0.084)	(0.085)	(0.395)	(0.400)	(0.214)	(0.215)
Constant	0.423	0.536	3.487**	2.977*	−1.114	−0.793
	(0.336)	(0.337)	(1.596)	(1.604)	(0.854)	(0.855)
Number of firms	150	150	150	150	150	150
N	182	182	182	182	182	182
Log Likelihood	190.8	192.9	−90.68	−88.95	17.04	19.53
Wald chi	479.1	494.5	458.3	470.6	244.1	256.0

Note: Robust standard errors are in parentheses.
$^{***}p < 0.01$. $^{**}p < 0.05$. $^{*}p < 0.1$.

shows the results of our second-stage models. Model 1 is the baseline model of THI, comprising the control variables. Hypothesis 1 predicts that an outsider CEO increases THI. Model 2 supports our hypothesis by showing that a new outsider CEO has a positive effect on THI in the first 2 years (t_1–t_2) after succession ($\beta = 0.05$, $p < 0.05$).

Model 4 is the baseline model of the TVI, comprising the control variables. Hypothesis 2 suggests that an outsider CEO increases TVI. Model 4 supports our hypoth-

Table 4. Marginal effects of CEO outsider on TMT interdependence

	TMT horizontal interdependence	
CEO power	dy/dx	*p*-value
10th percentile	0.03	0.226
25th percentile	0.04	0.053
50th percentile	0.02	0.024
75th percentile	0.08	0.024
90th percentile	0.09	0.027
	TMT vertical interdependence	
	dy/dx	*p*-value
10th percentile	−0.18	0.112
25th percentile	−0.22	0.042
50th percentile	−0.27	0.039
75th percentile	−0.33	0.059
90th percentile	−0.36	0.075
	TMT reward interdependence	
	dy/dx	*p*-value
10th percentile	0.16	0.008
25th percentile	0.11	0.070
50th percentile	0.05	0.451
75th percentile	−0.01	0.926
90th percentile	−0.05	0.672

Note: Marginal effects are derived from the second stage models including the appropriate interaction term.

esis by showing that a new outsider CEO has a negative effect on the number of title grades in the TMT and, thus, a positive impact on TVI in the first 2 years (t_1–t_2) after appointment ($\beta = -0.20$, $p < 0.1$).

Model 6 is the baseline model of the TRI, comprising the control variables. Hypothesis 3 predicts that an outsider CEO increases TRI. Model 6 supports our hypothesis by showing that a new outsider CEO has a positive effect on TRI in the first 2 years (t_1–t_2) after appointment ($\beta = 0.14$, $p < 0.05$). In all models, we included the inverse Mills ratio as λ *Outsider CEO succession* from the first-stage estimation to account for potential selection bias in CEO succession. The significance of this term in several models underscores the relevance of adjusting for non-random assignment. A detailed discussion is provided in the robustness section.

To evaluate Hypotheses 4a–4c, we adhered to recommendations for interpreting main effects and interaction terms (Busenbark *et al.*, 2022). This approach is particularly suitable, as it accounts for the possibility that the main effect may be significant at certain levels of the moderating variable while nonsignificant at others, rendering the coefficient and significance of the interaction term less informative. Building on the approach and code outlined by Busenbark *et al.* (2022), we analysed the influence of outsider CEOs across various levels of the moderators. Specifically, we examined the 10th, 25th, 50th, 75th and 90th percentiles of CEO power. The marginal effects, presented in Table 4, provide partial support for our hypotheses. With respect to THI, we confirm that the marginal effect of an outsider CEO becomes more positive as CEO power increases. Therefore, we find support consistent with Hypothesis 4a. With respect to TVI, the marginal effect of an outsider CEO becomes more negative as CEO power increases. Thus, we find support for Hypothesis 4b, which states that with increasing power, outsider CEOs increase TVI. In terms of TRI, we find that the marginal effect of an outsider CEO becomes less positive and insignificant as power increases. This means that at low levels of power, an outsider CEO increases TRI, yet as power increases, the effect becomes insignificant. Thus, Hypothesis 4c is unsupported.

Robustness checks and supplemental analyses

To address concerns about endogeneity, variable operationalization and temporal specifications, we conducted a series of robustness checks. These included a Heckman two-stage model, instrumental variable estimation with Sargan and Wu-Hausman tests, alternative operationalizations of CEO outsiderness and TMT structure, as well as checks across multiple post-succession time windows. We also tested the robustness of results using GEE instead of GLS and examined additional firm and executive-level controls. Finally, we assessed the performance implications of TMT structural changes. Across these analyses, our results remain substantively consistent. Full details are reported in Appendix A in the Supporting Information.

