

PEER CEO CHARACTERISTICS AND ORGANIZATIONAL IMITATION

Companies have long attempted to imitate behaviors of their peers, particularly when the consequences of decisions are ambiguous. Forthcoming research in the *Strategic Management Journal* attempts to go further into uncovering how companies choose whom to imitate, focusing on the behaviors exhibited by peer firm CEOs. In short, the authors suggest that companies are more likely to follow the actions of CEOs who exhibit charisma, a positive leadership attribute, and less likely to follow those who exhibit narcissistic tendencies, a less desirable attribute.

Key Takeaways:

- Companies are likely to imitate the strategic behaviors of peers with charismatic CEOs, but less likely to imitate peers with narcissistic CEOs.
- The imitation of charismatic CEOs is even more likely in industries which are highly dynamic in nature.
- Experience in an industry domain dampens the imitative behavior of companies whose peers employ charismatic or narcissistic CEOs.

The researchers studied the Fortune 500, focusing on strategies related to diversification and Corporate Social Responsibility (CSR) and studied the personality of CEOs by watching videotaped interviews of CEOs' appearances on television. The authors found that the recent CSR and diversification actions of charismatic CEOs are positively related to the behaviors of peer firms, while the recent strategic actions of

narcissistic CEOs are negatively related to imitation by peers. That is, companies follow the actions of charismatic CEOs, while retreating from actions undertaken by narcissistic competitors. Further, the authors show that companies are even more likely to follow the actions of charismatic CEOs when the industry is dynamic in nature. Finally, a company's experience in the industry reduces imitation of peer firms with charismatic CEOs.

In summary, the authors suggest that imitation is a behavior companies undertake to reduce uncertainty in the competitive environment; however, the characteristics of leaders of the firms they are likely to imitate strongly influences whether imitation occurs. Boards and executives should be mindful of how the CEO's characteristics influence others' perceptions of the company, as well as how the personality of other executives might bias strategic choices.

Source: Gupta, A. & Misangyi, V.F. Forthcoming. Follow the leader (or not): The influence of peer CEOs' characteristics on inter-organizational imitation. *Strategic Management Journal*, DOI: 10.1002/smj.2765.

