

A Review of Executive Leadership Characteristics and Performance of Firms

¹Wei Bu and ²Guoming Bao

Guanghua School of Management, Peking University, China.

¹weibu@gsm.pku.edu.cn, ²guoming@hotmail.com

Correspondence should be addressed to Guoming Bao : guoming@hotmail.com

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Abstract – The culture of a company is shaped and reinforced by its senior management team, which plays a major role in guiding and motivating employees and teams. This team serves as the core hub and driving force behind the organization's operations. These people effectively communicate their objectives, establish a well-defined and feasible plan for attaining those objectives, and, of utmost significance, inspire and enable all other members inside the company to achieve success. The objective of this study is to conduct a comprehensive analysis of the existing empirical research pertaining to the correlation between the attributes of executive leadership teams (ELTs) and the performance outcomes of entrepreneurial enterprises. A comprehensive literature review was done, including 33 empirical studies that examine the relationship between ELT and academic achievement. The study included a meticulous analysis and synthesis of the quantitative research conducted within this domain. The findings derived from the comprehensive analysis of existing literature indicate that the association between ELTs (namely heterogeneity and demographics) and the operational outcomes of enterprises of entrepreneurs is not a simple or linear one. Consequently, more research is required to delve deeper into this domain and get a more comprehensive understanding of the underlying dynamics. The author examines the theoretical and empirical literature on the demography and heterogeneity of ELT in connection to the performance of companies. The study also explores potential moderators and mediators that influence the link between the composition of ELT and firms' performance.

Keywords – Executive Leadership Teams, Upper Echelon Theory, Social Capital Theory, Human Capital Theory, Executive Leadership Team Heterogeneity.

I. INTRODUCTION

Executive leadership refers to the capacity of executives responsible for managing or directing personnel within an organization to exert influence and provide guidance to these individuals. The individuals in charge of executive leadership processes are responsible for supervising various business operations, including the achievement of organizational objectives, the creation of strategic planning, and the entire process of decision making. There are several distinct forms of executive leadership, including servant leadership, honest leadership, and paternalistic leadership. Strong executive leaders possess many key characteristics that contribute to their effectiveness in their roles. These characteristics include a strong sense of responsibility, the capacity to motivate others via leadership, adept problem-solving skills, and a wealth of professional expertise in their respective fields. Executive leaders that are strong in their role also demonstrate proficiency in analytical abilities, enabling them to effectively assess and optimize personnel productivity, as well as obtain optimal economic value from firm resources. In order to accomplish this objective, senior leaders will apply methodologies such as evaluating the performance of the organization as a whole and assessing the performance and potential risks associated with individual employees. Additional leadership qualities that are particularly advantageous for effective executive leaders include empathy, a propensity for collaboration, and the aptitude for active listening.

The existing literature on executive leadership teams (ELT)[1] has conducted investigations on the impact of various team attributes on the performance of businesses. These attributes include the combined features and size of the ELT team, as well as the diversity of individuals within the team. Nevertheless, research in the field of ELT has shown equivocal and disputed results regarding various team features. The impact of ELT demography on performance has been seen to provide good, negative, or inconclusive results. Furthermore, the available body of evidence indicates that the correlation between ELT demographics and a company's success is constrained or influenced by several other variables. The absence of robust empirical evidence about the connection between aspects of ELT and performance may be attributed to many factors.

These include the use of various theoretical frameworks, the adoption of distinct methodological techniques, and the presence of sampling and measuring errors.

This study seeks to provide a comprehensive literature analysis on the subject of ELT and its impact on the success of entrepreneurial enterprises. The objective is to suggest potential areas for further research exploration. The author conducted a comprehensive review of the management and strategy literature, focusing specifically on the examination of the association between features of executive leadership teams (ELTs) and company performance. Additionally, the author explored the impact of ELT heterogeneity on firm performance, as well as the potential moderating and mediating influences that may influence the connection between ELT characteristics and firm performance. The present paper is structured in the following manner: Initially, the study outlines the research methods used in the investigation. Furthermore, this study delves into the primary ideas used in the analysis of the correlation between ELT and company performance. Thirdly, the discussion revolves on measurements of performance. In addition, the analysis focuses on a collection of empirical research that may be categorized into three distinct clusters: the aggregated features of ELT, the variability within ELT, and the impacts of moderation and mediation. Ultimately, this section examines the findings derived from the study and puts out prospective directions for further investigation. The rest of the paper has been organized as follows: Section II presents a methodology employed in this paper. Section III focusses on a theoretical analysis related to the research topic. In this section, three theories have been discussed: upper echelon theory, social capital theory, and the human capital theory. Section IV reviews the results and present three discussions relevant in this study. Lastly, Section V draws a conclusion to the research as well as future scope.

