UNIVERSIDAD AUSTRAL

WORKING PAPER SERIES IAE

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Alejandro Carrera
Juan Quiroga

IAE Business School – Austral University

DT 07/2008

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Alejandro Carrera

IAE Business School – Austral University
M. Acosta S/N, Pilar, Buenos Aires – B1629WA – Argentina
E-mail: acarrera@iae.edu.ar

Juan Quiroga

IAE Business School – Austral University
M. Acosta S/N, Pilar, Buenos Aires – B1629WA – Argentina
E-mail: jquiroga@iae.edu.ar

Abstract

The present study tests the theoretical framework on how CEOs add value proposed by Carrera et al (2006). According to this model, CEOs must manage three main processes for accomplishing their mission of providing continuity to their organizations: Business, Management and Institutional Configuration Processes. This study tests the model through a survey with 270 CEOs, from medium to large Argentine firms and multinational companies within Argentina. Research results backed up the theoretical framework. To a further extent the study evidences differences between CEOs perception of their main concerns and the actual allocation of time they do daily to their tasks. In addition, by sample segmentation (concerning age, experience, capital origin and CEO category), some broad differences among CEOs arose.

El presente estudio testea el modelo teórico sobre cómo los CEOs agregan valor propuesto por Carrera et al (2006). De acuerdo con este modelo, los CEOs deben manejar tres procesos principales para alcanzar la misión de proveer continuidad a sus organizaciones: Proceso de Negocio, Proceso de Dirección y Proceso de Configuración Institucional. Este estudio testea el modelo a partir de una encuesta a 270 CEOs, de medianas a grandes compañías argentinas y multinacionales en Argentina. Los resultados de la investigación sustentan el modelo teórico. Asimismo, el estudio evidencia diferencias entre la percepción de los CEOs sobre sus principales preocupaciones y la real asignación de tiempo a sus tareas diarias. Además, al segmentar la muestra (respecto a la edad, experiencia, origen del capital y categoría de CEO), surgen algunas amplias diferencias entre CEOs.

Keywords: Top Management, Added Value, CEO, Processes, Corporate Governance.
JEL codes: M

Research Assistant: Magdalena Cornejo

1. Introduction

Over the last decade, CEO's role has become an increasingly important issue of study and his performance has been highly questioned as well. Much evidence leads us to say this. To begin with, from the world's largest 2,500 public companies, the CEOs rate of turnover remained at a high level over the last years, having an average of 13.8% in 2007, for which only 6.8% is due to a planned succession (Karlson et al, 2008). There are other researches that dealt with CEO turnover (Parrino, R., 1997; Matta et al, 2008), in 2005 the Center of Creative Leadership affirmed that 40% of the CEOs fail during the first eighteen months of their tenure. One of the reasons of this rapid CEO replacement is the difficulty faced by CEOs in showing growing and sustained quarter results, which undergo in constant pressure and they experienced changes in their lifestyle. These facts explain why a large number of current executives do not want the job, "35% of executives want the CEO position today, down from roughly half who aspired towards it a mere four years ago. 60% of current executives do not want the job" (Wirthlin Worldwide, 2005).

As regards Argentina, there is not much research done about CEOs. The "Annual Global CEO Survey" conducted by PricewaterhouseCoopers focus its research in the expectation of the CEOs in Argentina and its evolution, not in their job. In the 11th edition they found that the confidence index of the CEOs in Argentina is great below the expectations of CEOs from the rest of the world in each country. The main concerns of local executives are: the excessive regulation, the energy security and the inadequate infrastructure. Diego Etchepare, president of PricewaterhouseCoopers in Argentina, highly believes that the challenge of CEOs and political leaders is to understand the vital role they can play together in shaping the future.

Along the last 30 years research on CEOs role has emerged. Main research lines dealt with women acceding to management positions (Stevens, 1980; 1992; Appold, 1998), CEOs succession (Miller, 1993; Zajac and Westpahl, 1996); and CEOs compensations (Boyd, 1994; Carpenter and Sanders, 2002; Gabaix and Landier, 2008) linked with the difference that CEOs make and the economic impact of CEO ability (Tervio, 2008). During the last years, it was also concerned with CEOs payment and stock ownership implications (Yermarck, 1997; Hayes and Schaefer, 1999; Sanders, 2001; McGuire and Matta, 2003).

Even though there is no recent extensive research about how CEOs add value to a company, there are to some extent a number of researchers that address this issue somewhat. These are the cases of CEO characteristics and international interdependence management (Roth, 1995), the role and impact of top managers on social performance (Thomas, 1995; Noria et al, 2003, George, W, 2003), the industry structure and CEO successor characteristics (Datta, 1998), leading attributes and charisma (Waldman, 2001), the corporate strategic refocusing (Bigley, 2002), managing basic tasks and their mid-sets (Gosling and Mintzberg, 2003), managers range of roles (Mintzberg, 1990) and how effective executives approach their jobs (Kotter, 1999 and 2001).

As Joan Ricart and David Pastoriza (2005) said: “We are constantly bombarded with news about managerial excellence and ineptitude, executives saving and destroying companies, or shareholders asking for the replacement of executives, in the search for promising new talents able to rescue a firm from awkwardness. Companies are fundamentally different because of choices made by general managers acting on the basis of their different idiosyncratic experiences, knowledge and values. However, despite this recognitions of the general manager’s influence on firm performance, in the last few decades, managerial practice has reflected a lack of consensus on which are the key managerial functions that add value to the organization”.

All these reasons urged us to investigate the real world of the CEOs: what do they understand about their job, which are their priorities, how do they manage their agenda, how do they take first-hand knowledge, and what is the importance they attach to the stakeholders.