Discussion

Our study examined the changes in TMT structure following CEO succession, focusing on how outsider CEOs redefine roles and relationships to support post-succession realignment and integration. Drawing on the functionalism perspective (Georgakakis *et al.*, 2022), we explored how outsider CEOs change TMTs along horizontal, vertical and reward interdependence dimensions (Hambrick, Humphrey and Gupta, 2015) to optimize information processing, knowledge management and enhance collaboration and social cohesion. For THI, our findings indicate that outsider CEOs enhance THI by establishing functional and centralized TMTs. This change enhances cross-functional communication and knowledge sharing, helping to mitigate the outsider CEO's initial unfamiliarity with the firm. These results align with prior research highlighting the integrative and alignment benefits of horizontal interdependence (Hambrick, Humphrey and Gupta, 2015; Beckman and Burton, 2011). Regarding TVI, we find that outsider CEOs increase TVI by aligning members' structural power, which in turn, fosters information exchange, social unity and behavioural integration. These findings support arguments regarding the value of behavioural integration in enhancing team performance and strategic decision-making processes (Hambrick, 1994; Simsek *et al.*, 2005). Regarding TRI, our findings indicate that outsider CEOs enhance TRI by realigning incentives to emphasize firm-level outcomes and promote a shared-fate perspective. This shift fosters collaboration and coordination by aligning payoffs across the TMT (Devers, Wiseman and Holmes Jr, 2007b; Carpenter and Sanders, 2004). These findings are consistent with prior research (Hambrick, Humphrey and Gupta, 2015; Carpenter and Sanders, 2004) highlighting the role of consistent pay structures in promoting cohesion and strategic alignment.

Outsider CEOs face structural constraints when implementing these structural changes, particularly stemming from their level of power vis-à-vis the TMT members and the board of directors (Ma and Seidl, 2018). Drawing on the structuralism perspective, our findings indicate that CEO power moderates TMT changes, with more powerful CEOs driving greater horizontal and vertical interdependence. Powerful CEOs appear to be better equipped to mitigate conflict and implement strategic decisions (Chin, Hambrick and Treviño, 2013; Haleblian and Finkelstein, 1993). Interestingly, CEO power did not significantly moderate the effect on TRI changes. This finding is likely due to the influence of external factors, such as market forces and corporate governance mechanisms, which limit the CEO's ability to exert control over this dimension.

While we analyse the three dimensions separately, we also examined their aggregated effect in a supplemental robustness test. The results show that outsider CEOs do not significantly affect overall interdependence, nor does CEO power moderate this relationship. Aggregate interdependence displays moderate persistence, confirming that any one dimension does not drive our findings. We analyse the dimensions individually because they represent distinct organizational design levers—roles (horizontal), hierarchy (vertical) and incentives (reward), allowing us to identify the specific mechanisms through which outsider CEOs change TMT structures.

Theoretical implications

Our study makes three contributions to strategic leadership research. Firstly, our study contributes to TMT research (Hambrick and Mason, 1984; Hambrick, 2007; Buyl, Boone and Hendriks, 2014) by advancing understanding of the determinants of TMT structural reconfigurations (Menz, 2012; Beckman and Burton, 2011; Hambrick, 2007). Specifically, we study how new outsider CEOs change TMT structures. While prior research on TMT role structure has often examined the presence or addition of a particular CXO position, such as Chief Strategy Officer (Menz and Scheef, 2014) or Chief Marketing Officer (Nath and Mahajan, 2008), we adopt a broader perspective by analysing structural changes across functions and divisions in the context of CEO succession. Additionally, studies on TMT hierarchical or reward structures have primarily examined their impact on firm outcomes (Keck, 1997; Patel and Cooper, 2014) or their role as moderators between TMT characteristics and firm performance (Firk *et al.*, 2022; Hambrick, Humphrey and Gupta, 2015). Our study, however, bridges this gap by investigating how structure changes in response to CEO succession and origin.

Secondly, we contribute to CEO succession research (Berns and Klarner, 2017; Lee and Alexander, 1998) by identifying TMT structure as a central mechanism through which outsider CEOs manage the challenges of succession. Prior research has predominantly explored how new CEOs influence firm performance and strategic change (Datta, Rajagopalan and Zhang, 2003; Karaevli, 2007; Zhang and Rajagopalan, 2010) and alter the TMT composition (Ma, Seidl and Guérard, 2015), but has paid less attention to how CEOs achieve post-succession effectiveness. We extend this literature by conceptualizing TMT structural change as a key mechanism that enables the two interrelated processes of realignment and integration (Ma, Seidl and Guérard, 2015). Through realignment, outsider CEOs employ structural levers (i.e. roles, hierarchies and incentives) to redirect strategic focus and information-processing systems. Through integration, they use these same levers to embed themselves into the organization's leadership context, build

legitimacy and foster cohesion among executives. In this sense, TMT structure acts both as a tool for enacting strategic redirection and as a social device for overcoming liabilities of outsiderness.