II. METHODOLOGY

The researcher performed a systematic search of the Ebscohost, Scopus, and Social Science Citation Index databases, focusing on published articles from 1990 to 2018 in business, book chapters, company behavior, and conference proceedings, and management journals. The objective of this search was to assess the existing body of relationship of literature between performance and ELT in entrepreneurial ventures. The core group of personnel responsible for the creation and development of a firm may be referred to by several terms, such as the new venture team, new venture executive leadership team (ELT), the founding team, the entrepreneurial team, the start-up team, and early ELT. Consequently, the search phrases used included several aspects related to the subject matter, including composition, heterogeneity, diversity, performance, spin-offs, survival, entrepreneurial team, demographics, founding team, start-ups, new venture teams, and entrepreneurial ELT. The publications only examined the relationship between ELT diversity and organizational efficiency. Following a thorough first evaluation, a cumulative of 35 scholarly articles were identified for included in the literature review.

III. THEORETICAL ANALYSIS

The Upper Echelon Theory (UET) offers a robust theoretical framework within research of business that examines the influence of high management traits on company results. In recent times, scholarly investigations pertaining to upper echelons have shown that the degree of heterogeneity or homogeneity among high teams of management has a significant influence on strategic results and the overall performance of firms. This implies that there are interaction impacts among the attributes of the higher echelons, which subsequently influence strategic decision-making and company results. According to Finkelstein and Hambrick [2], an influential factor that affects the connection between company outcomes and upper-echelon properties are managerial discretion. Managerial discretion pertains to the extent to which top managers have the freedom to influence organizational outcomes and make strategic decisions. According to Chaganti and Sambharya [3], there is a suggestion that upper-echelon qualities may serve as more accurate predictors of strategic decisions and organizational results when there is a high level of management discretion. **Fig 1** provides a comprehensive overview of the fundamental concepts and components of upper echelons theory.

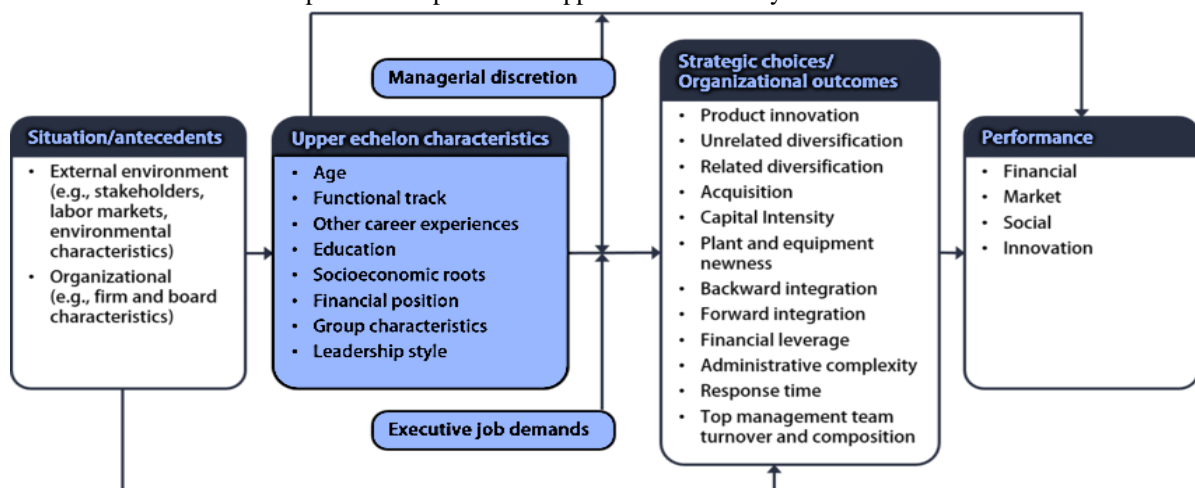


Fig 1. Overview of Upper Echelons Theory

In the context of UET, the theory of the human capital asserts that the labor force is characterized by heterogeneity, resulting in variations in individuals' productivity levels due to disparities in their skills, competences, knowledge, and capabilities. The initial focus of this discussion is on the RBV (resource-based view) of the company within the framework of human capital (HC). Subsequently, attention is given to both the dynamic capability (DC) and capability perspectives of the company. Finally, an examination is conducted to determine how HC is conceptualized in conjunction with social and organizational (structural) capital, through the lens of the knowledge-based view (KBV). Hence, the manner in which these ideas are interconnected and their potential to provide a competitive edge for organizations is shown. Furthermore, this study will examine the factors that contribute to high commitment (HC) at the company level, specifically focusing on change management, leadership, firm structure, and talent management, as seen in **Fig 2**. The DC approach places significant emphasis on management change and the leadership's role, while the KBV perspective highlights the importance of competitive advantage, structure in enabling human capital improvement, and organizational climate. This section also demonstrates the need of measuring and reporting capital of human resources, as well as the factors that contribute to capital of human at the organizational level.