In accordance to Canals (2005) we believe that the main responsibility of a Top executive is to contribute to the continuity of the company in the long-term. The CEO main responsibility is to work for the organizations continuity and survival (De Geus, 1997). From this point of view, Carrera et al (2006) presented a conceptual model on how CEOs actually add value managing companies. An exploratory study (through 90 in-depth interviews) was conducted to examine the

CEOs activities in Argentina during the period 1999-2004 aiming to improve the understanding of the value added by the CEO to its company. The research, that we are presenting now, contributes to this research line by testing the way the model works to explain the job of CEOs. The aim of this research is to strengthen the understanding of how CEOs add value to their organizations starting from the CEOs own experiences and to evaluate if the framework is validated by CEOs.

2. Background

Framework

The CEOs main goal and responsibility is to work for the organizations continuity and survival[1], that is, to contribute to the company's continuity in the long-term (De Geus, 1997; Canals, 2005). In 1938 C. Barnard stated as a requirement for the organizations continuity:

- To be effective: "Organizational Effectiveness", understanding it as achieving its purpose expressed, in its mission, in a continuous way.
- To be efficient: "Organization Efficiency", letting the people that decides to belong to the organization to have the opportunity of satisfying the objectives that they had when they decided to belong to it, also in a continuous way.

Consequently, the moment when a CEO works for the company's continuity providing it of future and being coherent with Barnard's propositions, is when he adds value to the organization. From this point of view, our framework proposes that CEOs work lays on the responsibility of managing three processes related to the governance of the company: the Business Process (BP), related to defining business, the Management Process (MP), related to wealth creation, and the Institutional Configuration Process (ICP), related to governing the organization (Carrera and Perkins, 2004). The CEO´s role is to guide them for the accomplishment of the purposes of the company, having as framework its goals and as main responsibility the provision and promotion

[1] In this point we understand that De Geus's proposal about the "priorities for management: commitment to the organization's long-term survival" through "encouraging growth and renewal" has a central importance and is the best way to resume the responsibility assumed by a person or a group of people when it accepts a company's management and direction.

of its continuity. Not only concerning about value creation for shareholders, but understanding the company as a human reality, a community of work, oriented to the satisfaction of needs and to wealth creation and wealth distribution in a sustainable and continuous way. In each one of the processes, he has to:

- Find potential wealth sources (BP),
- Drive the wealth creation process (MP),
- Develop the organization's internal and external context and strengthening confidence ties (ICP).

For achieving these goals the company must develop crucial competencies and skills such as:

- Strategic thinking skills (BP),
- Organizational learning skills (MP),
- Innovation and leaderships development skills (ICP).

We understand "defining business and wealth creation"(doing business) as the action of creating wealth profiting from the opportunities generated by people and community's unsatisfied needs. While "governing" means managing human organizations, aligning all stakeholders' interests toward more effective results and just realities. Governing is much more than having a strategy, managing is a political activity[2], if we want to understand its whole deep meaning we should analyze it from that perspective. On the same track, Valero and Lucas's work (Valero y Vicente and Lucas, 1991) has contributed to the development of political aspect of the Top Executive's work and to the understanding of it as a synthesis of Top Executive's kind of work.

We analyze the CEOs agendas for understanding these processes (Business – Management and Institutional Configuration), among the three of them there are variables managed by CEOs in different ways. To perform those variables CEOs may require their collaborators to do so (delegate), they can teach them how to do so (prepare for delegate), or can take actions to perform by themselves. These are three different ways in which the CEO carries out its work in a

[2] We understand *political activity* as the job done by a person who is responsible of guiding a group of people towards the achievement of common and previously established goals.

company. For working on each one of these ways he needs to develop different kind of skills and take care of diverse tasks and duties.

Each process has a concrete purpose, an objective to pursue and specific actions that must be attended and promoted. The Business Process takes care of (guarantees) the company's efficacy, the objective is to sustain its growth and development, and requires an identification, understanding and definition of the company's business. The Management Process takes care of (assures) the ability of the company to execute, the objective is to promote the action, learning, adaptation and renewal of the company, and this process establishes the objectives, identifies the resources and guides the necessary actions to achieve the goals. Finally, the Institutional Configuration Process takes care of (ensures) the organization's governance, the objective is to generate the adequate conditions for the company to develop its activities in a harmonious way. This process looks for a harmonious interaction among stakeholders, and takes care of and develops the crucial issues that contribute to the organization's continuity.

We introduce now the group of variables he should take care of and promote that are part of each kind of process.

Accordingly, the Business Process demands the CEO to:

1. Have a clear understanding of the value chain where the company operates, and the competencies and resources demanded by the industry for being successful,
2. To define effectively on which businesses the company will focus its activities and the business operations it will carry on,
3. To develop and promote strategic thinking among the people who belong to the organization,
4. To create and develop a Vision for the company,
5. To promote and develop new businesses.

Within the Management Process the CEOs should be called for:

6. Guiding the subordinates actions,

7. Selecting collaborators and delegating responsibility,
8. Developing the organization's learning skills,
9. Leading the strategy formulation process,
10. Leading the strategic and operational control.

For developing a harmonic working environment, distributing the generated wealth, motivating and promoting the cooperation with and among the different stakeholders within the Institutional Configuration Process, the Top Manager must:

11. Organize the co-existence and interaction with the different stakeholders in a harmonic way,
12. Promote and take care of the organizational unity,
13. Promote innovation and leadership development,
14. Develop and select its successor,
15. Promote change processes in the organization.

From a survey conducted in 2005, where we tested the variables of the model, we redefined the variables that we understood were conjunctural and contingent, and not independent. We also tried to check if there were any other new variables that were not taken into account in our model. The variable defined as "Taking an operational role during crisis and driving the business processes" (Carrera et al, 2006) was replaced by "Leading the strategic and operational control", and the variable defined as "Lead change during crisis" (Carrera et al, 2006) was changed to "Promote change processes in the organization". Furthermore, we exclude from the analysis the variable "Take into account the shareholders demands for defining the company's profile" (Carrera et al, 2006) as we noticed there was some overlap with the variable "Organize the co-existence and interaction with the different stakeholders in a harmonic way,"

Each one of the 15 variables is operationally defined in the paper (Appendix A). In the present study, carried out in Argentina, we aim to confirm concurrence between this framework and CEOs understanding of their job. Hence we have designed an instrument for finding out the

CEO’s understanding of these fifteen variables as well as which of these variables are part of CEOs personal job, that is, they are among their priorities.