Lastly, we contribute to CEO–TMT interface research (Bromiley and Rau, 2016; Georgakakis *et al.*, 2022, 2023; Simsek, Heavey and Fox, 2018) by theorizing how outsider CEOs restructure the TMT to reshape interactions. Building on the functionalism perspective, we demonstrate how structural changes across role, hierarchy and reward dimensions enhance collaboration, information processing and cohesion. Building on the structuralism perspective, we reveal the constraints outsider CEOs face and show that the magnitude of these structural changes depends on the CEO's power. In this way, we move beyond prior work that has treated the CEO–TMT interfaces as an outcome predictor or as a boundary condition (Georgakakis *et al.*, 2022), and instead highlight the structural levers through which CEOs actively construct interface dynamics.

Managerial implications

Our study offers several managerial implications. Our findings inform newly appointed outsider CEOs on effective strategies for TMT restructuring. Understanding the balance between different types of interdependence in TMTs could help outsider CEOs achieve smoother transitions and more effective team integration, especially early in their tenure. In this sense, our study could be helpful for new outsider CEOs to better understand the significance of TMT structures in achieving more optimal organizational designs and improving information-processing and collaboration mechanisms among TMT members. New outsider CEOs could strategically structure the TMTs to realign their organizations more effectively with strategic realities and better integrate into their new organizations. For boards overseeing CEO succession, our findings emphasize the importance of considering how a potential CEO candidate might influence TMT dynamics by establishing effective interfaces, linkages and interactions with TMT members.

Limitations and future research

Like all studies, ours has its limitations that also provide avenues for future research. Firstly, our sample is limited to S&P 500 firms, which are large, publicly traded US companies with high-quality and consistent reporting of executive structures, compensation and governance. This focus aligns with our interest in structural TMT interdependence, which requires detailed and comparable data across firms and over time. Including smaller firms (e.g. from the S&P 1500) would introduce greater heterogeneity in organizational design and succession processes, potentially confounding the mechanisms we seek to isolate. Future studies could extend our theorizing to smaller firms or to non-US contexts to test boundary conditions.

Secondly, conceptually, our analysis primarily focuses on the structural aspects of TMTs (horizontal, vertical and reward interdependence). Future work could complement this perspective by incorporating qualitative elements, such as leadership style, team dynamics and cultural fit, to capture the broader organizational impact of CEO succession.

Thirdly, methodologically, while we address potential sources of endogeneity, we cannot entirely rule out concerns regarding TRI. TRI may be influenced by unobserved factors, such as organizational culture, historical compensation practices or CEO-specific characteristics, that could also affect the likelihood of appointing an outsider CEO. Future research can employ alternative instrumental variables or experimental methods to further disentangle these dynamics.

Fourthly, our study utilizes the CEO–TMT interface framework (Georgakakis *et al.*, 2022) but omits the social-interactionism perspective due to the constraints of our research design and reliance on secondary data. Future studies could address this gap by examining how TMT roles and structures are relationally constructed and negotiated among CEOs, TMT members and other stakeholders. Comparative case studies and field interviews, as employed by Ma and Seidl (2018), could provide a richer understanding of these relational dynamics.

Fifthly, while we focus primarily on TMT structural changes, we acknowledge that structural and compositional changes are interrelated. Future work could investigate the interplay between composition and structural changes using qualitative approaches to uncover potential substitution or amplification effects. In a similar vein, our study has focused solely on structural changes, intentionally omitting compositional adjustments. Future research could examine whether outsider CEOs rely on retaining or elevating internal TMT members to access firm-specific knowledge and overcome their liabilities of outsiderness. This offers an alternative to our collaboration-based explanation and points to the need to study how structural and compositional changes jointly shape outsider CEO integration.

Sixthly, we have modelled the dimensions of TMT structural interdependence separately, consistent with Hambrick, Humphrey and Gupta (2015). Yet, these levers may interact in shaping team dynamics. Moreover, our study focused on three established forms of interdependence, but other types, such as informational (reliance on shared knowledge flows), spatial (geographical dispersion) and temporal interdependence (coordination of executive roles over time), may also influence TMT functioning. Future research could

incorporate such additional dimensions to develop a more comprehensive understanding of how CEOs reconfigure their teams.

Finally, relying on Execucomp data for analysing reward interdependence limits our sample to the top five highest-paid executives within each firm. In contrast, horizontal and vertical interdependence analyses include a broader set of TMT members. Expanding compensation data collection beyond DEF 14A reports would allow for more comprehensive coverage.

Conclusion

Our study provides insights into how new outsider CEOs restructure their TMTs to meet the demands of their leadership roles. By examining horizontal, vertical and reward interdependence, we show that new outsider CEOs increase structural interdependence to foster collaboration, enhance information processing and build social unity within the TMT, and these increases are strengthened by greater CEO power. By doing so, outsider CEOs are better able to address the challenges of succession: realigning their organizations with new strategic agendas while integrating themselves into the TMT. Our findings contribute to CEO succession and CEO–TMT interface research by highlighting the critical role of the TMT structure in facilitating the leadership of outsider CEOs in the post-succession phase.

Acknowledgements

We are grateful to Pei Sun and two anonymous reviewers for their insightful comments and constructive guidance throughout the review process. We also thank the organizers and participants of the 44th Strategic Management Society Annual Conference and the EIASM Workshop on Top Management Team and Business Research for their valuable feedback.