Fig 2. Human Capital at the Firm Level

The social capital hypothesis places significant emphasis on the benefits that social relationships may provide to an individual's performance. The stakeholder orientation pertains to the augmentation of knowledge exchange between diverse stakeholders. A significant portion of the information shared between businesses and their stakeholders is derived through social interactions. Cots [4] is a renowned academic in the field of social capital theory. She emphasizes the significant importance of social capital in this context and underscores a robust correlation between the various aspects of social capital and stakeholder orientation. Based on the analysis conducted in this literature review, it can be inferred that the three dimensions of social capital manifest themselves via interactions with various stakeholders. Therefore, it can be inferred that stakeholder orientation has a positive correlation with each of the three aspects of social capital. Hence, the determinants influencing the idea of social capital are shown in **Fig 3**.

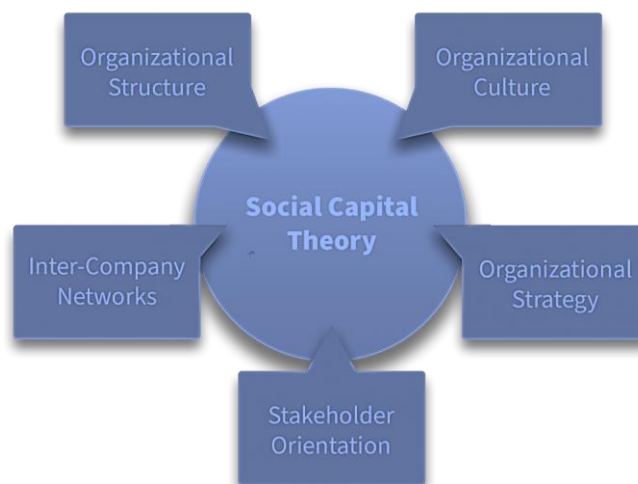


Fig 3. The Social Capital Theory Elements

Executive Leadership Team Heterogeneity

The significance of top management team heterogeneity in influencing the long-term functioning of organizations has been emphasized in accordance with upper echelons theory. The term "heterogeneity" refers to the diverse individual histories of team members, including variations in age, length of service, educational attainment, and other relevant factors. The conceptualization of the effect of background heterogeneity varies across various theoretical frameworks. Researchers that use the information processing theory approach have shown that there is a positive relationship between the amount of heterogeneity and various outcomes, such as increased organizational learning and creativity inside organizations. Several studies have provided evidence to support the notion that top management teams possessing a diverse range of knowledge and career backgrounds are better equipped to make decisions in dynamic and evolving contexts. Additionally, such teams exhibit higher levels of creativity and problem-solving abilities, ultimately leading to enhanced innovation performance. The presence of variety within the top management team allows for access to diverse information sources and varying perspectives based on varied cognition. This facilitates enterprise learning and enhances performance outcomes.

Measures of Performance

Types of Measures	Applications for Organizations		Application for Individuals	
	Key Measure	Key Referent	Key Measure	Key Referent
Liquidity measures: Helpful for understanding if obligations can be paid when due.	Current ratio (Current assets/ Current liabilities)	A ratio of less than 1.0 suggests the firm does not have enough cash to pay its bills.	Cash in your checking account.	Do you have enough cash to cover your monthly debts?
Leverage measures: Helpful for understanding if debt level is too high. The term <i>leverage</i> refers to the extent to which borrowed money is used.	Debt-to-equity ratio	Competitors' debt-to-equity ratios. The use of debt varies across industries. Auto companies, for example, tend to have high debt-to-equity because they must build massive factories.	Debt-to-income ratio (Monthly debt payments / Monthly income)	If you have a debt-to-income ratio higher than 40%, you may be on the verge of becoming a credit risk.
Profitability measures: Helpful for understanding how much profit, if any, is really being made.	Net income (income after taxes)	Last year's net income. An increase shows the firm's profits are moving in the right direction.	Net income (income after taxes)	Are you making enough money to cover your yearly expenses and save for retirement?