3. Research Methodology

Data and sample

The data was collected through a survey to CEOs between 2006 and 2007.

Our final sample included 270 CEOs. These CEOs are on average 51.3 years old, and have worked 10.5 years as Top Executives.

The population chosen for this study includes Top Executives from large and medium sized argentine firms and multinational companies working in Argentina, from within diverse business sectors (e.g. retail, energy, financial, industrial, etc.) and a revenue average around US$180 Million, with a maximum of US$ 4 Billion. On whole, those companies represent the 17% of Argentina’s GDP in 2007.

For further analysing the information, we have segmented the sample in different groups:

By CEO’s category:

1. Argentine entrepreneurs (84 cases);
2. Top executives managing argentine companies (48 cases);
3. Argentine managers at multinational companies (90 cases);
4. Foreign managers at multinational companies (43 cases).

Note: 5 missing cases.

By Age range:

1. Less than 40 years-old (26 cases);
2. Between 40 and 49 years-old (90 cases);
3. Between 50 and 59 years-old (78 cases);
4. More than 60 years-old (57 cases).

Note: 19 missing cases.

By Experience[3] range:

1. Less than 3 years (75 cases);
2. Between 4 and 10 years (94 cases);
3. More than 11 years (86 cases);

Note: 15 missing cases.

By Capital origin:

1. Argentine (129 cases);
2. Foreign (125 cases);

Note: 16 missing cases.

Survey

The 270 CEOs received a survey asking them to explain "how they added value to their companies from their role of Top Executive of it". The questions were divided in two sections:

First Section – "Priorities": opened questions to determine their agenda activities.

- How do you think you are adding value to your organization from your CEO position? On which tasks do you work for achieving it?
- Could you tell us which are your agenda's key issues and priorities?
- On which tasks do you focus your work and which of them are delegated to your subordinates?
- What do the different stakeholders expect from you? How do you meet their expectations?

Second Section – "Understanding": closed questions to determine the importance given to each activity.

- Importance evaluation of the 15 listed variables.
- Stakeholders valuation and ranking.

[3] Experience = number of years as Top Executive.

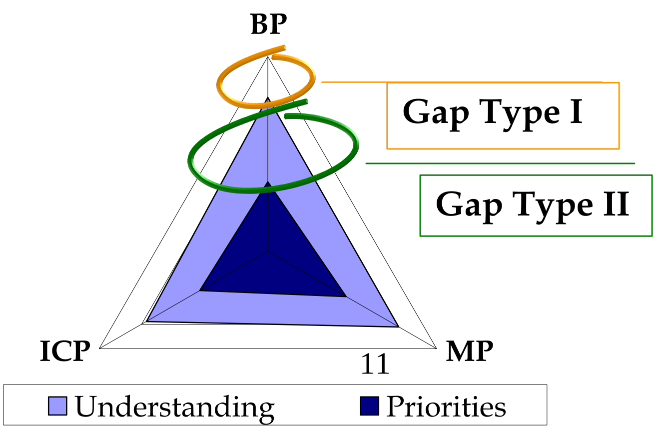
Variables and Measures

All the information gathered in the first section was set out in a tabular form, giving to each variable the scores of 0, 1 or 2. This tool worked as a check list for the CEOs activities described in the framework. Neither this framework nor the listed variables in the second section were presented to the CEOs previously to their presentations; the only input they had were the questions cited in the first section.

There were three different possible classifications for each variable, either the issue was absent (score equal to 0), mentioned (score equal to 1) or had a clear existence and emphasis on CEOs discourse (score equal to 2). Each one of these ways in which they add value have been described with an operational definition earlier. Those operational definitions acted as a "check list" during the categorization process we made. All this tabulation was made by two researchers simultaneously, cross-checking the found variables and its tabulation.

As for the second section, the variables were rated along a seven-point scale in which 1 indicated that the variable was considered "not important" and a value of 7 indicated "very important". We made a linear transformation in order to change the original scale (from 1 to 7) into another between 0 and 2 so as to be able to compare both sections. So in total we have 15 measurements related to understanding and 15 measurements related to the priorities assigned to each variable.

We created a new variable "GAP Type II" that reflects the difference between what the CEOs understand about their job and what they do in their job (priorities). Furthermore, the "GAP Type I", which is the difference for each variable between the maximum importance and the CEOs understanding of the job, was also analysed to compare the different segmentations of the sample and their different understanding of their job.



To evaluate the processes, we calculated them as weighted averages of the 5 variables that are included in each of them. Three other variables were created: “Understanding”, “Priorities” and “Gap Type II” as a weighted average of the fifteen variables.

Data Analysis

The empirical analysis is conducted on two sections: Understanding and Priorities. The aim of testing the CEOs understanding is to confirm if they take into account the three main processes for achieving their mission of providing continuity to their organizations; while testing the CEOs priorities gives us evidence about their actual allocation of time within their daily tasks.

We began the Data Analysis with an exploratory analysis of the information, using some descriptive statistics (mean, median, and variance coefficient, among others) as well as bivariate correlations and an outliers detection in order to determine the data robustness.

Due to the sample characteristics we did not use factor analysis to identify common factors among our variables. Nevertheless, discriminant analysis was used to segment the sample into homogeneous groups that allowed us to group the variables in different processes.

The Gap Type I and Type II were analysed by process. At first, we tried to measure the registered variability among CEOs in their understanding and priorities of their job, so we made a graphical analysis of those gaps and calculated its area so as to compare the gap’s magnitudes among the different segmentations of the sample. To deepen our gap analysis and trying to find the reasons why CEOs understand their job and behave in a different ways, we regress the variable “Gap Type II” (dependent variable), previously calculated as a weighted average of the fifteen gaps, against the different independent variables (age, experience, capital origin and CEO category).