Open access publication funding provided by COUPERIN CY26.

References

Abt, M. and D. Z. Knyphausen-Aufseß (2017). 'Chief human resources officers on top management teams: an empirical analysis of contingency, institutional, and homophily antecedents', *Business Research*, **10**, pp. 49–77.

Acharya, A. G. and T. G. Pollock (2013). 'Shoot for the stars? Predicting the recruitment of prestigious directors at newly public firms', *Academy of Management Journal*, **56**, pp. 1396–1419.

Adams, R. B., H. Almeida and D. Ferreira (2005). 'Powerful CEOs and their impact on corporate performance', *The Review of Financial Studies*, **18**, pp. 1403–1432.

Bebchuk, L. A., K. M. Cremers and U. C. Peyer (2011). 'The CEO pay slice', *Journal of Financial Economics*, **102**, pp. 199–221.

Bebchuk, L. A. and J. M. Fried (2005). 'Pay without performance: overview of the issues', *Journal of Applied Corporate Finance*, **17**, pp. 8–23.

Beckman, C. M. and M. D. Burton (2011). 'Bringing organizational demography back in: time, change and structure in top management team research'. In Mason A. Carpenter (ed.), *Handbook of Top Management Team Research*, pp. 49–70. Cheltenham (UK): Edward Elgar Publishing.

Berns, K. V. and P. Klarner (2017). 'A review of the CEO succession literature and a future research program', *Academy of Management Perspectives*, **31**, pp. 83–108.

Biddle, B. J. (1986). 'Recent developments in role theory', *Annual Review of Sociology*, **12**, pp. 67–92.

Biddle, B. J. (2013). *Role Theory: Expectations, Identities, and Behaviors*. New York: Academic Press.

Bloom, M. and J. G. Michel (2002). 'The relationships among organizational context, pay dispersion, and among managerial turnover', *Academy of Management Journal*, **45**, pp. 33–42.

Boeker, W. (1997). 'Executive migration and strategic change: the effect of top manager movement on product-market entry', *Administrative Science Quarterly*, **42**, pp. 213–236.

Boivie, S., M. K. Bednar, R. V. Aguilera and J. L. Andrus (2016). 'Are boards designed to fail? The implausibility of effective board monitoring', *Academy of Management Annals*, **10**, pp. 319–407.

Boone, C., B. Lokshin, H. Guenter and R. Belderbos (2019). 'Top management team nationality diversity, corporate entrepreneurship, and innovation in multinational firms', *Strategic Management Journal*, **40**, pp. 277–302.

Boustanifar, H., E. J. Zajac and F. Zilja (2022). 'Taking chances? The effect of CEO risk propensity on firms' risky internationalization decisions', *Journal of International Business Studies*, **53**, pp. 302–325.

Bromiley, P. and D. Rau (2016). 'Social, behavioral, and cognitive influences on Upper Echelons during strategy process: a literature review', *Journal of Management*, **42**, pp. 174–202.

Bunderson, J. S., G. S. Van Der Vegt, Y. Cantimur and F. Rink (2016). 'Different views of hierarchy and why they matter: hierarchy as inequality or as cascading influence', *Academy of Management Journal*, **59**, pp. 1265–1289.

Busenbark, J. R., S. D. Graffin, R. J. Campbell and E. Y. Lee (2022). 'A marginal effects approach to interpreting main effects and moderation', *Organizational Research Methods*, **25**, pp. 147–169.

Buyl, T., C. Boone and W. Hendriks (2014). 'Top management team members' decision influence and cooperative behaviour: an empirical study in the information technology industry', *British Journal of Management*, **25**, pp. 285–304.

Buyl, T., C. Boone, W. Hendriks and P. Matthyssens (2011). 'Top management team functional diversity and firm performance: the moderating role of CEO characteristics', *Journal of Management Studies*, **48**, pp. 151–177.

Cannella, A. A. and T. R. Holcomb (2005). *A Multi-Level Analysis of the Upper-Echelons Model. Multi-Level Issues in Strategy and Methods*. Leeds (UK): Emerald Group Publishing Limited.

Cannella, Jr, A. A. and M. Lubatkin (1993). 'Succession as a sociopolitical process: internal impediments to outsider selection', *Academy of Management Journal*, **36**, pp. 763–793.

Carpenter, M. A. (2002). 'The implications of strategy and social context for the relationship between top management team heterogeneity and firm performance', *Strategic Management Journal*, **23**, pp. 275–284.

Carpenter, M. A. and W. G. Sanders (2004). 'The effects of top management team pay and firm internationalization on MNC performance', *Journal of management*, **30**, pp. 509–528.

Certo, S. T., J. R. Busenbark, H. S. Woo and M. Semadeni (2016). 'Sample selection bias and Heckman models in strategic management research', *Strategic Management Journal*, **37**, pp. 2639–2657.