Fig 4. The ways in which Organizations and Individuals May Use Financial Performance Measures and Referents

Evaluating the performance of a company is a crucial component of strategic management. In order to determine the need for strategic adjustments, executives must possess a comprehensive understanding of their firms' performance. The idea of performance is multifaceted, necessitating careful consideration of its assessment methodologies. There are two significant factors that need to be taken into account, namely performance measurements and performance referents (as seen in **Fig 4**). A performance measure refers to a quantifiable indicator that may be used to assess the performance of organizations. Executives often analyze many metrics, including earnings, stock price, and sales, as a means to get deeper insights into their firms' competitive performance within the market. However, it should be noted that these measurements only provide a limited perspective on the overall functioning of the business. The inclusion of performance referents is necessary in order to evaluate the overall performance of an organization.

Various methods were used to assess organizational results in the field of ELT literature. Various studies used metrics of performance of firm-level, whilst others relied on success measures at the team level. Firm-level performance indicators include a range of metrics, such as growth, IPOs (initial public offerings), innovativeness, survival rates, and profitability. Similarly, the concept of company mortality or viability has been used as a dependent variable in the existing body of work on ELT. The prominence of growth as a success metric in new ventures research is worth emphasizing. The variable in question is quantified via the assessment of sales growth, employment growth, and revenue growth. Additional performance indicators at the organizational level included innovativeness, return on assets (ROA), innovation, net cash flow, profitability, sales, and money raised during the IPO.

IV. RESULTS AND DISCUSSION

Discussion 1

An overview is provided by this section of the research that examines the relationship between business performance and the size, age, education, and experience of executive leadership teams (ELTs).

Executive leadership team size

The size of the entrepreneurial learning team (ELT) is not often examined in entrepreneurial research, yet, it has always been regarded as a significant element influencing the success of organizations. The presence of large teams is associated with enhanced capacities for information processing, absorption, and multitasking. Therefore, it may be inferred that bigger teams possess a greater advantage in terms of resource accessibility, leading to a subsequent augmentation of the firm's human capital. Additionally, there will be enhanced networking assistance available for bigger teams, resulting in increased profitability as a consequence of the financial resources obtained from external investor relationships.

A larger team size has been shown to be a substantial predictor of staff growth and sales in new ventures, as well as offering advantages in effectively carrying out challenging tasks within a complicated company environment.

Executive leadership team age

The average age of employees in the ELT field is a factor that has been examined and shown to be associated with the success of organizations. Younger teams have a proclivity for taking more risks and embracing innovative management approaches, often being closely linked with the expansion of corporate enterprises. According to Boeker (1988), there is an argument suggesting that younger entrepreneurs possess a higher level of receptiveness towards change and a better comprehension of innovations. Moreover, companies that are headed by young managers are less likely to encounter crises.

Executive leadership team education

Education, as a broad concept, serves as a reflection of an individual's acquired skills and knowledge, and is closely linked to their capacity to effectively assimilate and analyze information. Numerous studies have regarded schooling as a surrogate for the educational background of entrepreneurs, including factors such as intellect and problem-solving aptitude. Within the existing body of research, it has been observed that the education of ELT professionals exhibits a favorable correlation with increased engagement in creative activities and a heightened strategic orientation. There is a prevailing consensus among several academics that there exists a favorable correlation between ELT education and the development of firms. Previous research has shown that education has the potential to enhance growth rates, improve performance, and increase profitability. Furthermore, a scholarly investigation conducted by Colombo and Grilli (2005) revealed that the attainment of education in the fields of economics and management sciences has a noteworthy influence on economic development.

Executive leadership team experience

During the selection process for jobs such as supervisor or manager, companies often inquire about an individual's prior experience in leadership positions. This becomes especially pertinent in situations when there is an anticipation for the individual to have a leadership role in overseeing certain initiatives or guiding a group. Despite lacking formal management experience in a prior role, it is likely that you possess the capability to proficiently lead a team to achieve objectives or oversee project coordination. Kindly provide a comprehensive exposition of your professional history and elucidate the precise methodologies used to proficiently supervise and guide your workforce. The given exposition will provide the interviewer with a first comprehension of the prospective consequences that may emerge from the choice to choose the candidate for the specified role. Leadership talents include a diverse range of qualities, including but not limited to interpersonal communication, dispute resolution, strategic thinking, and negotiation abilities. The effective combination of leadership experience and abilities enables managers to successfully motivate their teams and imbue them with a sense of purpose in working towards predefined goals. Effective leaders will also demonstrate a sense of accountability for their duties and conduct.

Multiple studies have shown that possessing industry-specific expertise confers advantages to newly established enterprises, including enhanced access to product design, manufacturing methods, and knowledge-based technologies. According to the study conducted by Konings [5], there exists a positive correlation between previous job experience

within the same sector and the rate of employment growth. Furthermore, according to a study conducted by Blažková and Dvoutělý [6], it was discovered that the accumulation of firm-specific expertise by founders in the ELT industry had a beneficial impact on entrepreneurial success. Prior research has shown a favorable correlation between the prior functional expertise of managers and the pace at which initial public offerings occur. It is of significance to emphasize the contention that companies exhibiting alignment between their functional basis and pursued strategy exhibit superior performance. Furthermore, it has been shown that the first establishment of ELT has a beneficial influence on the organization. The first encounter of ELT, for example, has been shown to have a substantial impact on the probability of becoming a publicly traded company and on the enhancement of values for new ventures.