To identify which factors explain the CEO agenda we regress the variable “Priorities” against the independent variables listed above. By the regression analysis we intend to determine which variables explain the CEOs priorities and in what magnitude, paying special attention to the multiple coefficient of determination (R-square) which indicates the percentage of variation in the dependent variable (Priorities or GAP Type II) explained by the independent variables in the regression model (age, experience, CEO category and capital origin).

Finally, we made a descriptive analysis of the CEOs stakeholders’ valuation and ranking of importance to determine which of those stakeholders have a higher weight in the Top Executives priorities. Moreover, to identify the CEO’s prioritization of the stakeholders we carried out a cluster analysis using a hierarchical method which allowed us to see how the CEOs group the stakeholders from their different valuations.

4. General Results

The research results provide strong support for our theoretical model. The CEOs have an understanding of their work coinciding with the variables of the model, fact that is evidenced by the high averages obtained in the understanding variables provided in Table 1. Even though there are some variables with a comparatively lower average than others, those variables show a greater variability. Therefore not all the CEOs understand in the same way these variables that we identified as "understanding problems" as they are more difficult for some CEOs to be aware of. These variables are those affecting the development of critical skills in the organization: promoting strategic thinking (variable 3), developing the organization’s learning skills (variable 8) and promoting innovation and leadership development (variable 13). Also the development and selection of a successor (variable 14) is being unattended.

Furthermore, there is a very low correlation between the different understanding variables, so the variables defined by the model could be considered independent. In turn, as shown in Table 1, there is no redundant information because the correlation matrix is not singular, namely its determinant is not zero, and so all the variables are relevant.

The high averages in the CEO's understanding of their job and the fact that we do not find activities that could be identified as new variables in the open questions also support our theoretical model.

When segmenting the sample, the variables are grouped around the processes of the model. Even though we do not use factor analysis to group the variables into the three processes (Business Process, Management Process and Institutional Configuration Process), we found that the three processes where differentiated after making a discriminant analysis among the segmentations of our sample. This technique allowed us to affirm that the processes are significant and we could study how the different segments of the sample behave with respect to each process.

The global understanding of the processes is more homogeneous than for each variable in particular, which shows that CEOs bear in mind the processes of this model. When evaluating the means and variances by process, the variability is being reduced from levels between 30% and 50% (Table 1) to levels around 20% (Table 2). That is, the different CEOs have a more homogeneous understanding of the processes involving their job, than of each variable or task they should do. CEOs find easier to synthesize their understanding of their tasks in the dimension of processes than in the dimension of variables.

Table 2. Descriptive statistics of the "understanding" processes.

Process	**Mean**	**Var Coef**
Business Process	1.58	20%
Management Process	1.56	19%
Institutional Configuration Process	1.44	**24%**

The Institutional Configuration Process, that includes the less delegated variables and provides more continuity to the company, is the less understood. This is a worrying indicator of the short-termism with whom companies are governed today.

Our finding of positive and significant correlations among the three processes (Table 3) suggests that as the understanding of one of them increases, the general understanding of the model increases as well, the comprehension of their job improves.

Table 3. Correlation Matrix “Understanding” – By Process:

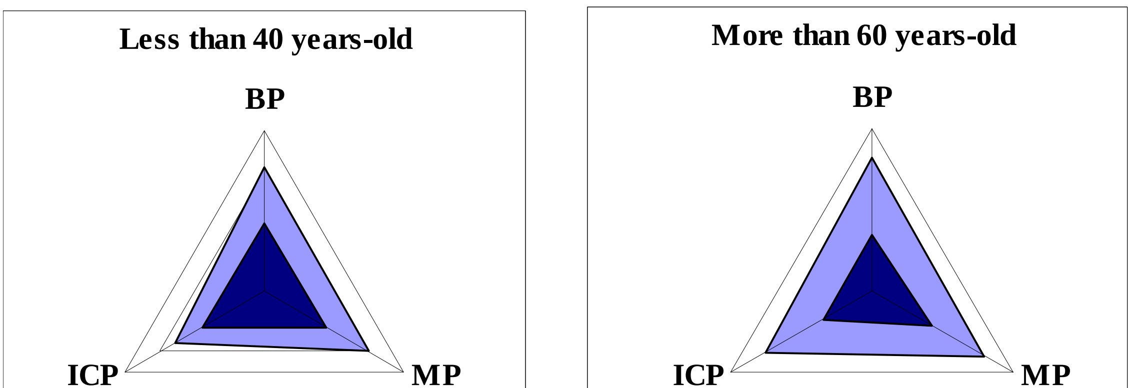
Process	**BP**	**MP**	**ICP**
BP	1		
MP	0.500(**)	1	
ICP	0.495(**)	0.486(**)	1

(**) Significant correlation at level 0.01

In general, CEOs do not attend the development of critical skills (previously defined as variables 3, 8 and 13) associated with each of the processes in their organization, which is also reflected in their understanding. In understanding and in priorities, the variables associated with the crucial competencies of each of the processes showed the lowest averages, but in turn, they have a greater variability (Table 4), so that not all CEOs attend these variables in equal measure. CEOs, on whole, do not understand the critical skills they must develop and promote, skills which provide continuity to their organizations. These competencies do not seem to be a key issue for the CEOs agenda, they are not aware of their vital importance. However, when segmenting the sample by years of experience in the position, we also found an interesting paradox: new CEOs execute more the tasks involving the development of competencies (Table 5). They get the greatest means and lowest variances, the main difference among other CEOs is observed in their direct action to promote innovation and leadership development (variable 13).

Through a GAP analysis between understanding and priorities we detected that older CEOs have a higher understanding of their job, but they focus their tasks, namely they personally select those variables they consider that deserve their direct action. By contrast, younger CEOs have a lower understanding of their job but carry out all they consider important, so in this case they have a lower GAP Type II (Figure 1).