Chin, M. K., D. C. Hambrick and L. K. Treviño (2013). 'Political ideologies of CEOs: the influence of executives' values on corpo-

rate social responsibility', *Administrative Science Quarterly*, **58**, pp. 197–232.
Cho, T. S. and D. C. Hambrick (2006). 'Attention as the mediator between top management team characteristics and strategic change: the case of airline deregulation', *Organization Science*, **17**, pp. 453–469.
Cohen, J. (2013). *Statistical Power Analysis for the Behavioral Sciences*. Milton Park (UK): Routledge.
Crossland, C., J. Zyung, N. J. Hiller and D. C. Hambrick (2014). 'CEO career variety: effects on firm-level strategic and social novelty', *Academy of Management Journal*, **57**, pp. 652–674.
Datta, D. K., N. Rajagopalan and Y. Zhang (2003). 'New CEO openness to change and strategic persistence: the moderating role of industry characteristics', *British Journal of Management*, **14**, pp. 101–114.
Davis, J. H., F. D. Schoorman and L. Donaldson (1997). 'Davis, Schoorman, and Donaldson reply: the distinctiveness of agency theory and stewardship theory', *Academy of Management Review*, **22**, art. 611.
Denis, J.-L., L. Lamothe and A. Langley (2001). 'The dynamics of collective leadership and strategic change in pluralistic organizations', *Academy of Management Journal*, **44**, pp. 809–837.
Dess, G. G. and D. W. Beard (1984). 'Dimensions of organizational task environments', *Administrative Science Quarterly*, **29**, pp. 52–73.
Devers, C. E., A. A. Cannella Jr, G. P. Reilly and M. E. Yoder (2007a). 'Executive compensation: a multidisciplinary review of recent developments', *Journal of Management*, **33**, pp. 1016–1072.
Devers, C. E., R. M. Wiseman and R. M. Holmes Jr (2007b). 'The effects of endowment and loss aversion in managerial stock option valuation', *Academy of Management Journal*, **50**, pp. 191–208.
Domínguez-Cc, M., B. Larrañeta and J. L. Galán (2024). 'Resource orchestration at the top: CEO succession origin, top management team role restructuring and firm performance', *Long Range Planning*, **57**, art. 102397.
Donaldson, L. (1990). 'The ethereal hand: organizational economics and management theory', *Academy of Management Review*, **15**, pp. 369–381.
Dowell, G. W., M. B. Shackell and N. V. Stuart (2011). 'Boards, CEOs, and surviving a financial crisis: evidence from the internet shakeout', *Strategic Management Journal*, **32**, pp. 1025–1045.
Eisenhardt, K. M. (1989). 'Making fast strategic decisions in high-velocity environments', *Academy of Management Journal*, **32**, pp. 543–576.
Eisenhardt, K. M. and L. J. Bourgeois III (1988). 'Politics of strategic decision making in high-velocity environments: toward a midrange theory', *Academy of Management Journal*, **31**, pp. 737–770.
Feng, M., W. Ge, S. Luo and T. Shevlin (2011). 'Why do CFOs become involved in material accounting manipulations?', *Journal of Accounting and Economics*, **51**, pp. 21–36.
Finkelstein, S. (1992). 'Power in top management teams: dimensions, measurement, and validation', *Academy of Management Journal*, **35**, pp. 505–538.
Finkelstein, S., S. F. B. Cannella, D. C. Hambrick and A. A. Cannella (2009). *Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards*. New York, NY: Oxford University Press.
Fiorina, C. (2001). 'The business of change'. https://www.hp.com/hpinfo/execteam/speeches/fiorina/tiecon_01.html
Firk, S., Y. Gehrke, A. Hanelt and M. Wolff (2022). 'Top management team characteristics and digital innovation: exploring digital knowledge and TMT interfaces', *Long Range Planning*, **55**, art. 102166.
Fondas, N. and M. Wiersema (1997). 'Changing of the guard: the influence of CEO socialization on strategic change', *Journal of Management Studies*, **34**, pp. 561–584.
Foss, N. J. and P. G. Klein (2014). 'Why managers still matter', MIT Sloan Management Review, https://sloanreview.mit.edu/article/why-managers-still-matter-2/