Executive leadership team heterogeneity

When examining the relationship between executive heterogeneity and company performance and behavior, researchers primarily rely on two theoretical frameworks: information decision theory and social generalization theory. Based on the principles of decision theory, the distinction among senior executives can yield several benefits. These include the acquisition of additional resources and information, the provision of a wide range of viewpoints and perspectives, the realization of information, knowledge, and resource complementarity among members of the senior management team, the assurance of comprehensive decision-making, the effective resolution of enterprise challenges, and the facilitation of enterprise development.

The social generalization theory places emphasis on the negative consequences associated with heterogeneity. It posits that individuals have a tendency to categorize themselves and others based on attribute differences, leading to the development of social identity and positive evaluations for their own group. Simultaneously, this process may result in the exclusion or even hostility towards other groups. The essence of this phenomenon resides in the individuals themselves, taking into account their various characteristics such as background, age, personality, and values. It is observed that individuals with similarities are more inclined to be attracted to and appreciate one another, while experiencing discomfort and distance when interacting with those who possess different characteristics. Consequently, a greater level of diversity within a team is likely to diminish cohesion and intensify conflicts, ultimately having a detrimental impact on the development of the enterprise. In the realm of studying the relationship between executive heterogeneity and firm behavior and performance, scientists have arrived at varying results on the more influential element between information decision theory and social generalization theory. According to Gupta [7], there is a belief that there is a positive correlation that is important between top management team heterogeneity and corporate success.

The study conducted by Dagnino and Cinici [8] demonstrates a significant negative correlation between heterogeneity and firm performance. Due to the influence of social generalization theory, several academics endeavor to categorize heterogeneity, positing that heterogeneity including factors such as age and gender, which have little significance to employment, may exert a detrimental influence on enterprises. Conversely, the diversity in work relevance, including factors such as professional history and educational background, contributes positively to the use of information decision theory. Nevertheless, Konstantinou and Miller [9] have shown that the division of heterogeneity based on task relevance is not practical, and the degree of work relevance does not serve as the determining factor for the presence of a positive impact. Overall, the existing body of research on the correlation between executive heterogeneity and firm success has not yielded a consistent and conclusive outcome. One possible explanation for the disparity in study findings might be attributed to the limited consideration of the holistic nature, timeliness, and dynamic aspects of business performance in the application of the two theoretical frameworks. Additionally, some studies may overlook the inherent distinctions among the sectors to which the research subjects pertain. Wang and Li [10] highlighted that among sectors characterized by strong dynamism, innovation focus, and competitiveness, the diversity of the senior management team has a discernible influence on firms.

Sparks and McCann [11] propose that the assessment of ELT heterogeneity involves the examination of observable qualities that are considered to be indicators of factors influencing firm performance and strategic decision-making. The existing body of literature on the correlation between team heterogeneity and performance indicates that there is a positive impact of executive leadership team (ELT) heterogeneity on the successful initiation of new ventures and a positive association with overall performance. However, it should be noted that the findings are not consistently supportive, as there are instances of negative or inconclusive relationships between ELT firms' performance and heterogeneity. It is significant to acknowledge that the study of heterogeneity is highly contingent upon the precise heterogeneity operationalization.

Discussion 2

This section will provide an overview of the research conducted on the heterogeneity of ELT in relation to tenure, age, functional background, and education.

Executive leadership team age heterogeneity

According to the categorization social approach, it is anticipated that the presence of age difference within a group would have detrimental effects on group dynamics, leading to more disputes and adversely impacting the performance of organizations. In contrast, the information processing approach posits that the presence of diverse age groups within the

ELT field expands the range of views used in identifying strategic concerns and fosters innovation, hence exerting a favorable influence on performance. The presence of a diverse range of ages in the field of ELT has been shown to be positively associated with improved organizational performance. The phenomenon may be elucidated by the observation that the presence of diverse age groups within a team provides individuals with varying viewpoints and broader access to information, hence leading to improved decision-making capabilities. Research has shown that the presence of a diverse range of ages inside a firm is a strong indicator of its overall success. Contrarily, the study conducted by Barnett and McCormick [12] revealed that the impact of age heterogeneity in the ELT sector has a somewhat negative effect on return on assets. However, it has a significantly favorable influence on sales growth. The research conducted by Odhiambo, Gachoka, and Rambo [13] found no significant relationship between age diversity and business performance in stormy circumstances.