Figure 1. GAPs comparison among CEOs of different age ranges.



Areas	Less than 40 years-old	Between 40 and 49 years-old	Between 50 and 59 years-old	More than 60 years-old
Understanding	0.46	0.54	0.56	0.62
Priorities	0.19	0.13	0.17	0.1
Gap Type I	**54%**	46%	44%	**38%**
Gap Type II	**58%**	75%	69%	**84%**

Note: the whole triangle, that is, a complete understanding of the job has an area equal to unity.

It is interesting to highlight that the fact that older CEOs have a greater selection of their tasks implies that they know where they have to add value in their companies, so they do what nobody in their organization will do if they fail to do so. Therefore, the learning process of the job over the years of experience as Top Executive is associated with an increased focus on the tasks.

The way CEOs manage their agenda arises from reality, his personal agenda emerges from what he considers the organization requires at that time. That is, the planned agenda (the particular and concrete situation the company has) and the emergent agenda (which considers the new circumstances of the context that affect this particular situation).

This result is evidenced by the very low correlations found between what they understand and the priorities assigned to each of the variables (Table 6). CEOs handled selectively its agenda. The personal agenda depends on the contingency that has to do with the juncture, understood as what comes from outside, and the situation of the company at that time. The CEO reacts positively or negatively to the context and modifies his planned agenda, so his real agenda is the result of the interaction between the planned agenda and the emergent agenda. He is the one who guides its agenda. This independence between what they understand they should do and what they really do is also reflected in terms of processes, but in a more emphatic way (Table 7).

In addition, after conducting several linear regressions we observed that the only significant variables that explain the priorities of CEOs are the years of experience and CEO category, not the capital origin, property, revenue of the company or CEO age that in no case were significant in explaining the CEO’s agenda. So, we tried to explain the variability in the CEO’s agenda or priorities through the variability in the years of experience and his category.

However, the R-square in the regression model of priorities is very low (0.07), so there is a 93% of the CEO’s agenda that is guided by his personal agenda (Table 8).

Whereas if we make regressions on the gap between understanding and priorities of CEOs, the years of experience is the only significant variable that explains in a 3% the total variability (Table 9).

The most experienced CEOs attach greater importance to the search of a successor. By comparing averages among the different groups of experience in the top executive position, we found that the most experienced CEOs understand better the importance of the succession. Furthermore a discriminant analysis showed that in the Institutional Configuration Process the new CEOs take care of the organizational unity, while the most experienced CEOs are focused on their succession (Table 10).

We observed that the processes were differentiated when we made a discriminant analysis of the GAPs between companies of foreign and local capital. Companies of foreign capital are more focused on the Management Process than local companies. A GAP Type II analysis showed that this result is not due to a higher understanding, but a higher engagement in their daily tasks to the variables related to the management process, which they prioritize above other processes (Table 11).

In addition, the managers, unlike the owners, are more focused on the Management Process and Institutional Configuration Process. Both a GAP analysis and a discriminant analysis allowed us to confirm that managers have a daily direct action on the tasks involving those processes (Table 12).

When segmenting the sample among the different range of years of experience, both the Institutional Configuration Process and Business Process were discriminated (Table 13).

The CEOs valuated and ranked the stakeholders from the relative importance assigned to each one (Figure 2). By analyzing the means, we found that the three main important stakeholders are Clients, Employees and Shareholders, in that order.

The stakeholders' valuation made by CEOs can be clustered in three clearly differentiated groups. A hierarchical cluster showed how these three groups were formed. Our Group 1 is formed by the Shareholders, Group 2 by the Employees and Clients and Group 3 by the remaining stakeholders (Executive Board, Government, Suppliers, Competitors, Environment, Community, Trade Unions, Treasury and Intermediate Associations). By the dendrogram displayed after the hierarchical cluster analysis (Figure 3) we found the way the different stakeholders were grouped from the beginning. The clusters arrangement begins by grouping Community and Environment, in a second stage the Treasury and Trade Unions, and it continues sequentially until we found three reasonable groups, taking into account that the Executive Board is the forth stakeholder to be grouped.

5. Conclusions

The framework's test was successful and validated, fact that is evidenced by high understanding averages, low understanding variances, almost independent variables (very low correlations) and clustered processes, providing robustness to it.

Beyond this main conclusion that was the objective of our research, we highlight very interesting insights that enrich the understanding of how the CEOs add value to the organizations.

There is a learning process of the job on the job. New CEOs have a lower understanding of what are their duties (variables to manage), but execute more what they understand is their work. While CEOs with greater experience have a higher understanding of their job, but they focus their tasks, namely they personally select those variables they consider that deserve their direct action. It is interesting to highlight that the fact that older CEOs have a greater selection of their tasks implies that they know where they have to add value in their companies, so they do what nobody in their organization will do if they fail to do so. As a corollary, we recommend not to leave alone the new CEO during the first 3 years, there is a risk of high learning cost, they need coaching to define his agenda.

Age, capital origin and company's revenue do not explain the CEOs priorities, while experience and CEo category slightly explain them (R^2 = 7%); he is the one who manages his agenda.

The way CEOs manage their agenda arises from reality, his personal agenda emerges from what he considers the organization requires at that time from his own understanding of his role. That is, the planned agenda (the particular and concrete situation the company has) and the emergent agenda (which considers the new circumstances of the context that affect this particular situation).

A worrying indicator arises when we observed what happened around the Institutional Configuration Process. This process, that must take care of the organization's governance and whose objective is to generate the adequate conditions for the company to develop its activities in a harmonious way and includes some of the variables that have the deeper contribution to the organization's continuity, is the less understood. This is a clear indicator of the short-termism with whom companies are governed today.