Friedman, S. D. and K. Saul (1991). 'A leader's wake: organization member reactions to CEO succession', *Journal of Management*, **17**, pp. 619–642.
Georgakakis, D., P. Greve and W. Ruigrok (2017). 'Top management team faultlines and firm performance: examining the CEO-TMT interface', *The Leadership Quarterly*, **28**, pp. 741–758.
Georgakakis, D., M. L. Heyden, J. D. Oehmichen and U. I. Ekanayake (2022). 'Four decades of CEO–TMT interface research: a review inspired by role theory', *The Leadership Quarterly*, **33**, art. 101354.
Georgakakis, D., M. E. Wedell-Wedellsborg, T. Vallone and P. Greve (2023). 'Strategic leaders in multinational enterprises: a role-specific microfoundational view and research agenda', *Journal of International Business Studies*, **54**, pp. 514–537.
Giambatista, R. C., W. G. Rowe and S. Riaz (2005). 'Nothing succeeds like succession: a critical review of leader succession literature since 1994', *The Leadership Quarterly*, **16**, pp. 963–991.
Golden, B. R. and E. J. Zajac (2001). 'When will boards influence strategy? Inclination × power = strategic change', *Strategic Management Journal*, **22**, pp. 1087–1111.
Grabke-Rundell, A. and L. R. Gomez-Mejia (2002). 'Power as a determinant of executive compensation', *Human Resource Management Review*, **12**, pp. 3–23.
Greve, H. R. and H. Mitsuhashi (2007). 'Power and glory: concentrated power in top management teams', *Organization Studies*, **28**, pp. 1197–1221.
Guadalupe, M., H. Li and J. Wulf (2014). 'Who lives in the C-suite? Organizational structure and the division of labor in top management', *Management Science*, **60**, pp. 824–844.
Haleblian, J. and S. Finkelstein (1993). 'Top management team size, CEO dominance, and firm performance: the moderating roles of environmental turbulence and discretion', *Academy of Management Journal*, **36**, pp. 844–863.
Hambrick, D. C. (1994). 'Top management groups: a conceptual integration and reconsideration of the "team" label', *Research in Organizational Behavior*, **16**, pp. 171–171.
Hambrick, D. C. (1995). 'Fragmentation and the other problems CEOs have with their top management teams', *California Management Review*, **37**, pp. 110–127.
Hambrick, D. C. (2007). 'Upper Echelons theory: an update', *Academy of Management Review*, **32**, pp. 334–343.
Hambrick, D. C. and A. A. Cannella Jr (2004). 'CEOs who have COOs: contingency analysis of an unexplored structural form', *Strategic Management Journal*, **25**, pp. 959–979.
Hambrick, D. C., T. S. Cho and M.-J. Chen (1996). 'The influence of top management team heterogeneity on firms' competitive moves', *Administrative Science Quarterly*, **41**, pp. 659–684.
Hambrick, D. C., S. C. Davison, S. A. Snell and C. C. Snow (1998). 'When groups consist of multiple nationalities: towards a new understanding of the implications', *Organization Studies*, **19**, pp. 181–205.
Hambrick, D. C. and G. D. Fukutomi (1991). 'The seasons of a CEO's tenure', *Academy of Management Review*, **16**, pp. 719–742.
Hambrick, D. C., S. E. Humphrey and A. Gupta (2015). 'Structural interdependence within top management teams: a key moderator of Upper Echelons predictions', *Strategic Management Journal*, **36**, pp. 449–461.
Hambrick, D. C. and P. A. Mason (1984). 'Upper Echelons: the organization as a reflection of its top managers', *Academy of Management Review*, **9**, pp. 193–206.
Harris, D. and C. Helfat (1997). 'Specificity of CEO human capital and compensation', *Strategic Management Journal*, **18**, pp. 895–920.
Harris, J. (2015). 'David Biegger named chief supply chain officer of ConAgra Foods'. ConAgra Foods.
Heckman, J. J. (1979). 'Sample selection bias as a specification error', *Econometrica: Journal of the Econometric Society*, **47**, pp. 153–161.