Executive leadership team education heterogeneity

The topic of variability in ELT education has been thoroughly examined in academic research. The existing body of research in the field of ELT highlights that there is a favorable correlation between diversity in ELT education and various outcomes such as improved performance, more capital generated, and enhanced strategic response. The potential beneficial correlation between the diversity of ELT education and performance may be attributed to the heightened degree of creativity fostered by such variety. Certain researchers have posited that an increase in heterogeneity within ELT education might lead to increased performance. This is because a diverse team with varied educational backgrounds can provide access to multiple sources of knowledge, hence enhancing cognitive advantages such as generating ideas that are better and facilitating developed decision-making.

Several empirical studies conducted in various settings have shown the favorable influence of educational diversity among management teams on both business performance and firm-level behavior. In contrast, the study conducted by Szopa, Marek, and Fafrowicz [14] revealed that the presence of variety in educational specialities within the field of ELT had a detrimental impact on the employment development of spin-off companies. According to the study conducted by Mohammed and Nadkarni [15], it was discovered that there is a favorable correlation between the diversity of ELT approaches in the field of education and the level of performance achieved in dynamic and unpredictable contexts.

Executive leadership team functional background heterogeneity

Harvey [16] posits that a team with cross-functional expertise across many domains offers superior capabilities in addressing strategic challenges for an organization, as compared to a team that just concentrates on a single functional area. The company's strategic decisions are influenced by the functional background of its personnel. Various researchers have discovered that a range of functional backgrounds may enhance decision-making effectiveness and foster creativity and innovation, thereby impacting the performance of organizations. The many viewpoints within the field of ELT facilitate the creation of a wide range of interpretations and views during the assessment of various alternatives. This, in turn, promotes creativity and the development of creative decision-making processes. The impact of diverse functional backgrounds in ELT on organizations was investigated in the existing body of ELT literature. According to Al-Matari [17], the findings from the selected studies suggest that functional heterogeneity in the field of ELT is likely to have a positive impact on reducing the rate of venture failure. Additionally, Zimmerman [18] discovered a significant correlation between the variety of ELT functional backgrounds and the level of cash created during the Initial Public Offering (IPO).

Executive leadership team tenure heterogeneity

The ELT tenure is a measure of the collective labor duration of time managers operating as a cohesive unit. While there is a contention that a team with homogenous tenure has a shared comprehension of firm plans and the existing state of affairs, and is also correlated with the team's capacity to establish agreement on essential choices, the empirical findings are inconclusive. According to Lurie [19], an increased level of tenure variety is associated with greater turnover rates and less effectiveness in communication. In addition, it has been shown that the diversity of ELT tenure has a favorable impact on both strategy change implementation and overall organizational performance. According to Koeppel [20], there is a strong argument that tenure diversity in the field of ELT serves as a key predictor for the success of organizations. The study conducted by Sayyad [21] provided evidence to support the notion that diversity in ELT tenure has a beneficial impact on a firm's strategic and competitive response. Furthermore, Geevarghese and Pathmu [22] presented empirical evidence supporting a favorable correlation between the diversity of tenure among executives and the amount of money generated during the initial public offering (IPO) process.

Connection between mediators and moderators in the ELT-performance

It has been posited by researchers that the association between ELT dynamics and performance is not straightforward, but rather influenced by many intervening or moderating factors. In light of the observation that ELT composition might potentially have both beneficial and detrimental impacts on organizations' performance, it is essential to conduct a comprehensive investigation of the factors that contribute to the correlations between ELT and performance. Several studies have explored potential mediators, such as environmental analysis and planning, as well as transactive memory systems. Additionally, these studies have investigated moderators related to firm novelty, internationalization, research and

development arrangement, innovation, decentralization, environmental complexity, environmental dynamism, ELT longevity, turbulent environment, behavioral integration, management of international risk factors, and firm growth.

In respect to the moderating effects, Garlappi and Song [23] proposed that the association between marketing arrangements and sales growth has more strength when ELT (Executive Leadership Team) had a higher level of marketing expertise. Additionally, the study identified impacts of positive moderation of experiencing marketing. The authors noted that endeavors including non-technical managers without technical expertise who sought to engage in research and development (R&D) collaborations had poor results. Additionally, a study conducted by Faber and Walter [24] provided evidence that there exists a curvilinear relationship between age diversity in ELT and Return on Assets (ROA). Research has shown that companies functioning in intricate environments have a favorable effect on sales growth when they possess a moderate level of age diversity among their executive leadership teams. According to Randel and Jaussi [25], there exists a correlation between the diversity of ELT professionals in terms of their education, functional background, and tenure, and their performance. However, this positive relationship is contingent upon the degree of internationalization. The strength of these relationships is more pronounced in ELT contexts characterized by shorter tenures.