To reconfirm this short-termism in the governance of the company, the four variables that provide continuity to the organization (two of them from the Institutional Configuration Process) and where we can see the CEO's legacy are systematically unattended and less understood:

- To promote strategic thinking (variable 3)
- To develop the organization's learning skills (variable 8)
- To promote innovation and leadership development (variable 13)
- To develop and select its successor (variable 14)

These three competencies, strategic thinking skill, organization's learning skill and innovation skill, that are critical to be developed and promoted, do not seem to be a key issue of the CEOs agenda, it seems that they are not aware of their vital importance for the continuity and survival of the organization because they were less understood and less prioritized.

Limitations and future research

Although we have made an initial attempt to study the Gap Type II, this research line could be deepened and enriched by making a more profound analysis of the Gap Type II, trying to distinguish between their planned agenda and emergent agenda.

To analyse the regression between the priorities and understanding to explain why the CEOs do what they do, we must improve the instrument used to measure the first section variables.

A valuable further research will be to conduct this survey in other countries to compare the information collected from Chief Executives in Argentina and their peers working in other parts of the world, which will give a deeper support to the analyzed framework, that is, we will check the universality of our model which is in part validated by the CEOs at MNCs in Argentina.

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Appendix A. Operational definition of the variables analyzed on the research.

Accordingly, the Business Process demands the CEO to:

1. Have a clear understanding of the value chain where the company operates, and the competencies and resources demanded by the industry for being successful,
    - Monitoring systematically the company's businesses, sector and general context.

2. To define effectively on which businesses the company will focus its activities and the business operations it will carry on,
    - Defining the core business, which are the company's strengths and focusing the organization's efforts on them while defining which and how operations must be accomplished for achieving the desired results.

3. To develop and promote strategic thinking among the people who belong to the organization,
    - Practicing the strategic thinking from his top management position and to create the proper incentives to develop that skill through the entire organization.

4. To create and develop a Vision for the company,
    - To outline a vision jointly to the management team and to develop a shared vision through the entire organization's members.
    - To focus and orientate the company to the client

5. To promote and develop new businesses.
    - Being alert and finding new niches, opportunities, complementary businesses; developing plans for profiting from them; and to develop intrapreneurship skills among its collaborators.

Within the Management Process the CEOs should be called for:

6. Guiding the subordinates actions,
    - Developing teambuilding activities, guiding the work and effort of the different members of a working team towards the same goals and results, leading the company towards its mission.

7. Selecting collaborators and delegating responsibility,
    - Taking part in the selection process of the key collaborators and assigning responsibilities.
    - Contribute to the organizational design and to developing the leadership supply (young professionals' development).

8. Developing the organization's learning skills,
    - Promoting the achievement of learning competencies within the working teams for accomplishing an Intelligent Organization model.

9. Leading the strategy formulation process,
    - Ensure the organization to have a complete strategic wisdom by coordinating the mission's materialization process into a competitive strategy with clear goals and measurable results.

10. Leading the strategic and operational control,
    - Taking care of the strategic and financial control.
    - Having the adequate management information in the organization.
    - Guarantee, from the strategic control, the organization to fulfill the strategic initiatives and to have an updated strategy.

For developing a harmonic working environment, distributing the generated wealth, motivating and promoting the cooperation with the different stakeholders within the Institutional Configuration Process, the Top Manager must:

11. Organize the co-existence and interaction with the different stakeholders in a harmonic way,
    - Harmonizing the relations and bonding all the stakeholders ties (sector/ industry organizations; shareholders; clients; competitors; community; employees; government; environment; suppliers; fiscal; etc.) with the organization and between them if necessary.

12. Promote and take care of the organizational unity,
    - Taking care of the consistence of the decisions that are made and of the confidence developed with the different stakeholders.
    - Measuring the impact and consequences the decisions have over the stakeholders and avoid taking decisions that would break relations with anyone.
    - Aligns the company employees to the corporate values and promotes an organizational culture coherent with them.
    - To develop the organization's sense of belonging.

13. Promote innovation and leadership development,
    - This must be the company's main goal, understanding it in a wide sense, what means generating freedom spaces in the organization for giving the employees the opportunity of developing their creativity and innovative skills.

14. Develop and select its successor,
    - Planning the successor's development, mentoring him/them and introducing candidate/s to the Board of Directors.

15. Promote change processes in the organization,
    - Encourage and/or lead the change processes that the organization needs to be sustainable.

- Promote the necessary learning for the development of new distinctive competencies.

Appendix B.

Table 1. Descriptive statistics and Pearson Correlation Matrix (R) - “Understanding” variables.

Process	Variable	Mean	Var. Coef.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Business Process	**1**	**1.45**	**41%**	1														
	2	1.76	26%	0.17(**)	1													
	3	**1.54**	32%	0.10	0.26(**)	1												
	4	1.57	34%	0.07	0.32(**)	0.36(**)	1											
	5	1.57	34%	0.18(**)	0.28(**)	0.18(**)	0.17(**)	1										
Management Process	**6**	1.55	35%	-0.02	0.11	0.16(**)	0.14(*)	0.10	1									
	7	1.59	33%	0.16(**)	0.28(**)	0.24(**)	0.29(**)	0.12(*)	0.13(*)	1								
	8	**1.48**	**35%**	0.01	0.14(*)	0.25(**)	0.07	0.09	0.13(*)	0.06	1							
	9	1.61	31%	0.13(*)	0.25(**)	0.28(**)	0.30(**)	0.19(**)	0.21(**)	0.23(**)	0.05	1						
	10	1.53	33%	0.29(**)	0.16(**)	0.17(**)	0.19(**)	0.29(**)	0.20(**)	0.22(**)	0.17(**)	0.32(**)	1					
Institutional Configuration Process	**11**	1.55	35%	0.12(*)	0.18(**)	0.37(**)	0.09	0.20(**)	0.21(**)	0.05	0.32(**)	0.16(**)	0.18(**)	1				
	12	1.53	34%	0.14(*)	0.12	0.26(**)	0.23(**)	0.06	0.15(*)	0.24(**)	0.15(*)	0.29(**)	0.22(**)	0.21(**)	1			
	13	**1.29**	**51%**	0.14(*)	0.15(*)	0.38(**)	0.30(**)	0.14(*)	0.09	0.21(**)	0.15(*)	0.17(**)	0.11	0.20(**)	0.12(*)	1		
	14	**1.30**	**48%**	0.11	-0.01	0.27(**)	0.08	0.09	0.08	0.16(*)	0.12	0.25(**)	0.09	0.17(**)	0.20(**)	0.19(**)	1	
	15	1.53	32%	0.09	0.11	0.26(**)	0.38(**)	0.23(**)	0.12(*)	0.13(*)	0.26(**)	0.31(**)	0.21(**)	0.10	0.23(**)	0.35(**)	0.26(**)	1

(*) p<0.05; (**) p<0.01

- det(R) = 0.1

Table 4. Means and Variance Coefficients in Understanding and in Priorities.