Helmich, D. L. and W. B. Brown (1972). 'Successor type and organizational change in the corporate enterprise', *Administrative Science Quarterly*, **17**, pp. 371–381.
Henderson, R. and I. Cockburn (1994). 'Measuring competence? Exploring firm effects in pharmaceutical research', *Strategic Management Journal*, **15**, pp. 63–84.
Henderson, A. D. and J. W. Fredrickson (2001). 'Top management team coordination needs and the CEO pay gap: a competitive test of economic and behavioral views', *Academy of Management Journal*, **44**, pp. 96–117.
Jiraporn, P., S. Jumreornvong, N. Jiraporn and S. Singh (2016). 'How do independent directors view powerful CEOs? Evidence from a quasi-natural experiment', *Finance Research Letters*, **16**, pp. 268–274.
Joseph, J., R. Klingebiel and A. J. Wilson (2016). 'Organizational structure and performance feedback: centralization, aspirations, and termination decisions', *Organization Science*, **27**, pp. 1065–1083.
Karaevli, A. (2007). 'Performance consequences of new CEO "Outsiderness": moderating effects of pre-and post-succession contexts', *Strategic Management Journal*, **28**, pp. 681–706.
Karaevli, A. and E. J. Zajac (2013). 'When do outsider CEOs generate strategic change? The enabling role of corporate stability', *Journal of Management Studies*, **50**, pp. 1267–1294.
Karim, S. and A. Kaul (2015). 'Structural recombination and innovation: unlocking intraorganizational knowledge synergy through structural change', *Organization Science*, **26**, pp. 439–455.
Keck, S. L. (1997). 'Top management team structure: differential effects by environmental context', *Organization Science*, **8**, pp. 143–156.
Keck, S. L. and M. L. Tushman (1993). 'Environmental and organizational context and executive team structure', *Academy of Management Journal*, **36**, pp. 1314–1344.
Keil, T., D. Lavie and S. Pavićević (2022). 'When do outside CEOs underperform? From a CEO-centric to a stakeholder-centric perspective of post-succession performance', *Academy of Management Journal*, **65**, pp. 1424–1449.
Kesner, I. F. and D. R. Dalton (1994). 'Top management turnover and CEO succession: an investigation of the effects of turnover on performance', *Journal of Management Studies*, **31**, pp. 701–713.
Knight, D., C. L. Pearce, K. G. Smith, J. D. Olian, H. P. Sims, K. A. Smith and P. Flood (1999). 'Top management team diversity, group process, and strategic consensus', *Strategic Management Journal*, **20**, pp. 445–465.
Kor, Y. Y. and A. Mesko (2013). 'Dynamic managerial capabilities: configuration and orchestration of top executives' capabilities and the firm's dominant logic', *Strategic Management Journal*, **34**, pp. 233–244.
Krause, R., J. Roh and K. A. Whitler (2022). 'The top management team: conceptualization, operationalization, and a roadmap for scholarship', *Journal of Management*, **48**, pp. 1548–1601.
Larcker, D. F. (1983). 'The association between performance plan adoption and corporate capital investment', *Journal of Accounting and Economics*, **5**, pp. 3–30.
Lazear, E. (1981). 'Rank-order tournaments as optimum labor contracts', *Journal of Political Economy*, **89**, pp. 841–864.
Lee, S. Y. D. and J. A. Alexander (1998). 'Using CEO succession to integrate acquired organizations: a contingency analysis', *British Journal of Management*, **9**, pp. 181–197.
Li, M., Y. Lu and G. M. Phillips (2019). 'CEOs and the product market: when are powerful CEOs beneficial?', *Journal of Financial and Quantitative Analysis*, **54**, pp. 2295–2326.
Lines, R. (2007). 'Using power to install strategy: the relationships between expert power, position power, influence tactics and implementation success', *Journal of Change Management*, **7**, pp. 143–170.
Lou, B., N. G. Shepherd, A. Strobl and F. Bauer (2025). 'Playing politics: an Upper Echelons perspective on political behaviour during acquisition decision making', *British Journal of Management*, **36**, pp. 110–129.
Ma, S., Y. Y. Kor and D. Seidl (2022). 'Top management team role structure: a vantage point for advancing Upper Echelons research', *Strategic Management Journal*, **43**, pp. O1–O28.
Ma, S. and D. Seidl (2018). 'New CEOs and their collaborators: divergence and convergence between the strategic leadership constellation and the top management team', *Strategic Management Journal*, **39**, pp. 606–638.
Ma, S., D. Seidl and S. Guérard (2015). 'The new CEO and the post-succession process: an integration of past research and future directions', *International Journal of Management Reviews*, **17**, pp. 460–482.
Main, B. G., C. A. O'Reilly III and J. Wade (1993). 'Top executive pay: tournament or teamwork?', *Journal of Labor Economics*, **11**, pp. 606–628.
Menz, M. (2012). 'Functional top management team members: a review, synthesis, and research agenda', *Journal of Management*, **38**, pp. 45–80.
Menz, M. and C. Scheef (2014). 'Chief strategy officers: contingency analysis of their presence in top management teams', *Strategic Management Journal*, **35**, pp. 461–471.
Nath, P. and V. Mahajan (2008). 'Chief marketing officers: a study of their presence in firms' top management teams', *Journal of Marketing*, **72**, pp. 65–81.
Nath, P. and V. Mahajan (2011). 'Marketing in the C-suite: a study of chief marketing officer power in firms' top management teams', *Journal of Marketing*, **75**, pp. 60–77.
Neely, Jr, B. H., J. B. Lovelace, A. P. Cowen and N. J. Hiller (2020). 'Metacritiques of Upper Echelons theory: verdicts and recommendations for future research', *Journal of Management*, **46**, pp. 1029–1062.
Nobel, R. and J. Birkinshaw (1998). 'Innovation in multinational corporations: control and communication patterns in international R&D operations', *Strategic Management Journal*, **19**, pp. 479–496.
O'Reilly, C., R. Snyder and J. Boothe (1993). 'Effects of executive team demography on organizational change'. In G. Huber and W. Glick (eds), *Organizational Change and Redesign: Ideas and Insights for Improving Performance*, pp. 147–175. New York, NY: Oxford University Press.
Ocasio, W. (1997). 'Towards an attention-based view of the firm', *Strategic Management Journal*, **18**, pp. 187–206.
Patel, P. C. and D. Cooper (2014). 'Structural power equality between family and non-family TMT members and the performance of family firms', *Academy of Management Journal*, **57**, pp. 1624–1649.
Quigley, T. J. and D. C. Hambrick (2012). 'When the former CEO stays on as board chair: effects on successor discretion, strategic change, and performance', *Strategic Management Journal*, **33**, pp. 834–859.
Quigley, T. J., D. C. Hambrick, V. F. Misangyi and G. A. Rizzi (2019). 'CEO selection as risk-taking: a new vantage on the debate about the consequences of insiders versus outsiders', *Strategic Management Journal*, **40**, pp. 1453–1470.
Richard, O. C., J. Wu, L. A. Markoczy and Y. Chung (2019). 'Top management team demographic-faultline strength and strategic change: what role does environmental dynamism play?', *Strategic Management Journal*, **40**, pp. 987–1009.
S&P Capital IQ. (2017). 'Alexion Pharmaceuticals, Inc. announces executive changes'.
Sah, R. K. and J. E. Stiglitz (1991). 'The quality of managers in centralized versus decentralized organizations', *The Quarterly Journal of Economics*, **106**, pp. 289–295.
Semadeni, M., M. C. Withers and S. T. Certo (2014). 'The perils of endogeneity and instrumental variables in strategy research: understanding through simulations', *Strategic Management Journal*, **35**, pp. 1070–1079.
Shen, W. and A. A. Cannella Jr (2002). 'Revisiting the performance consequences of CEO succession: the impacts of successor type, post-succession senior executive turnover, and departing CEO tenure', *Academy of Management Journal*, **45**, pp. 717–733.