The link between the composition of ELT and the performance of enterprises seems to be influenced by the features of the industry. Uno, Supratikno, Ugut, Bernarto, Antonio, and Hasbullah [26] have shown interest in investigating the impacts of environmental variables. The industrial organization approach posits that the performance of a corporation may be influenced by the characteristics and dynamics of the industry in which it operates. The cognitive viewpoint investigates the impact of the entrepreneur habitat on cognitive framing of entrepreneurs in the first phases of company establishment. The organizational ecology concept posits that the business industry plays a pivotal role as a foundational determinant that influences the demise of a corporation.

Various industries encounter varying levels of uncertainty that impact the capacity to forecast business events and results. In practical application, economists have difficulties in comprehending the manner in which uncertainty influences both enterprises and the macroeconomic landscape. One contributing factor is the inadequacy of conventional indicators of uncertainty, such as stock market volatility and forecaster disagreement, in capturing the uncertainty experienced by individual firms. Specifically, these metrics fail to account for the uncertainty seen by company managers in relation to their estimates of future sales and performance. In the realm of firm-level analysis, significant advancements in the direct quantification of subjective uncertainty have only been achieved in recent times. The current cutting-edge approach employs surveys administered to company managers, which aim to gather information on a range of potential future outcomes for their respective firms. These surveys often include presenting a number of scenarios and asking managers to assign a probability to each scenario. The amalgamation of many scenarios and probabilities enables academics to develop metrics for company projections and the level of uncertainty experienced by individual managers.

Discussion 3

The existing literature on ELT has not adequately explored the potential impact of innovation and internationalization as mediating variables in the relationship between ELT and the success of entrepreneurial enterprises. Therefore, more study is required to investigate the specific implications of these elements as mediators.

Innovation considered as mediator

The ideology of innovation has been linked to the improvement of competitive advantage, operational effectiveness, and product excellence. Innovation facilitates the expeditious integration of novel technology into organizations, therefore equipping them with the capacity to effectively adapt to environmental shifts. Furthermore, it has been observed that innovation plays a crucial part in maintaining a competitive edge, hence enhancing the profitability of the organization.

Furthermore, it is worth noting that inside organizations, the occurrence of innovation is more probable when individuals possess a range of various experiences, backgrounds, information, and skills. This is particularly significant since inventive endeavors are often linked to the capabilities, expertise, and understanding of individuals. The presence of diversity among individuals inside organizations leads to the generation of numerous sources of knowledge, which in turn facilitates the resolution of complex issues. The range of information, experiences, and backgrounds within the field of ELT contributes to the emergence of varied viewpoints and opinions during the evaluation of possibilities. Consequently, this diversity fosters innovation, creativity, and effective decision-making processes. According to Wallis, Yammarino, and Feyerherm [27], Executive Leadership Teams (ELTs) who possess diverse traits are more likely to broaden their range of knowledge sources and generate a greater number of inventive alternatives.

The findings of Capasso and Rybalka [28] support the notion that there is a positive relationship between the heterogeneity of ELT backgrounds and businesses' innovativeness. Similarly, MacCurtain, Flood, Ramamoorthy, West, and Dawson [29] have demonstrated favorable associations between the functional heterogeneity of ELT and innovation. Despite the endorsement of ELT variety for fostering creativity, other perspectives exist among scholars who see diversity as a potential catalyst for conflict, impeding the exchange of knowledge and ultimately hindering innovation. Therefore, it is essential to do more research in this field, with particular emphasis on exploring mediating factor innovation.

Internationalization as a mediator

Scholars in the domain of international business and strategy contend that internal firm-specific attributes play a pivotal role in shaping advancements in performance. The significance of internal firm variables is emphasized by scholars in the field of company behavior, as shown by the work of Ullah [30]. The fundamental principle of firm theory of behavior emphasizes six fundamental components of company behavior: (1) company size, (2) performance, (3) risk (uncertainty), (4) slack (the discrepancy between total resources and the minimum resources required to generate a specific output), (5) expectations (the projected degree of performance), and (6) aspirations (the desired level of performance). The conventional theory of company behavior conceptualizes firms as goal-oriented systems that use uncomplicated decision rules to modify their actions based on input about their success.