Understanding				Priorities		
Variable	**Mean**	**Var Coef**		**Variable**	**Mean**	**Var Coef**
1	**1.45**	**41%**		1	0.79	118%
2	1.76	26%		2	0.89	106%
3	1.54	32%		3	**0.29**	**216%**
4	1.57	34%		4	0.90	106%
5	1.57	34%		5	0.71	125%
6	1.55	35%		6	0.99	97%
7	1.59	33%		7	1.09	86%
8	**1.48**	35%		8	**0.76**	**122%**
9	1.61	31%		9	**0.74**	**126%**
10	1.53	33%		10	1.07	89%
11	1.55	35%		11	1.48	56%
12	1.53	34%		12	0.96	100%
13	**1.29**	**51%**		13	**0.39**	**195%**
14	**1.30**	**48%**		14	0.80	116%
15	1.53	32%		15	**0.40**	**185%**

Table 5. Segmentation by years of experience in the position of Chief Executives.

	Priorities						
	– Means –				– Variance Coefficients –		
	Less than 3 years	**Between 4 and 10**	**More than 11 years**		**Less than 3 years**	**Between 4 and 10**	**More than 11 years**
1	0.88	0.82	0.67	1	107%	116%	133%
2	0.88	0.89	0.93	2	106%	104%	104%
3	**0.35**	0.31	0.20	3	**209%**	**206%**	240%
4	0.99	0.93	0.77	4	95%	105%	119%
5	0.65	0.74	0.71	5	137%	120%	123%
6	1.11	1.07	0.80	6	87%	88%	116%
7	1.16	1.10	1.10	7	80%	87%	86%
8	**0.84**	**0.87**	0.63	8	**115%**	**108%**	140%
9	0.73	0.56	0.92	9	130%	154%	104%
10	1.08	1.14	0.97	10	89%	83%	98%
11	1.49	1.56	1.36	11	56%	49%	67%
12	1.15	1.11	0.64	12	84%	85%	139%
13	**0.49**	0.36	0.36	13	**169%**	203%	214%
14	0.67	0.84	0.85	14	136%	112%	107%
15	0.33	0.48	0.36	15	206%	167%	194%

Table 6. Pearson Correlation Matrix (Understanding vs. Priorities).

U / P	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	**0.16**$^{(**)}$	0.04	0.04	0.08	0.03	0.02	0.10	-0.08	0.09	0.07	-0.01	0.08	0.02	0.03	0.07
2	-0.12	**0.09**	0.08	0.01	0.05	0.06	0.03	-0.08	0.02	-0.09	0.01	0.00	-0.11	-0.03	0.01
3	-0.15$^{(*)}$	-0.11	**0.06**	0.03	0.09	0.15$^{(*)}$	-0.09	0.06	0.09	-0.03	0.08	-0.02	-0.10	0.13$^{(*)}$	0.02
4	0.06	-0.07	0.05	**0.07**	-0.05	-0.20$^{(**)}$	0.01	-0.04	0.03	-0.03	-0.01	0.01	0.12	-0.09	0.06
5	-0.02	0.06	-0.04	-0.01	**0.13**$^{(*)}$	-0.01	0.02	-0.17$^{(**)}$	0.00	0.03	-0.08	0.07	0.02	0.08	-0.02
6	0.07	-0.06	0.01	0.01	-0.05	**-0.07**	0.02	-0.08	0.01	0.02	-0.09	0.04	0.10	0.00	0.12
7	-0.01	0.01	0.04	-0.06	-0.03	0.02	**0.03**	-0.03	-0.07	-0.02	0.01	0.04	0.08	-0.07	-0.08
8	0.07	0.12	0.04	-0.03	0.07	0.04	0.08	**0.12**$^{(*)}$	-0.02	0.09	0.01	0.07	-0.02	-0.07	0.03
9	0.11	0.01	0.04	0.10	-0.06	-0.07	0.07	-0.06	**0.11**	-0.03	-0.05	-0.02	0.10	0.03	0.04
10	0.10	0.01	0.01	0.10	0.12$^{(*)}$	-0.09	0.14$^{(*)}$	-0.15$^{(*)}$	0.08	**0.12**$^{(*)}$	-0.12	-0.08	0.18$^{(**)}$	-0.03	0.04
11	0.08	0.02	0.05	-0.07	-0.03	-0.05	0.07	-0.07	0.08	0.07	**0.05**	0.04	-0.02	0.01	-0.05
12	0.10	0.00	-0.02	0.02	0.16$^{(**)}$	0.05	0.06	-0.09	0.05	0.10	-0.08	**0.19**$^{(*)}$	-0.01	-0.04	0.01
13	0.03	0.00	-0.02	0.19$^{(**)}$	0.05	-0.13$^{(*)}$	0.13$^{(*)}$	-0.07	0.11	0.06	-0.10	0.11	**0.20**$^{(**)}$	-0.01	0.11
14	-0.14$^{(*)}$	-0.05	-0.05	-0.14$^{(*)}$	0.11	0.23$^{(**)}$	-0.11	0.06	0.03	0.06	0.17$^{(**)}$	0.06	-0.21$^{(**)}$	**0.16**$^{(*)}$	-0.08
15	0.02	-0.09	-0.05	0.02	-0.03	-0.11	-0.08	-0.07	0.13$^{(*)}$	-0.02	-0.01	-0.03	-0.04	0.00	**0.08**