Siegel, P. and D. Hambrick (1996). 'Business strategy and the social psychology of top management teams', *Advances in Strategic Management*, **13**, pp. 91–119.

Simsek, Z., C. Heavey and B. C. Fox (2018). 'Interfaces of strategic leaders: a conceptual framework, review, and research agenda', *Journal of Management*, **44**, pp. 280–324.

Simsek, Z., J. F. Veiga, M. H. Lubatkin and R. N. Dino (2005). 'Modeling the multilevel determinants of top management team behavioral integration', *Academy of Management Journal*, **48**, pp. 69–84.

Smith, K. G., K. A. Smith, J. D. Olian, H. P. Sims Jr, D. P. O'Bannon and J. A. Scully (1994). 'Top management team demography and process: the role of social integration and communication', *Administrative Science Quarterly*, **39**, pp. 412–438.

Tang, Y., J. Li and H. Yang (2015). 'What I see, what I do: how executive hubris affects firm innovation', *Journal of Management*, **41**, pp. 1698–1723.

Tushman, M. L. and L. Rosenkopf (1996). 'Executive succession, strategic reorientation and performance growth: a longitudinal study in the US cement industry', *Management Science*, **42**, pp. 939–953.

Vancil, R. F. (1987). *Passing the Baton: Managing the Process of Ceo Succession: Managing the Process of Chief Executive Officer Succession*. Cambridge, MA: Harvard Business School Press.

Vieregger, C., E. C. Larson and P. C. Anderson (2017). 'Top management team structure and resource reallocation within the multibusiness firm', *Journal of Management*, **43**, pp. 2497–2525.

Wagner, W. G., J. Pfeffer and C. A. O'Reilly III (1984). 'Organizational demography and turnover in top-management group', *Administrative Science Quarterly*, **29**, pp. 74–92.

Weng, D. H. and Z. Lin (2014). 'Beyond CEO tenure: the effect of CEO newness on strategic changes', *Journal of Management*, **40**, pp. 2009–2032.

Wiersema, M. and K. A. Bantel (1992). 'Top management team demography and corporate strategic change', *Academy of Management Journal*, **35**, pp. 91–121.

Wiersema, M. F. and K. A. Bantel (1993). 'Top management team turnover as an adaptation mechanism: the role of the environment', *Strategic Management Journal*, **14**, pp. 485–504.

Xuan, Y. (2009). 'Empire-building or bridge-building? Evidence from new CEOs' internal capital allocation decisions', *The Review of Financial Studies*, **22**, pp. 4919–4948.

Zajac, E. J. and J. D. Westphal (1996). 'Who shall succeed? How CEO/board preferences and power affect the choice of new CEOs', *Academy of Management Journal*, **39**, pp. 64–90.

Zhang, Y. and N. Rajagopalan (2010). 'Once an outsider, always an outsider? CEO origin, strategic change, and firm performance', *Strategic Management Journal*, **31**, pp. 334–346.

Zhu, Q., S. Hu and W. Shen (2020). 'Why do some insider CEOs make more strategic changes than others? The impact of prior board experience on new CEO insiderness', *Strategic Management Journal*, **41**, pp. 1933–1951.

Can Aktan is an Assistant Professor of Strategy and Organization at Sabanci Business School, Sabanci University in Turkey. He earned his PhD from Bocconi University in Italy. His research examines the characteristics of top management teams and boards of directors and the factors influencing these characteristics.

Maximilian Weis is an Assistant Professor for Strategy at ESCP Business School (Berlin Campus). He earned his PhD from WU Vienna in Austria. His research focuses on temporality in the context of change, sustainability and succession in the Upper Echelons.

Supporting Information

Additional supporting information can be found online in the Supporting Information section at the end of the article.