In their seminal work, De Schryver [31] introduced the concept of "attainment discrepancy," which encompasses both anticipated and desired performance. They posited that the extent of risk-taking behavior is contingent upon the magnitude of attainment disparity. When a corporation has aspirations that above its anticipated level of performance, it actively seeks strategies to enhance its projected performance. Efforts to enhance performance sometimes need modifications in organizational routines and heightened propensity for risk-taking. Agustina and Fauzia [32] examined the viewpoint of the model from two distinct angles. Initially, a direct correlation was shown between the gap in achievement, slack, and propensity for risk-taking. The researchers also investigated the impact of slack on performance and attainment discrepancy. Secondly, the authors indirectly used the concept of risk-taking, namely uncertainty, as a mediating factor to elucidate the relationship between achievement gap, slack, and performance.

According to Corrado [33], it was hypothesized that a positive gap in achievement might lead managers to engage in higher levels of risk-taking. Conversely, it was shown that slack is negatively associated with risk-taking. In situations when there is a drop in available resources, managers may respond by intensifying their strengths to augment levels of resource via the use of conservative strategies aimed at maintaining a certain amount of slack. To elaborate on these results, it is not wise for a business to ignore the effect of slack and accomplishment inequality on the relationship between productivity and internationalization, or the potential implications of the firm's internal preparedness contingency. The aforementioned theory, in essence, views businesses as goal-oriented organizations that make adjustments to their operations based on simple decision-making principles in response to feedback on how well those operations are doing. Numerous research pertaining to organizations and strategy have yielded substantial evidence about the interconnectedness of these elements. As shown by Elbanna [34], the impact of organizational slack on performance is significant. Organizational slack refers to the discrepancy between the resources that are at the disposal of an organization and the financial obligations that it must fulfill. The presence of surplus resources offers enterprises a buffer of tangible or intangible resources that may be used to mitigate risks and capitalize on favorable circumstances.

When firms go into the foreign market, they encounter significant levels of ambiguity, complexity, and environmental unpredictability. The use of diverse ELT strategies might potentially alleviate challenges encountered throughout the internationalization process inside organizations. Previous research has shown that the variability of ELT functional backgrounds has an impact on a firm's capacity to effectively navigate and adapt to the complexity and uncertainties associated with international contexts. Additionally, Saling [35] indicate that prior expertise in ELT may be advantageous for a firm's growth, as it enables individuals to possess strategic advantages in navigating ambiguous and intricate foreign decision-making processes. Similarly, the presence of social capital and external networks within the field of ELT may contribute to increased opportunities for engaging with foreign environments. Therefore, the variety of ELT aids organizations in the process of recognizing crucial aspects, monitoring potential possibilities and trends, and incorporating a wide range of talents and resources.

V. CONCLUSION AND FUTURE SCOPE

The inclusion of papers from reputable peer-reviewed publications in this work enhances the credibility of the analysis and reinforces the validity of the literature's conclusions. This study excluded all research studies that did not meet the criteria for high quality research. This research holds significance as it examines the correlation between executive leadership teams and a firm's performance. Additionally, it contributes to a deeper comprehension of the underlying mechanisms and limiting factors that influence the connections between executive leadership teams and firm performance. Therefore, a comprehensive examination of the findings from the evaluated research enabled a precise and equitable presentation that included the relevant contributing factors. The scholarly publications examined in this study used several theoretical frameworks. The social categorization, decision making theory, upper echelons theory, and information are among the most often used methodologies. The scope of the research was restricted to examining the external disparities in ELT, specifically focusing on factors like tenure, age, experience, education, and abilities. However, the analysis did not include variations pertaining to informational flows, personality traits of ELT professionals, or cultural diversity. In addition, this study specifically focused on examining the relationship between senior leadership teams and the success of entrepreneurial firms, with a particular emphasis on the performance of the teams themselves.

The first avenue for further investigation is to the attributes of the ELT, which have been seen to have little significance or provide perplexing outcomes in relation to the operational effectiveness of entrepreneurial enterprises. Hence, it is essential that future research endeavors be dedicated to the exploration of these characteristics within the field of ELT, with the aim of furnishing further data to substantiate their significance. One potential area for empirical inquiry is the

identification of novel mediating mechanisms, moderating effects, and boundary conditions. Additionally, UET was the fundamental theoretical foundation for the vast majority of the papers included for this analysis. To further understand how ELT dynamics and composition affect a company's performance and success, it is necessary to apply complementary theories with the Unified Theory of Enterprise. By adopting a comprehensive strategy that incorporates many dimensions such as demographic, informational, and personality diversity within the field of ELT, it is possible to enhance the accuracy of predicting organizations' performance. Furthermore, there is potential value in investigating the determinants of ELT heterogeneity collectively, since previous research has mostly focused on their individual examination rather than their combined analysis.

Data Availability

No data was used to support this study.

Conflicts of Interests

The author(s) declare(s) that they have no conflicts of interest.

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