(*) $p<0.05$; (**) $p<0.01$

Table 7. Correlation Matrix (Understanding vs. Priorities) – By Process:

U / P	BP	MP	ICP
BP	**0.09**	-0.02	0.04
MP	0.10	**0.03**	0.04
ICP	0.04	0.07	**0.07**

Table 8. Regression model – “Priorities”:

Dependent Variable: Priorities

Predictors: (Constant), CEO Category, Years of Experience as Top Executive

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.271	**0.073**	**0.066**	0.14733

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.427	2	0.213	9.832	0.000
	Residual	5.383	248	0.022		
	Total	5.810	250			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.466	0.032		14.768	0.000
	Experience	-0.002	0.001	-0.154	-2.173	0.031
	CEO category	0.022	0.01	0.159	2.247	0.025

Table 9. Regression model – “GAP Type II”:

Dependent Variable: Gap Type II

Predictors: (Constant), Years of Experience as Top Executive

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.172	0.030	0.026	0.33124

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.817	1	0.817	7.446	0.007
	Residual	26.772	244	0.110		
	Total	27.589	245			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.756	0.030		24.959	0.000
	Experience	0.006	0.002	0.172	2.729	0.007

Table 10. Discriminant Analysis – Institutional Configuration Process by Experience

Significance (1): 0.01

Significance (2): n/a

Structure Matrix

	Function
Variable	1
12	**0.89**
11	0.34
15	0.10
14	**-0.18**
13	0.15

Functions at group centroids

	Function 1
Less than 3 years	**0.23**
Between 4 and 11 years	**0.17**
More than 11 years	**-0.39**

Table 11. Discriminant Analysis – Processes by Capital Origin

Significance: 0.02

Structure Matrix

	Function 1
MP	0.84
ICP	0.58
BP	0.08

Functions at group centroids

	Function 1
Local	**-0.20**
Foreign	**0.20**

Table 12. Discriminant Analysis – Processes by Manager vs. Owner

Significance: 0.00

Structure Matrix

	Function 1
ICP	**0.77**
MP	**0.68**
BP	0.27

Functions at group centroids

	Function 1
Owner	**-0.39**
Manager	**0.18**

Table 13. Discriminant Analysis – Processes by Years of Experience

Significance – Function 1: 0.05

Significance – Function 2: n/a

Structure Matrix

	Function 1
ICP	**0.92**
MP	0.34
BP	**0.49**

Functions at group centroids

	Function 1
Less than 3 years	0.11
Between 4 and 10 years	0.19
More than 11 years	-0.30

Figure 2. Stakeholder's ranking and valuation (%)

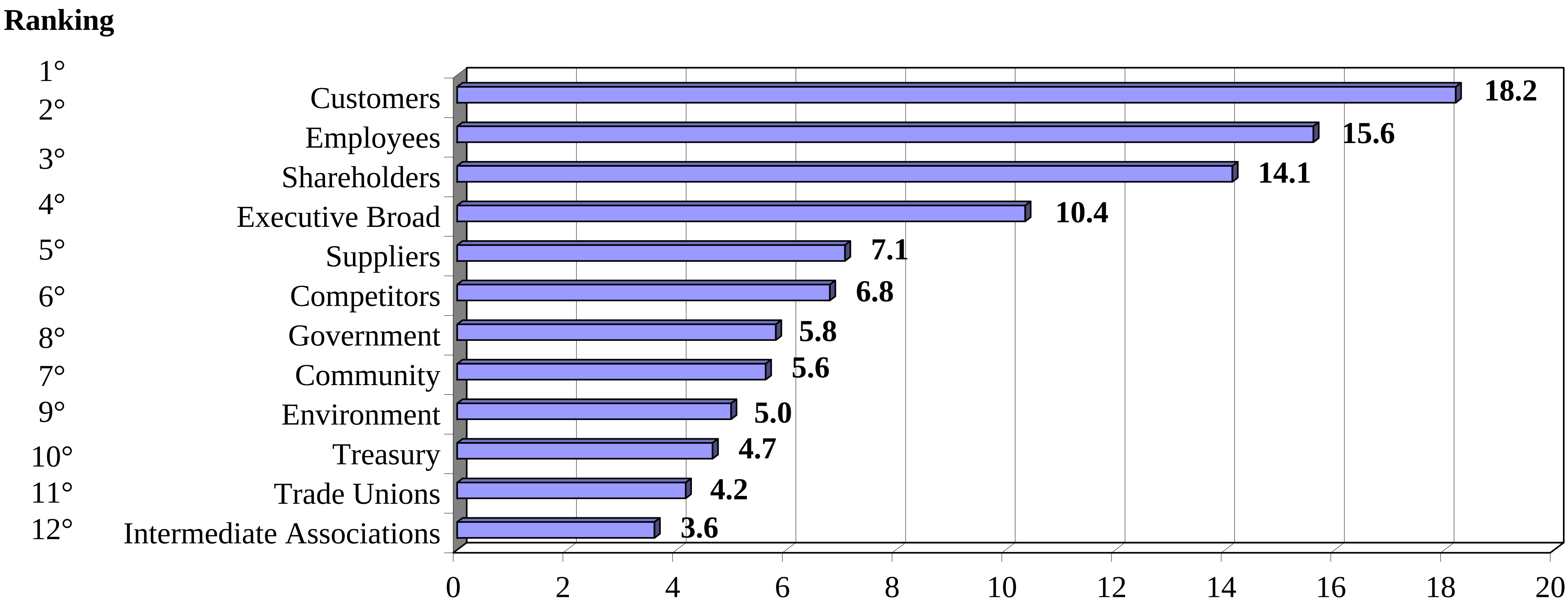

Figure 3. Dendrogram